

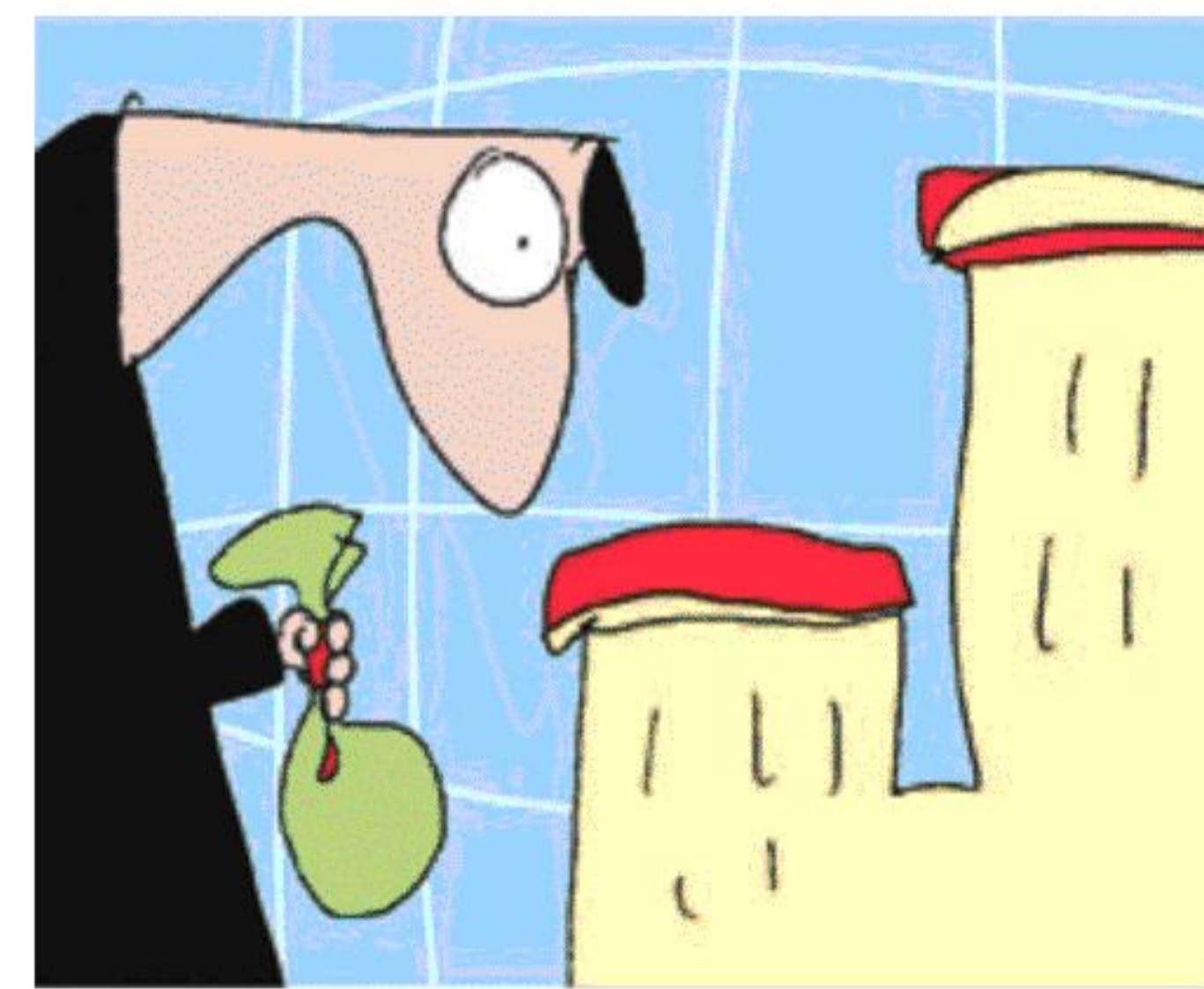
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RERA has Penal Provision for Delays in Construction

