

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

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**LOK SABHA**

**UNSTARRED QUESTION NO.1126**

**TO BE ANSWERED ON FRIDAY THE 8<sup>TH</sup> FEBRUARY, 2019**  
**MAGHA 19, 1940 (SAKA)**

**GST RATES ON HOUSES**

**†1126. DR. BANSHILAL MAHATO:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the special Committee on Goods and Services Tax (GST) has taken a decision to reduce the house tax rate from 12 per cent to 5 per cent and if so, the details thereof;
- (b) whether the Government has received complaints that builders are not providing benefit of tax credit to the buyers;
- (c) if so, the reaction of the Government in this regard; and
- (d) the extent to which the home buyers are likely to be benefited by the said decision of the Government?

**ANSWER**

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

**(a):** GST Council in its 32<sup>nd</sup> meeting held on 10<sup>th</sup> January, 2019 has decided to constitute a 7-members Group of Ministers (GoM) headed by Shri Nitin Bhai Patel, Hon'ble Dy. Chief Minister, Govt. of Gujarat to examine the GST rates on housing segment of real estate. The terms of reference of the GoM are as follows:

- i. Analyse GST rate, including inter alia issues/ challenges being faced by the real estate sector and to examine possibility of a composition scheme for the housing segments,
- ii. Examine levy of GST on intermediate services like Transfer of Development Rights (TDR), Development Rights etc.,
- iii. Examine valuation mechanism in relation to value of land.

The GoM has not taken any decision so far.

**(b) & (c):** Yes, Sir. Government has received complaints that builders are not providing benefit of tax credit to the home buyers. The complains so received are dealt by National Anti-profiteering Agency. Through press releases and advertisement, it has been sensitized that 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/instalments.

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.

**(d):** Does not arises in view of answer (a) above.

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