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Budget ho!

This facility was discontinued from April 1, 2008. This concession was highly successful in giving a boost to affordable housing but since state laws were not permitting higher densities, the benefit of it could not be realised to the fullest possible extent. Now almost all state governments have relaxed their density norms, (therefore) revival of concessions under Section 80-B would give boost to affordable housing," adds Srivastava.

Gaurav Gupta, director, SG Estates, agrees. "The government should come up with measures that will help the developers dole out affordable houses to the end-user," he says. Gupta goes on to question the imposition of service tax on construction of residential complexes having more than 12 houses. "Taxing the construction of such residential complex will now entail a higher cost of construction. The discriminatory tax treatment is not understandable. Also, what is the sanctity of the threshold of 12 dwelling units in a residential complex," he asks.

According to experts, developers should look at long-term benefits instead of short-term concessions. "What the government can look at is to increase the demand and con-

tinue interest reduction in housing (loan) or enhance the deduction limit. The government can also provide special tax incentives for budget housing. Instead of expecting small time concessions the sector should look at something that will help in the long run and which will boost the demand," says Vasal.

Stamp duty reduction

Many feel that stamp duty should be lowered. "Stamp duty needs to be brought down further to 4-5 per cent and made uniformly applicable across all states. Also, if stamp duty has already been paid on one transaction, there should be a mechanism to provide concession or a system of credit for any subsequent transactions. This would avoid the resultant cascading effect of Stamp Duty, thereby reducing the cost of a property. The concept of credit for taxes paid on subsequent transactions already exists in other statutes such as CENVAT (Central value-added tax), VAT, MAT, etc," says Raheja.

Consumer activists are also demanding reduction in stamp duty. "Reduction of the stamp duty to 2 per cent will result in a win-win situation for both the government and

consumers as there will be more transactions and the government revenue will increase. Since the value of transactions has gone up manifold in the past few years, the revenue will not get impacted due to reduction in the rate," says Nitin Saxena, president, All India Consumer Education Society.

Consumer angle

Consumers are eagerly looking forward towards a reduced EMI on housing loan in the forthcoming budget. "Agreed that the Finance Ministry does not have much of a say in the independent functioning of the banks. But the coming budget can bring in a notification that differentiates between the first-timers and those who are going in for a housing loan for the second time as far as the loan installments go. Let's say, it can be 7 per cent (interest paid on loan) for the former and 7.5 per cent for the later," says Saxena.

Consumer activists also feel that the government should do away with the service tax on residential properties. "The logic is that ever since the government has imposed service tax, many builders have started charging clients, wherein the rule was very clear, that if the builder hires an outside contractor to build the units he would pay the service tax," says Saxena. He also feels that an effective regulator to control builders should be put in place.

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REDRAW

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The downturn in the economy has seen the realty majors battling hard for their survival. The phase from abundant availability of capital to acute liquidity crunch has seen the realty majors betting hard on the forthcoming budget. The sector needs government support as well as further stimulus to get out of the current slump. The pointers below focus on key tax and fiscal measures that can act as key enablers for much needed boost to the sector:

- Increasing the deduction available for interest payment on housing loans, which would enhance the demand for residential property.
- Fiscal incentives for encouraging affordable mass hous-