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Realty players seek clarity on taxes, GST in Budget

Press Trust of India | Mumbai

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The real estate sector is seeking clarity on dividend distribution tax for REITs, single window clearance and increasing tax deduction limit on home loans in Budget 2016 to be announced on February 29.

Implementation of the GST and infrastructure status for the sector also figure in its wish-list.

"Having launched a series of critical urban development initiatives, including the smart cities mission, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and the Pradhan Mantri Awas Yojana, it is now time for the government to present a clear outline on the way forward," CBRE South Asia Chairman and Managing Director Anshuman Magazine said.

After coming into power, the Narendra Modi government had introduced Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to ensure liquidity for realty and infrastructure developers.

However, there has not been a single REIT listing so far, mainly due to non-clarity over dividend distribution tax (DDT). DDT is the tax levied on the dividend paid to investors.

"In the Budget, the government needs to simplify the tax structure. Removal of DDT will result in a rush of investment in REITs and this could prove to be decisive for the sector.

"Additionally, REITs offer the benefits of diversification, safety and easy exit. Simplifying the tax system will provide a major lift to the industry," House of Hiranandani Chairman and Managing Director Surendra Hiranandani said.

The long-pending demand of single window clearance and infrastructure status for the sector continues to figure in the wish-list of realty players this year as well.

"The environment ministry has decided to reduce the number of conditions that developers have to meet from 30 to about 6-8, depending on the project size.

"Pruning a long list of conditions developers have to meet before laying the first brick is a vital initiative to cut short the extensive approval process and fastening the process.

"To ensure a hassle free approval procedure, single window clearance is what industry wants from the government. Apart from saving time, it would be instrumental in cost cutting as well eventually benefiting the end consumer," PropTiger Chief Business Officer (Secondary Sales) Ankur Dhawan said.

Sare Homes Managing Director David Walker said the real

estate sector should be accorded industry status, allowing investments and funds at competitive rates to spur economic growth.

The industry players have also pinned hopes on the passage of Goods and Services Tax (GST) bill.

"Given the importance of GST bill for several industries, its passage in this Budget season assumes far greater importance than ever before.

"It will not only test Modi government's floor management skills in the Parliament but also show its seriousness on pushing ahead with economic reforms," JLL India Chairman and Country Head Anuj Puri said.

"The government should increase the tax deduction limit for housing loans.

"Given the ticket sizes in cities like Mumbai, the current limit of Rs 2 lakh is very low. Also, tax concessions on house insurance premiums could be introduced to encourage end users to insure their homes," Centrum Capital

Head - Real Estate Group Ajay Jain said.