

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. 1785
TO BE ANSWERED ON FRIDAY, 27TH JULY, 2018
Shravana 5, 1940 (Saka)**

REGULATION OF TRANSACTION IN REAL ESTATE SECTOR

**1785: SHRI RAVINDRA KUMAR PANDEY:
SHRI NISHIKANT DUBEY :**

Will the Minister of FINANCE be pleased to state:

- (a) the details of steps being taken to regulate the transactions in the real estate sector with a view to control black money;*
- (b) the steps being taken to deal with benami transactions in the real estate sector; and*
- (c) the number of cases registered across the country after the enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 and the total monetary involvement in these cases?*

**ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI SHIV PRATAP SHUKLA)**

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

- (i) Section 43CA has been inserted in the Act to provide that where the consideration received on transfer of land or building or both, is less than the stamp duty value adopted by the State Government, and if the stamp duty value exceeds 105% of such consideration, then the stamp duty value shall be deemed to be full value of consideration received.
- (ii) Section 56(2)(x) of the Act has been amended to provide for deemed income in the hands of recipient, in certain situations, who receives an immovable property without or for inadequate consideration.
- (iii) Section 194-IA has been inserted in the Act to provide that any person responsible for paying to a resident any sum exceeding Rs. 50 lakh by way of consideration for an

immovable property (other than agricultural land) has to deduct tax @1% of such sum at the time of payment.

- (iv) Rule 114B and Rule 114E of the Income-tax Rule, 1962 provide for mandatory quoting of PAN and reporting of transaction of immovable property, if the consideration exceeds the respective thresholds specified in these rules.
- (v) In order to curb cash dealing in real-estate transactions, section 269SS of the Income-tax Act was amended to prohibit receipt of any amount of Rs. 20,000/- or more for transfer of immovable property otherwise than by banking channel. Similar restriction is provided under section 269T of the Income-tax Act.

Besides the above, the Real Estate (Regulation and Development) Act, 2016 has been enacted by the Government to establish Real Estate Regulatory Authority which would regulate the transactions in the real estate sector. It, inter alia, provides for mandatory registration of Real Estate Projects and Real Estate Agents with the Real Estate Regulatory Authority. Further, it creates an obligation on part of the promoter to make upfront disclosure of all relevant project information including details of promoters, layout plan, plan of development works, land status, status of the statutory approvals, number of parkings, time period for project completion etc. The Act also provides for compulsory deposit of 70% of the amount realized from allottees in a separate account to cover the cost of construction and land cost.

(b): The Government has taken various steps to deal with benami transactions, including those in the real estate sector. The details are as under:

- i. The Benami Transactions (Prohibition) Act, 1988 was comprehensively amended through the Benami Transactions (Prohibition) Amended Act, 2016 to provide for an effective regime for prohibition of benami transactions. The amended Act, 2016 came into effect from 1st November, 2016.
- ii. The Government has set up 24 Benami Prohibition Units (BPUs) across India for taking effective action under the Benami Transactions (Prohibition) Act, 1988.

(c): Due to intensive efforts undertaken by the Income-tax Department, provisional attachment has been made in more than 1600 cases of properties under the Benami Transactions (Prohibition) Act, 1988. These include plots of land, flats, shops, jewellery, vehicles, deposits

in bank accounts, fixed deposits etc. The value of properties under attachment is more than Rs. 4300 crore including immovable properties of more than Rs. 3400 crore.
