

Breather for builders and buyers: Budget Reactions 2019



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The interim budget for FY 2019 – 20 presented today by Minister of Railways & Minister of Coal, Piyush Goyal has received quite a positive reaction from the industry. Most are pleased to see that the government has taken note of the issues faced by the real estate sector and has addressed them systematically. The government has addressed both the demand and the supply side of the sector.

“For the demand side, the budget has ensured better liquidity and lower tax burdens on the purchase of homes. The benefit of rollover of capital gains has been increased from one house to two houses, upto INR 2 Crores (once in lifetime), is a tremendous step by the government. For the supply side, the government has taken into consideration the challenge of unsold inventory and has therefore increased the period of exemption for notional tax on unoccupied units from the prevalent 1 year to 2 years. This will give developers a big relief allowing them to concentrate on sales strategies. We consider this budget to be one of the best in many years for the real estate sector.” **Shares Shishir Baijal, Chairman & Managing Director, Knight Frank India**

“Owing to the infrastructure development and housing for all initiatives by the Government, real estate sector has seen a big boost. Finance Minister Piyush Goyal threw some light on the transparency that has come due to the introduction of RERA in the sector. One of the major expectation from the budget was reduction in taxes and I am happy that our government also wants to reduce GST burden on homebuyers.” **Expressed Sachin Bhandari, CEO, VTP Realty**

Amit B Wadhvani, Co-founder, Sai Estate Consultants Chembur Pvt Ltd, "The direct and indirect benefits of the Interim Budget 2019 are likely to bring a profound change in the demand and supply economics of the real estate industry. The extension on period of exemption from levy of tax on notional rent, on unsold inventory from one year to two years, is a welcome move for the builder community. This budget ahead of the election looks like a balanced and inclusive one with thrusting growth and enhancing consumption at its centre"

"Compared to previous few years, this budget has offered quite a lot of incentives to home buyers and other stakeholders in Real estate sector. Among the highlights include tax exemption on notional rent on second house, Increase in TDS threshold on rental income from Rs 1,80,000 to Rs 2,40,000 and extending the benefits of rollover of capital tax gains from investment in one residential house to two residential houses, for a taxpayer having capital gains up to Rs 2 crore which can be exercised once in a lifetime. Apart from that, a committee has been formed by GST Council to suggest ways to reduce the tax burden on homebuyers. We are hopeful of a new, spirited beginning in the housing market, in a way that is both sustainable and economical."

expresses Mr. Neh Srivastava, Under Secretary, Ministry of Home Affairs & President, Central Secretariat Service Officers Society (CSSOS).

Mukesh Kumar, CEO, Infiniti Mall reveals "It is a well balanced budget. There is something for everyone. This will positive impact on real estate and will propel consumption with higher disposable income in hand".

Rohit Gera, Managing Director, Gera Developments views, "The government has presented an outstanding budget considering the fact that this was an interim budget. The budget speech finally demonstrates the intent of the government to support the real estate sector. There will certainly be a boost to the consumption on account of the increased disposable income. The fiscal deficit at 3.4% is not a cause for any concern. The clear indication by the finance minister on the GST reduction for housing will be a good boost for the real estate sector."

Santosh Agarwal, CFO, AlphaCorp is of the opinion "Union budget 2019 has showcased a positive impact on real estate industry. The biggest move in this year's budget is the benefits under section 80-IBA of income tax act that has been extended for one year for all housing projects approved till march,2020. The most important and strategic decision that would change the scenario of real estate is the increase in capital tax benefit under u/s 54 by which the real estate investments would see a new elevation especially in Tier II cities. Also the changing the TDS slab from 1,80,000 to 2,40,000 will help the commercial real estate bloom and the buyer of commercial properties will have more lucrative returns on their investments. The highlight of the budget was to increase the income tax slab to Rs 5,00,000 which will encourage the prospective first time buyers to invest in real estate property." **Also read** <http://realtyplusmag.com/interim-budget-2019-impact-on-real-estate-2/>

Where **Ssumit Berry, MD, BDI Group has reflected**, "This year's budget is pushing the realty sector and especially affordable housing towards growth opportunity. Income tax reform for the taxpayers with annual income of 5 lakh will lead to more financial stability as they will get full income tax rebate on their income. This financial stability will boost the confidence of middle income home buyer to own their dream home through which affordable housing sector will get a rising strength in 2019."

"The government has also taken a step in the right direction by focusing on physical infrastructure development in terms of airports and seaports, railways and roads which will catalyze the growth of the residential and commercial sector around these projects. While this budget focuses on the overall growth of the economy, we will adopt a wait and watch approach and hope adequate measures are taken to complement their continuous endeavours to boost the real estate sector." States **Chintan Sheth, Director, Ashwin Sheth Group**.

Ashish Puravankara, President, CREDAI Bengaluru, "The GST payments on under construction property has been a major concern for developers and end consumers, with the ministers' assurance to appoint GoMs to look into the same, would be a major relief to the sector. The developer community has also got some respite in the form of exemption from levy of tax on notional rent from one year to two years, which will have a significant impact on the unsold inventory, ensuring more liquidity to the developers."

Rohit Poddar, Managing Director, Poddar Housing and Development Ltd, "This is a positive feel good budget which was expected given the 2019 Elections. It is extremely positive for the affordable housing sector and reinforced the Governments continuing the commitment to this important sector. Enhancing the ease of living and consolidating the real estate sector will further provide people with a comprehensive social security and strengthen the government's vision to make India a 10 trillion \$ economy."