

Industry hails tax concession on construction

ATANU KUMAR DAS
New Delhi, 29 April

Finance Minister Pranab Mukherjee's decision to increase the tax concession on construction of real estate complexes from 67 per cent to 75 per cent of the gross value of property, including land value, has been welcomed by the industry and analysts.

The minister also announced that the low-cost housing (property up to Rs 20 lakh) segment would be exempted from service tax.

"This is really a very good move by the government and

DLF welcomes this rebate provided to the real estate players. Moreover, the decision of exempting service tax for low-cost housing will encourage more buyers," Rajeev Talwar, group executive director of DLF, told *Business Standard*.

Raheja Developers agreed and termed the exemption from service tax on low-cost housing a positive move. "Exemption of service tax on low-cost housing is a positive step towards improving urban infrastructure and fulfilling housing requirement in urban areas," said Navin M Raheja, managing director.

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ice tax in the low-cost housing segment will boost consumers' sentiments, according to analysts.

"In India, we need a big boost for low-cost housing and the finance minister's decision will encourage both builders and consumers. I believe we will see more developers concentrating on the low-cost housing segment," said Anuj Puri, country head, Jones Lang LaSalle Meghraj.

Real estate associations are also happy with the tax concessions, but they still feel land should be taken out of the service tax net.

"We are really thankful to the

finance minister for increasing the tax concession from 67 per cent to 75 per cent. Builders feel that land should not be under service tax," said Rajiv Jain, NCR president, Federation of Real Estate Dealers' Associations of India.

According to National Real Estate Development Council, this is really a great move by the government. "We are very happy in the Finance Bill, the government announced more concessions in the real estate sector. The decision of exempting low-cost housing from service tax is a appreciable move," said Ravi Goel, president.



The decision to completely abolish service tax in the low-cost housing segment will boost consumers' sentiments