

**Government of India
Ministry of Finance
Department of Revenue**

LOK SABHA

UNSTARRED QUESTION NO. 2414

TO BE ANSWERED ON FRIDAY, MARCH 9, 2018

PHALGUNA 18, 1939-40 (SAKA)

“REGULATING REAL ESTATE SECTOR”

2414: Dr. MANOJ RAJORIA:

Will the Minister of Finance be pleased to state :

- (a) whether the Government has been successful in regulating the transactions taking place in the real estate sector;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHIV PRATAP SHUKLA)**

(a) to (c) : Yes, Madam. Ministry of Housing & Urban Affairs has enacted the Real Estate (Regulation and Development) Act, 2016 to ensure, regulation and promotion of the real estate sector and to protect the interest of home buyers.

Further, various steps concerning transactions in the real estate sector have been taken in the recent past with a view to control black money. These include the following important legislative changes made under the Income-tax Act, 1961:

- (i) In order to discourage the practice of under reporting of consideration for transfer of immovable property, following provisions were incorporated:
 - Section 43CA and Section 50C of the Income-tax Act were brought in for adoption of stamp duty value as consideration if it is more than the declared consideration.

- Section 56(2)(x) of the Income-tax Act, inter-alia, provides for taxing the amount of the difference between the stamp duty value and consideration received, if any, in case the same exceeds Rs. 50,000 in the hands of recipients.
- Section 50CA of the Income-tax Act read with relevant Rules provides for taking of stamp duty value of immovable property held by an unlisted company for the purpose of determination of capital gains on transfer of shares of such company.

(ii) In order to ensure reporting of high value real-estate transactions, section 194-IA of the Income-tax Act provides for deduction of tax at the rate of 1% if the consideration paid for specified immovable property exceeds Rs. 50,00,000/-.

(iii) In order to curb cash dealing in real-estate transactions, Explanation (iv) to section 269SS of the Income-tax Act prohibits receipt of any amount in the nature of advance or otherwise amounting to Rs. 20,000/- or more for transfer of immovable property otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account. Similar restriction is provided under section 269T of the Income-tax Act in respect of any repayment of advance taken for transfer of immovable property. Violation of these restrictions attracts penalty of equal amount.

(iv) Further, Rule 114B and Rule 114E of the Income-tax Rule, 1962 provides for mandatory quoting of PAN and reporting of transaction of immovable property, if the consideration exceeds the threshold specified in these rules.

Department of Revenue has also put in place a GST regime on the works contract services involving the real estate sector, which is self – regulatory in nature. The taxation of the real estate sector has been so designed so as to ensure smooth and seamless flow of input tax credits (ITC) from the stage of raw materials to the final stage of real estate project, bought by the consumer.