

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
STARRED QUESTION NO. *91

TO BE ANSWERED ON MONDAY, FEBRUARY 10, 2025

IMPACT OF GST ON LEASED PROPERTIES

***91. SMT. SAJDA AHMED:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any plan to roll back imposition of GST on leased properties as it gives the financial burden on tenants and property owners;
- (b) whether the Government has conducted any studies or consultations to assess the economic impact of GST on leased properties, if so, the details thereof; and
- (c) the steps taken by the Government to survey and maintain accurate data on leased properties across the country?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a), (b) and (c): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION
NO. 91 RAISED BY SMT. SAJDA AHMED FOR 10TH FEBRUARY, 2025 ON IMPACT
OF GST ON LEASED PROPERTIES

(a) and (b): GST rates or exemption is prescribed based on the recommendation of the GST Council, which is a constitutional body having representatives of both Centre and States. GST is leviable on renting/leasing of property @ 18% since the introduction of GST in 2017. GST Council in its 54th meeting had recommended bringing the levy of GST on renting/leasing of non- residential (commercial) property under reverse charge basis. Earlier this was taxable under forward charge basis. Accordingly, an entry at Sl. No. 5AB was inserted in Notification No. 13/2017-CT(R) dated 28.06.2017 vide Notification No. 09/2024-CT(R) dated 08.10.2024 . Later on it was represented that this change is causing additional burden on registered assesseees who have opted for Composition Scheme, as they are not entitled to claim ITC of such GST paid.

Accordingly, the matter was deliberated in detail in 55th GST Council meeting held on 21.12.2024. The Council recommended that assesseees working under composition levy should be excluded from the scope of Sl. No. 5AB of the Notification No. 13/2017-CT(R) dated 28.06.2017. Accordingly, Notification No. 07/2025 – CT(R) dated 16.01.2025 was issued to exclude composition taxpayers from the requirement of paying GST on reverse charge basis on such services of renting/leasing of immovable property received from unregistered persons.

(c): The data about the properties leased across the country is not maintained by the Central Government.
