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Budget 2024 Expectations: From Streamlining Approval Process To Tax Reforms - Real Estate Checklist

Budget 2024 Expectations: As the Union Budget for the fiscal year 2024-25 is on July 23, the real estate sector is expecting many measures to boost its growth. Here is the checklist.

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(Image Source: iStock)

Union Finance Minister Nirmala Sitharaman is set to present the Budget for 2024-25 on July 23. This budget will outline the government's expected receipts and expenditures across various sectors, including real estate.

India's real estate industry is eagerly awaiting the budget, hoping for reforms and incentives to stimulate growth and address long-standing challenges. Stakeholders in the real estate sector have several expectations, including:

Pradeep Misra, CMD, REPL emphasized the need for many measures. Some of them are:

Tax Benefits for Homebuyers

Talking about the tax benefits for homebuyers, Pradeep Mishra said, "Raising the home loan interest deduction limit from INR 2 lakh to INR 5 lakh would significantly benefit middle-income homebuyers".

Enhanced Liquidity Measures

He said, "The Indian real estate sector is expecting the Union Budget 2024-25 to improve liquidity, such as enhanced funding for the Special Window for Affordable and Mid-Income Housing (SWAMIH) fund, which has been crucial in reviving stalled projects".

GST Reforms

He further said, "Either allow input credit in GST for all types of construction activities or reduce GST on under-construction properties from 5 per cent to 1 per cent, aligning it with ready-to-move-in properties, to stimulate demand".

Streamlined Window for Approval Processes

A single window for approval systems and digitization in land records can significantly reduce project delays and enhance overall efficiency, benefiting both developers and end-users.

Reviving Housing Schemes

We also expect the government to revive the Credit-Linked Subsidy Scheme (CLSS) under PMAY, which expired in 2022. This scheme previously benefited EWS/LIG homebuyers and supported the conversion of 'kaccha' homes into 'pucca' ones under PMAY (Rural).

Tax Incentives for Developers

Reintroducing a 100 per cent tax holiday for affordable housing developers under Section 80-IBA and updating the definition of affordable housing to reflect current market dynamics are crucial.

Promoting SM REITs

To promote SM REITs, long-term capital gains on SM REITs should be exempted for the investment made in the year. Also, we hope for a revision in the dividend taxation rate for resident investors.