

Ongoing Contracts

GST implications and transitional issues

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Essentially ...

- Should be understood for 'new project' and 'ongoing projects, separately
- Applies differently for 'residential' and 'commercial' – REP | RREP

New projects

Nature of construction	REP	RREP
Residential housing (other than affordable)	5% - (id)	5% - (ia)
Affordable residential apartment (each house)	1% - (ic)	1% - (i)
Affordable housing projects (PMAY, EWS ...)	5% - (id)	5% - (ia)
Commercial construction	12% - (if)	5% - (ib)

Details in brackets () are references to clause numbers to entry 3 in Notification No. 3/2019 – CGST / IGST (Rate) – dated 29.03.2019

Ongoing projects – REP

Nature of construction	New	Old
Residential housing (other than affordable)	5% - (id)	12% - (if)
Affordable residential apartment (each house)	1% - (ic)	12% - (if) <i>Subject to CLSS @ 8%</i>
Affordable housing projects (PMAY, EWS ...)	5% - (id)	8% - (ie)
Commercial	12% - (if)	18% - (xii) <i>(on construction value)</i>

Details in brackets () are references to clause numbers to entry 3 in Notification No. 3/2019 – CGST / IGST (Rate) – dated 29.03.2019

Ongoing projects – RREP

Nature of construction	New	Old
Residential housing (other than affordable)	5% - (ia)	12% - (if)
Affordable residential apartment (each house)	1% - (i)	12% - (if) <i>Subject to CLSS @ 8%</i>
Affordable housing projects (PMAY, EWS ...)	5% - (ia)	8% - (ie)
Commercial	5% - (ib)	18% - (xii) <i>(on construction value)</i>

Details in brackets () are references to clause numbers to entry 3 in Notification No. 3/2019 – CGST / IGST (Rate) – dated 29.03.2019

Sub contracts: RREP + REP (NEW)

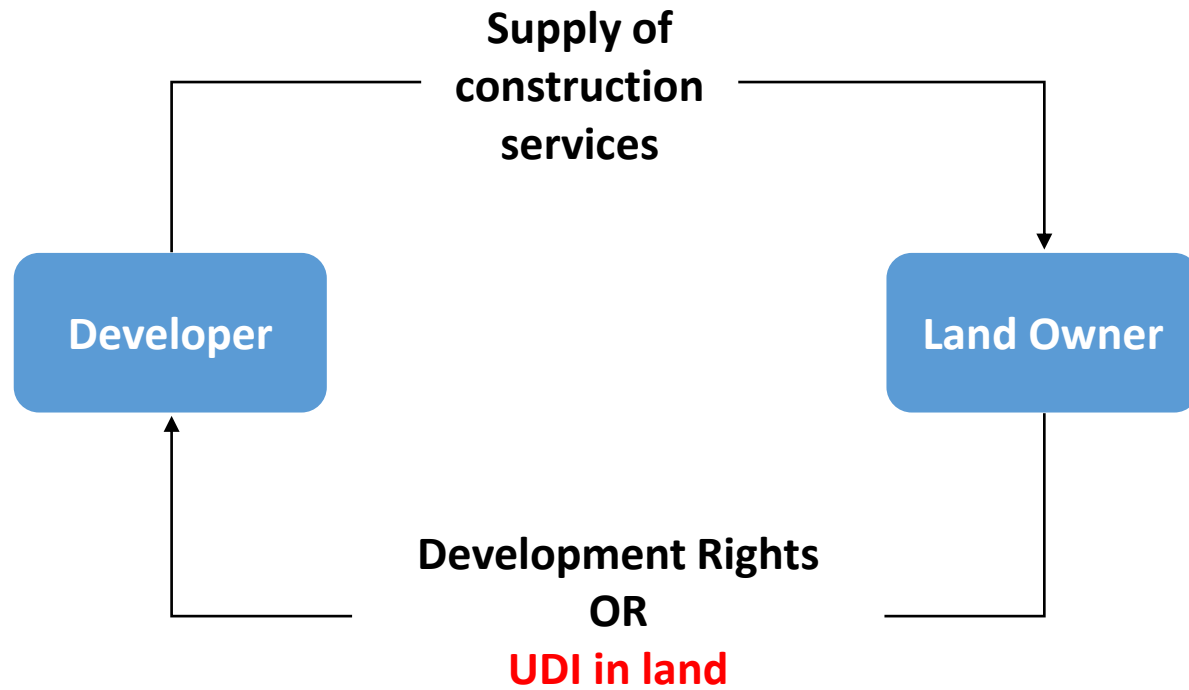
Type nature of construction	Option 1	Option 2
(i) Residential and other than (ii) below	18% - (xii)	18% - (xii)
(ii) Affordable residential apartment (each house) <i>All new projects + ongoing projects where 1% or 5% is availed by developers</i>	12% - (va)	12% - (va)
(iii) Commercial	18% - (xii)	18% - (xii)
<i>Details in brackets () are references to clause numbers to entry 3 in Notification No. 3/2019 – CGST / IGST (Rate) – dated 29.03.2019</i>		