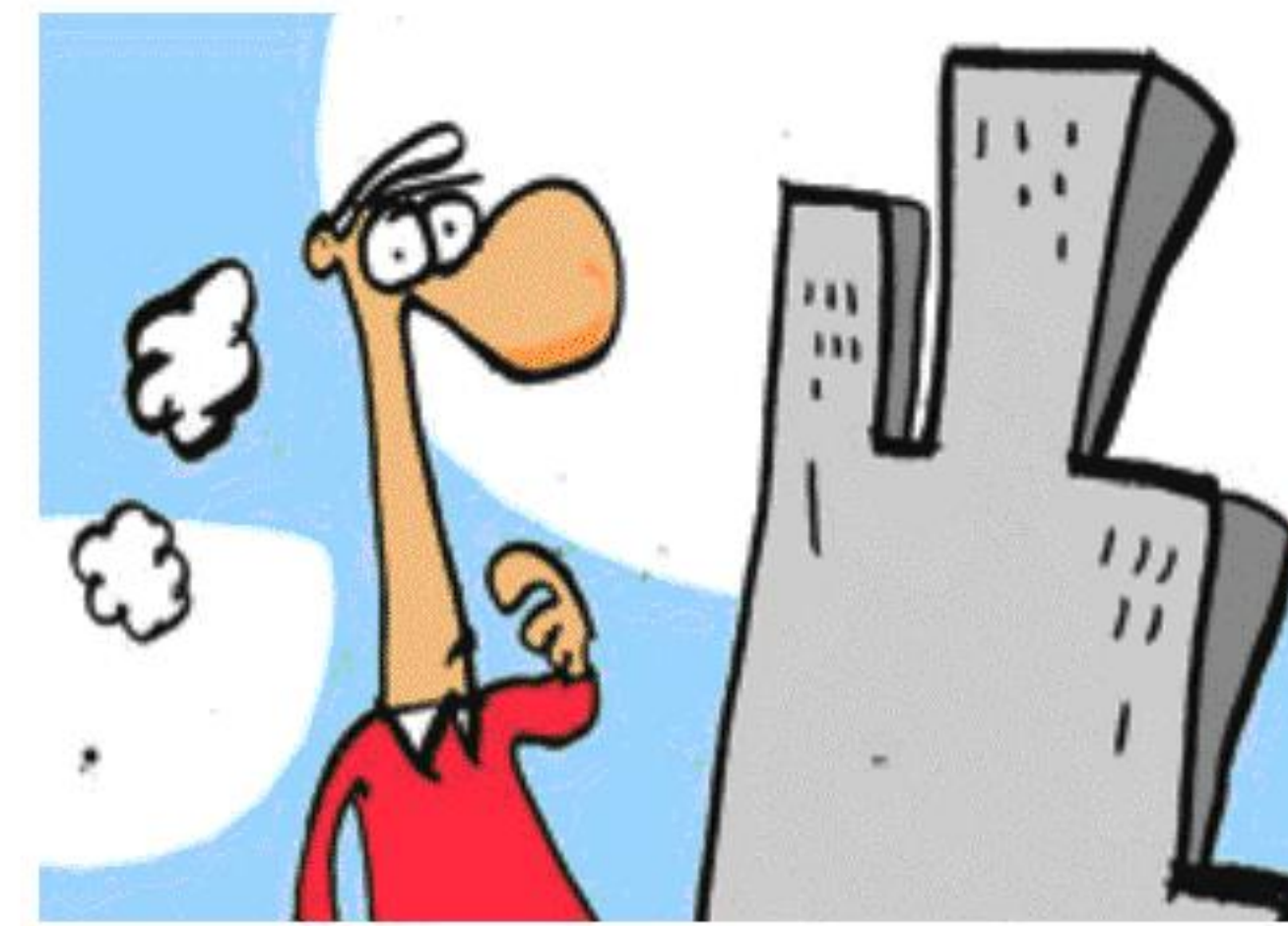
My building in Mumbai is about 30 years old. We want to go in for redevelopment. How much FSI we can expect, and what are the required procedures for it?

The redevelopment of any residential property is dependent on various aspects pertaining to the specific project. The location, size of the plot, width of the road in front, the TDR applicable in that area, the proposed redevelopment planned, including sizes of apartments etc, all have a direct bearing on the FSI. For example, there are certain parts in Mumbai where there is no redevelopment allowed. Similarly, the papers required and procedure to go about redeveloping a project would vary depending on the factors above. Hence, to evaluate the redevelopment of any property, these parameters would need to be answered/clarified before going ahead.



I purchased an apartment in an under-construction project scheduled to be completed by 2016. But it's not yet complete, what are my options under RERA or otherwise?

As per the central act, all promoters/developers were required to register their existing/ongoing and new projects which do not have a completion certificate (CC) with RERA within three months (till 31st July 2017). If the project is under-construction and possession has not been offered, then it should be registered with the RERA authority of the respective state. Under RERA, there are provisions for penalising developers in case of construction delays. One can file a complaint with the interim/final



RERA regulator identified for that state. The regulator will then take up the matter and would need to take a decision within a specified timeframe on the way forward.

In case of flat resale, what is the applicable GST rate? Will the stamp duty and registration charges be included while calculating the tax?

According to the new GST tax structure, residential projects which have received a completion certificate, or ready to move in properties cannot be classified as a service. Hence there is no GST rate applicable in these cases. Therefore, in the case of resale of such properties, there will be no GST levied. Stamp duty and registration charges will be separate.

In the case of under-construction property, such projects are covered under works contract and is therefore classified as a service. In such cases, the GST Council has decided to tax construction of a complex or a building for sale to a buyer, wholly or partly, at 18%. However, the 18% tax would be chargeable on only two-thirds of the under-construction property value, which brings the effective GST rate on under-construction properties to 12%. This applicable GST is to be paid to the developer by the first buyer to the developer and will not be applicable in the case of a re-sale of the property. Again, stamp duty and registration charges would be a separate component.

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