

Prajapati Developers

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 02/2018-19/B- 58

Dated **03.07.2018**

Q Questions Before the Authority

- Whether the construction services provided under the project "Prajapati Magnum" qualifies for the reduced CGST rate of 6% as provided in Sl. No 3 - item (v)- sub item (da) vide Notification 01/2018- CT (Rate) dated 25.01.2018?

F Facts

The applicant is developing a residential project named "Prajapati Magnum" in Dronagiri, Navi Mumbai, comprising 5 wings and 352 flats. Approximately 73% of the total FSI consumed in the project is utilized for flats having a carpet area below 60 square metres. The applicant sought an advance ruling on whether the construction services for this project qualify for the concessional CGST rate of 6% under Notification No. 01/2018-Central Tax (Rate).

H Ruling

Qualification of construction services under project 'Prajapati Magnum' for reduced CGST rate of 6% under Notification No. 01/2018-CT (Rate)

Answered in the affirmative as discussed above.

Benefit applies only to flats with carpet area up to 60 sq. metres for supplies effected after 25.01.2018.

The Authority ruled that the construction services for units with a carpet area up to 60 square metres qualify for the **concessional CGST rate of 6%** (effective 8% GST after 1/3rd land deduction). This benefit is restricted to supplies effected after 25.01.2018 for flats with carpet area not exceeding 60 sq. metres. Flats exceeding 60 sq. metres carpet area in the same project remain liable to GST at the **normal applicable rate**.

R Reasoning

Notification No. 01/2018-Central Tax (Rate) inserted sub-item (da) under item (v) of Sl. No. 3 of Notification No. 11/2017-Central Tax (Rate), extending the concessional rate to low-cost houses up to 60 sq. metres in affordable housing projects granted infrastructure status. Department of Economic Affairs Notification F. No. 13/6/2009-INF defines an affordable housing project as one using at least 50% FAR/FSI for dwelling units with carpet area up to 60 sq. metres. TRU clarification dated 07.05.2018 confirmed that any housing project meeting this 50% FSI criteria qualifies as an affordable housing project without requiring a certificate from any external authority. Because 73% of the project's FSI was used for units below 60 sq. metres, construction services for those qualifying units are eligible for the reduced rate.

P Provisions Relied On

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 20/2017-Central Tax (Rate) dated 22.10.2017

Notification No. 01/2018-Central Tax (Rate) dated 25.01.2018

Department of Economic Affairs Notification F. No. 13/6/2009-INF dated 30.03.2017

TRU Clarification F. No. 354/52/2018-TRU dated 07.05.2018

Section 2(119) of the CGST Act, 2017

Section 171 of the CGST Act, 2017

! For the Practitioner

Confirms that ongoing residential projects where at least 50% of total FSI is consumed by units up to 60 sq. metres carpet area qualify as affordable housing eligible for the **concessional GST rate of 8%** (effective rate after land deduction). It establishes that the concessional rate applies strictly on a **unit-by-unit basis** to qualifying flats supplied after 25.01.2018, while larger units remain subject to standard GST rates.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> maha-gst-ara-02-b-58 dt. 03.07.18 prajapati developers 1.pdf

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