

Tax relief in budget essential for our revival: Realty sector

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Bengaluru: The real estate sector in Karnataka, which has gone through a prolonged slowdown — worsened by demonetization, GST and RERA (Real Estate Regulation Act) over the past year — is hoping for some tax relief from the upcoming Union and state budgets.

Lowering of the GST rate from the current 12% to 6-8% and bringing stamp duty under the ambit of GST top the list of their expectations.

Pre-GST, the service tax in Karnataka was around 4.5% and VAT 1%, resulting in a total tax outgo of 5.5%. GST took the tax to 12%, and with stamp duty and registration charges, the total outgo for a buyer is now 18%. "The stamp duty and registration charges on property must be redu-

States may not agree **due to income loss**



“States will not agree easily (to merge stamp duty with GST) as they will lose a source of income. Right now, only excise on liquor and stamp duty are in states' hands. If these are also given up, then they lose their right to change the rates. Also, over the years, stamp duty has been brought down substantially

I S N Prasad | ADDITIONAL CHIEF SECRETARY,
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ced or be merged with GST," said Farook Mahmood, world president, Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI), the international real estate federation.

Builders would also like the government to grant industry status to the sector: "In line with the housing-for-all scheme, the Centre in its last budget gave industry status

for affordable housing, which boosted the sentiments of both buyers and developers. But we feel it's the right time for the entire sector to be recognized as an infrastructure provider and be granted industry status," said K P Pradeep, CFO, Brigade Enterprises.

Mahmood said the government should introduce a single-window clearance me-

chanism for approvals across departments. "They should introduce timelines for getting such single-window clearance and bring the concept of deemed approval if there is no revert within the fixed timeline," he said. The clearance and approval process for residential real-estate projects has been an impediment for a long time, particularly in Bengaluru.

Ashish R Puravankara, president, CREDAI Bengaluru, said the government should offer income tax sops to boost sluggish demand and come out with some robust long-term strategy for the affordable housing segment. "Lowering the costs for land acquisition and making abatement on land 50% from the current 33% will go a long way in reviving the sector," said Adarsh Narahari, secretary, CREDAI.