Impact on ITC

31.03.2019

Sold Work done	Billed	Reverse ITC	Cost over-run
Work done	Sold Billed	Reverse ITC	Revision selling price
Sold Billed	Work done	Avail ITC	Managing costs
Sold	Work done Billed	No ITC	Revision selling price
	Sold Work done Billed	No ITC	Revision selling price

JDAs

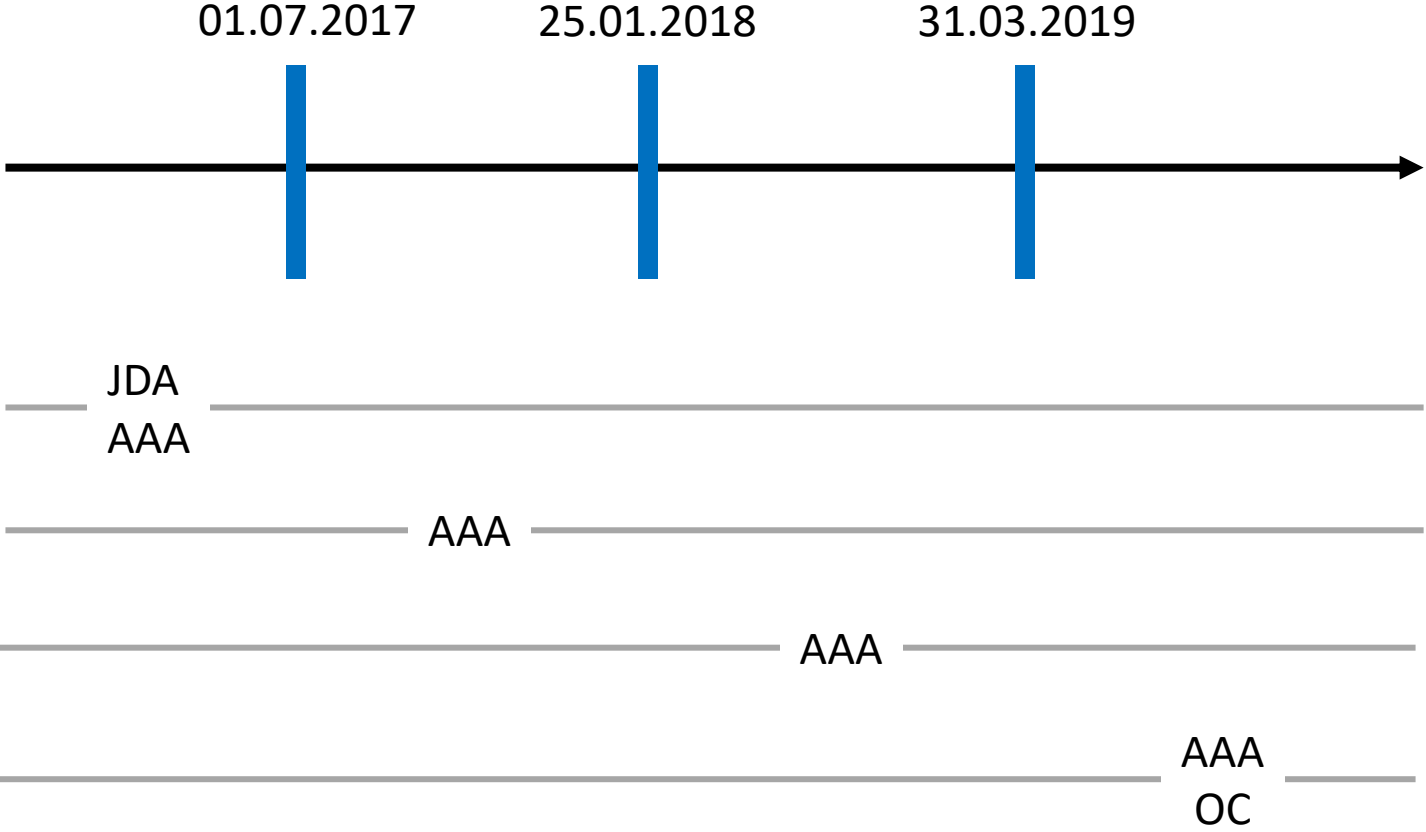


- Ongoing projects
- New projects
 - Residential - Area sharing
 - Residential – Revenue Sharing
 - Commercial – New projects

Ongoing Projects

Particulars	Transfer of constructed area by the Developer to the land owner	Transfer of development rights by the land owner to the Developer
Taxability	Taxable	Taxable
Liability	Payable by the developer – FCM	Payable by the landowner - FCM
Exemption	NIL	Nil
Time of supply	Date of transfer of right or possession in the constructed area	Date of transfer of right or possession in the constructed area
Value of supply	OMV or Cost + 10%	OMV
Rate	18% as works contract services	18% and supply of DRs (services)
Corresponding ITC	Eligible	Eligible
HSN	9954.11	9972

Taxability of DRs



Taxable event: Date of JDA

TOS: In line with N. No. 4/2018 – date of handover or right in the apartments ...
Now, 'date of OC' in terms of N No. 6/2019

Not taxable

Taxable under FCM on date of AAA

Taxable under FCM on date of AAA

Taxable under RCM on date of OC

Residential – New projects – Area sharing

Particulars	Transfer of constructed area by the Developer to the land owner	Transfer of development rights by the land owner to the Developer
Taxability	Taxable	Taxable
Liability	By the developer	By the developer payable under RCM
Exemption	NIL	Units sold upto OC <i>LOs share will be deemed sold</i>
Time of supply	Date of occupancy certificate	Date of occupancy certificate
