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# In relief to buyers, realtor told to refund 'excess' GST

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NEW DELHI: In what will signal a relief to home buyers across real estate projects, the National Anti-Profiteering Authority (NAPA) has ordered Puri Constructions to refund “excess” GST collected from the buyers, and dismissed the builder’s plea that the benefit could only be calculated on completion of the project. Several builders have not been passing on the benefit on tax credit on inputs such as cement, steel, paints and sanitary-ware, arguing that it will be done at the time of possession.

NAPA has also held that the withdrawal of a complaint would not stop the directorate general of anti-profiteering from conducting probes as there is no provision in the GST Act to withdraw the complaint once it has been made. “Such rulings, should help homebuyer’s understand that under GST

looking at only the rate charged by developer, does not give the complete and clear picture. What is equally important is the benefit accrued to the developer on account of reduction in the taxes paid by him on his purchases. One needs to look at both the GST rate and the input tax credit to understand the overall impact on the price,” said Harpreet Singh, partner at consulting firm KPMG.

The case involved Pallavi Gulati and Abhimanyu Gulati, who had purchased a flat in the Anand Vilas project in Faridabad before GST was launched in July 2017. Puri Constructions argued that the buyer had withdrawn the complaint, which showed that he was satisfied with the explanation given. It contended that, ITC which had been taken into account for computation of the profiteering amount was based on all the credit availed by him, assuming that he would be able to sell all the flats before completion.

VIP distributor rapped for not passing on GST benefits:

The National Anti-Profiteering Authority has asked VTWO Ventures, a distributor of VIP luggage, to deposit the excess GST charged by it as it did not pass on the benefit of a reduction in rates from 28% to 18%.

The agency held that the distributor raised the base price of the product to neutralise the effect of reduction in GST rates. It also said commented that since the entity had issued incorrect invoices, they were also liable for penalty.