

Unitech Limited

FAQs relating to GST Rates on Plots/ Non-Affordable and Affordable Apartments/ Flats in the Housing Projects of Unitech Limited

Sr. No.	Question	Answer
A.	Applicability of GST on the Housing Units across all projects other than those covered under Affordable Housing.	
1.	What is the GST amount applicable/ payable on the Flats/ Apartments being construed by the Unitech Group Companies.	<p>(i) The GST is payable @12% on the balance dues as on 01.07.2017.</p> <p>(ii) The GST rates w.e.f. 01.04.2019 were revised to @5% (without Input Tax Credit) and @12% (with Input Tax Credit).</p> <p>(iii) The erstwhile management had exercised its option to collect GST @12% with Input Tax Credit (ITC). As such, the new management has no option but to follow the rate structure adopted by the erstwhile management w.e.f. 01.04.2019 in terms of CBIC Notification No.03/2019-Central Tax (Rate) dated 29.03.2019. This was a one-time option available w.e.f. 01.04.2019 onwards. Hence, the present management has to act in accordance with the option exercised by the erstwhile management and collect and, in turn, pay to the Government GST @12% on all housing projects other than those covered under the Affordable Housing.</p>
2.	What is the GST rate applicable on the Plots in the case of Noida based Projects ?	The GST is payable @18% in case of balance payments in respect of already sold plots or new allotments for the Plots based in UGCC Project at Noida, being the lease hold property as per the GST provisions.
3	What is the GST amount payable in case of the plots sold on the Free Hold basis?	No GST is applicable qua the Plots sold on Free-hold basis as in the case of Haryana based projects at Gurugram, Ambala and Rewari. Similarly, no GST would be payable on the sale of plotted inventory in case of Mohali, Chennai and Bangalore based Projects as these are free-hold properties.

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B.	Applicability of GST on the Affordable Housing Units across all projects	
1	What is Affordable Housing Apartment/ Flat.	<p>As per Notification No.03/2019-Central Tax (Rate) dated 23.09.2019, Note 4 (xvi), affordable housing is defined as under: -</p> <p><i>“(xvi) the term "affordable residential apartment" shall mean, —</i></p> <p><i>(a) a residential apartment in a project which commences on or after 1st April, 2019, or in an ongoing project in respect of which the promoter has not exercised option in the prescribed form to pay central tax on construction of apartments at the rates as specified for item (ie) or (if) against serial number 3, as the case may be, having carpet area not exceeding 60 square meter in metropolitan cities or 90 square meter in cities or towns other than metropolitan cities and for which the gross amount charged is not more than forty five lakhs rupees.”</i></p> <p><i>(i) Metropolitan cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR) with their respective geographical limits prescribed by an order issued by the Central or State Government in this regard.</i></p> <p><i>(ii) Gross amount shall be the sum total of: —</i></p> <p><i>A. Consideration charged for the services specified at items (i) and (ic) in column (3) against Sl. No. 3 in the Table;</i></p> <p><i>B. Amount charged for the transfer of land or undivided share of land, as the case may be, including by way of lease or sub- lease; and</i></p> <p><i>C. Any other amount charged by the promoter from the buyer of the apartment including preferential location charges, development charges, parking charges, common facility charges, etc.”</i></p>

