

## **Modi government looks to make affordable housing cheaper, may give you stamp duty exemption**

Stamp duty on affordable houses could be waived soon. Being a state subject, stamp duty is fixed by the state government and varies between 4 per cent to 8 per cent. The Urban development and housing ministry has written to the state governments to exempt affordable houses from stamp duty.

Speaking at a Credai conclave in Delhi, M. Venkaiah Naidu, Minister for Urban Development said, "The proposed implementation of Goods & Services Tax will not increase prices of real estate, especially of affordable housing. We have already exempted affordable housing from service tax, and my ministry is addressing the need to continue this exemption under GST."

"Input tax credit will be available, thus creating a huge incentive to bring all transactions in the sector within the formal system. We are addressing the need to rationalise stamp duty, and are asking for waiver of stamp duty for affordable housing," he added.

Affordable housing is exempt from service tax, which is around 5.35% of a property's selling price. Naidu said his ministry had already taken up with the finance ministry the need to continue the exemption under GST. He added that his ministry had also recommended to the finance ministry that the sector be taxed at a rate which is revenue neutral, and not a higher one.

According to Naidu, the government policies will be a game changer to bring in a culture of transparency. Regulations like Real Estate Regulatory Act and Goods & Services Tax will create an ecosystem to put aside legacy issues and bring in a culture of character, credibility, confidence, and cash. Infrastructure status accorded to affordable housing will go a long way in placing cash in the hands of home buyers and catalyse affordable housing projects for India's middle class.

"The new Benami Transactions (Prohibition) Amendment Act will further complement this vision. Another concern of the industry has been faster approvals. We are addressing this across ministries and proposed some recommendations for the PM's approval," he said.

On land prices, the Minister asked developers to incorporate new practices and change their mindsets.

"We need to introspect the skyrocketing inflation of land prices, with rates in Hyderabad and Vijayawada at par with New York and Paris, making it impossible to make houses in an affordable manner. All real estate transactions need to be made digital payments, a healthy practice that will make it possible for banks to disburse housing loans," Naidu said. "We are also working on a policy of incentives and disincentives. States working in compliance with reform measures like accountability, transparency, swift approval will be given additional money under allocation."

*(Economic Times)*