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Kumar Properties welcomes Govt move to offer additional tax break

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Secondly the proposal to start a fund for urban housing by National Housing Bank and the raise in the allocation to the Rural Housing Fund will infuse capital and hopefully work towards reducing the shortage of homes.

We welcome the Government move to offer additional tax break of upto Rs. 1 lac for first time homebuyers. This will lead to a spurt in affordable housing for the low to mid range housing segment, especially in Tier 1 & Cities. But again this provision is valid for this financial year only with a carry-forward benefit of the unutilized deduction to the second year. A long-term view of this measure would have created a more lasting and discernible impact.

Secondly the proposal to start a fund for urban housing by National Housing Bank and the raise in the allocation to the Rural Housing Fund will infuse capital and hopefully work towards reducing the shortage of homes.

However there is little else to mention in terms for targeted sops for the real estate sector.

The reduction in the rate of abatement on homes and flats of above 2000 square feet or costing Rs. 1 crore, from 75% to 70% will now make luxury homes more expensive. In the long run this will hamper efforts of good real estate developers on viably exploring global developments in construction technology & aesthetics and subsequently raising the overall bar for the Indian real estate industry to bring them in line with global benchmarks.

The move to charge TDS of 1% on the transfer of immovable property aimed at improving transparency and enhanced reporting will negatively impact buyers in transactions where in sales are at a loss or at zero/negligible gains.

Also there has been no decisive move to craft and implement special acts and policies aimed at revitalizing this segment and according it the due status it deserves for its role in the growth of the economy.

Rajas Jain, Managing Director – Kumar Properties