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2	What is the GST rate applicable for residential apartments covered under Affordable Housing?	<p>The GST applicable in case of Affordable Housing Units as applicable to sale of apartments/ flats on ongoing projects in Unitech Group is @ 8% with Input Tax Credit.</p> <p>As per Sr. No. 1 of FAQs dated 07.05.2019, the rate of GST on affordable residential apartments in ongoing projects has been mentioned as 8% GST (with ITC) by virtue of Notification No.03/2019-Central Tax (Rate) dated 29.03.2019.</p> <p>As per the recommendation of 34th GST Council Meeting held on 19.03.2019, the Builders were given one time option to either opt for pre-existing Tax rates (12% for non- affordable and 8% for affordable housing Units with ITC) or for the new tax structure (5% for non-affordable and 1% for affordable Units without ITC). The erstwhile management of Unitech Group opted for the pre-existing GST rates. Accordingly, GST @ 8% (with ITC) is applicable on all ongoing affordable housing projects of Unitech Group w.e.f. 01.04.2019. The present management has no option but to follow the GST rate structure adopted by the erstwhile management w.e.f. 01.04.2019 in terms of CBIC Notification No.03/2019-Central Tax (Rate) dated 29.03.2019. This was a one-time option available w.e.f. 01.04.2019 which the erstwhile management adopted.</p> <p>This aforesaid GST rate structure on affordable apartments was also clarified by the CBIC, New Delhi vide FAQs Circular on Real Estate issues vide F. No. 354/32/2019-TRU dated 07.05.2019 in respect of ongoing projects commenced before 01.04.2019.</p>
3	What are the main conditions for an apartment/ flat to be covered under affordable housing?	<p>Conditions for an apartment/ flat to be covered under affordable housing is as under: -</p> <p>(i) In metropolitan cities described at Sr. No. 1 above, the total 'carpet area' should not exceed 60 Sq. Mtr. and in other cities or towns, it should not exceed 90 Sq. Mtr., and</p> <p>(ii) The gross amount for the sale of apartment/ flat should not exceed Rs. 45 Lacs which includes the following: -</p>

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		(a) Inbuilt cost of land. (b) Preferential Location Charges (PLC) (c) Development Charges. (d) Parking Charges. (e) Common facility charges, etc.
4	How is the Carpet Area calculated in case of Affordable Flat/ Apartment.	As per section 2(k) of the Real Estate (Regulation and Development) Act, 2016, carpet area is defined as under: <i>"carpet area" means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment. Explanation. — For the purpose of this clause, the expression "exclusive balcony or verandah area" means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee; and "exclusive open terrace area" means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee;</i>
5	Which area is included in “Carpet Area” ?	The definition of ‘carpet area’ as provided under section 2(k) of the RERA Act, 2016 means the net usable floor Area which includes the following: - (i) internal partition walls i.e. all walls or independent columns constructed or provided within an apartment, (ii) kitchen, (iii) toilet. However, the following are not included in the definition of ‘carpet area’: (a) External wall; (b) Service shafts;

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		(c) Balcony; (d) Verandah; (e) Open terrace
6	Whether External Walls of apartment are included in 'carpet area' ?	No, all walls which are constructed or provided on the external face of an apartment are not included in 'carpet area'.
7	What is the GST rate applicable on all payments made after 01.04.2019 ?	<p>Since the erstwhile management of Unitech Group opted for the pre-existing GST rates based on the recommendations of 34th GST Council Meeting held on 19.03.2019, GST @8% (with ITC) is applicable on all ongoing affordable housing projects w.e.f. 01.04.2019. The present management has no option but to follow the GST rate structure adopted by the erstwhile management w.e.f. 01.04.2019 in terms of Notification No. 03/2019-Central Tax (Rate) dated 29.03.2019. This was a one-time option available w.e.f. 01.04.2019 which the erstwhile management adopted.</p> <p>Therefore, presently the GST rate @8% (with ITC) is applicable to apartments/ flats <u>covered under the affordable housing on ongoing projects.</u></p> <p>This aforesaid rate structure on affordable apartments was also clarified by the CBIC, New Delhi vide FAQs Circular on real estate issued vide F.No.354/ 32/ 2019-TRU dated 07.05.2019 in respect of ongoing projects commenced before 01.04.2019.</p>
8	Whether GST @8% (with ITC) is applicable to both lease hold apartments/ free hold apartments/ flats covered under the affordable housing ?	Yes, same GST @ 8% (with ITC) is applicable on both lease hold and free hold apartments/ flats.
C.	Rate of GST on Preferential Location Charges (PLC) after 54th GST Council meeting held on 09.09.2024	
1.	What is the GST rate on PLC provided/ supplied with the main construction services relating to Apartment/ flats?	(i) In the 54 th GST Council meeting held on 09.09.2024, it has been resolved that henceforth location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential/ commercial/

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		<p>industrial complex before issuance of completion certificate forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply that is, construction service.</p> <p>(ii) Hence, in case of affordable housing apartments/ flats, the rate of GST on PLC shall be @ 8% (with ITC) and on non-affordable residential/ commercial/ industrial complex shall be @ 12% (with ITC).</p> <p>(iii) However, the Notification to the above effect has not yet been issued. As such, changes relating to GST on PLC shall be applicable as and when notified by the Government.</p>