Value of supply	Value of similar flats as on the date of the JDA (land deduction allowed) <i>(Para 2A – 3/2019)</i>	Value of similar flats as on the date of JDA (trf of DRs) – <i>subject to a cap of 5% of the value of similar flats sold on date of OC (Para 1A and 1B – 4/2019)</i>
Rate	<i>5% (same as adopted for sale of own units)</i>	18%
Corresponding ITC	Not available	Not available
HSN	9954.11	9972

Residential – New projects – Revenue sharing

Particulars	Transfer of constructed area by the Developer to the land owner	Transfer of development rights by the land owner to the Developer
Taxability	<p>Not Relevant</p> <p>Sale of all units will be liable to 5%</p>	Taxable
Liability		By the developer payable under RCM
Exemption		Units sold upto OC
Time of supply		Date of occupancy certificate
Value of supply		Value of similar flats as on the date of JDA (trf of DRs) – subject to a cap of 5% of the value of similar flats sold on date of OC <i>(Para 1A and 1B – 4/2019)</i>
Rate		18%
Corresponding ITC		Not available
HSN		9972

Commercial – New projects

Particulars	Transfer of constructed area by the Developer to the land owner	Transfer of development rights by the land owner to the Developer
Taxability	Taxable	Taxable
Liability	By the developer	By the developer payable under RCM
Exemption	NIL	NIL
Time of supply	Date of occupancy certificate	Date of occupancy certificate
Value of supply	Value of similar units as on the date of the JDA	Value of similar units as on the date of JDA (trf of DRs)
Rate	5% - RREP 12% - REP	18%
Corresponding ITC	Not available	Not available
HSN	9954.11	9972

Hope it was a useful discussion

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