

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

LOK SABHA

UNSTARRED QUESTION NO.1847

TO BE ANSWERED ON FRIDAY THE 21ST DECEMBER, 2018
AGRAHAYANA 30, 1940 (SAKA)

GST ON HOUSES

1847. SHRI P.C. MOHAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to reduce the Goods & Services Tax (GST) from the existing 12 percent on purchase of houses availing Credit Linked Subsidy Schemes (CLSS) under the Pradhan Mantri Awas Yojana (PMAY) and if so, the details thereof;

(b) whether the Government is considering any proposal to increase the cap on the size of housing units to avail the benefit under the CLSS and if so, the details thereof;

(c) whether the GST paid on the input taxes by the builders will be considered as input credit again without passing the tax liability to the buyers of the house;

(d) if so, the details thereof and if not, the reasons therefore; and

(e) whether the Government is considering any request from those who do not qualify for CLSS to reduce the GST from the existing 12 percent and if so, the details thereof?

ANSWER

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

(a): There is no such proposal under consideration.

(b): The carpet area of houses being constructed or enhanced under Credit linked Subsidy Scheme for EWS/ LIG (CLSS for EWS/ LIG) should be “upto 30 square metres” and “upto 60 square metres” for EWS and LIG, respectively. The beneficiary, at his/her discretion, can build a house of larger area but interest subvention would be limited to first Rs. 6 lakh only of the housing loan availed.

Credit Linked Subsidy Scheme for Middle Income Group (CLSS for MIG) supports acquisition/ construction of houses (including repurchase) of “upto 160 square metres” & “upto 200 square metres” carpet area respectively as per income eligibility.

No such proposal to increase the cap on the size of housing units under CLSS component of PMAY (U) Mission is under consideration in the Ministry.

(c) & (d): Builders can avail the input tax credit of GST paid on inputs, input services and capital goods when they supply output construction service.

Builders are expected to pass on the benefits of lower tax burden under the GST regime to the buyers of the flats, complexes etc. by way of reduction of prices/installments.

Section 171 (1) of the CGST Act, 2017 mandates that reduction in tax rate on any goods or services or the benefit of input tax credit, shall be passed on to the recipient by way of commensurate reduction in prices. This provision shall be enforced in accordance with section 171 (2) and (3) of the CGST Act, 2017.

(e): There is no such proposal under consideration.

Note: A proposal for rate change of tax can only be considered by the Government, only after GST council makes a recommendation. At present there is no such recommendation of the GST Council on (a) to (e) above.
