

# Union Budget 2024: Tax breaks and ease of doing business – top asks of the realty sector

Budget Lobby



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Bengaluru: While it has been a boom time for realtors pan-India, with the luxury segment taking off big time and gushing investment inflows, affordable housing remains a thorn in their side. With the Modi 0.3 government announcing its push for the segment on its first day at work, the industry has upped its persistence for some tax breaks and other considerations to make the proposition more viable. They are looking at the upcoming Union Budget this week to make a difference on this and several other counts.

## Affordable housing

"We recommend expanding the cost, size, and income criteria to make the scheme more inclusive," urged Anshuman Magazine, Chairman and CEO, India, South East Asia, Middle East and Africa, CBRE, a real estate services and investment firm, on making affordable housing more feasible.

It may be recalled that the interim budget presented on February 1, had an announcement of 'a scheme to help deserving sections of the middle class "living in rented accommodations, slums, chawls and unauthorised colonies" to buy or build their own houses'. It talked of 3 crore rural and urban houses under Pradhan Mantri Awas Yojana (PMAY). On this, Magazine said, "We eagerly await further details."

Amit Prakash Singh, co-founder and Chief Business Officer of fintech company Urban Money, said, "While government's focus on affordable housing under PMAY is commendable, recalibrating strategies in light of escalating construction costs is imperative for sustained inclusiveness and effectiveness."

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Infrastructure consultant Rudrabhishek Enterprises Limited CMD, **Pradeep Misra**, said, "We also expect the government to revive the Credit-Linked Subsidy Scheme (CLSS) under PMAY, which expired in 2022."

Offering an alternative path, Shishir Baijal, Chairman and Managing Director, property consultancy Knight Frank India, added that the government should create a regulatory framework to support long-term rental housing which will protect the rights of owners and occupiers, plus financial support for such development.

## Tax breaks

Most stakeholders argued that it is high time the government revisited the tax slabs and exemptions relevant to retail realty investment. Shrinivas Rao, CEO of real estate services firm Vestian and a FRICS, coaxed, "Demand for residential units is expected to increase further, if the government increases tax exemption limits for home loans."

Magazine rallied, "With the rising prices of residential units, we recommend increasing the interest deduction limit of Rs 1.5 lakh per annum to at least Rs 4 lakh per annum."

Navin Kumar, Director of real estate developer Navin's agreed, "Revisions in Section 24B of IT tax act – which provides the deductions in terms of money spent on interest payment of home loans – was set at 2 lakh rupees, in 2014. Inflation adjusted, that number is significantly higher today. Same applies to 80C which was also set in 2014."

## Lobbying for lower GST

Though the incidence of the Goods and Services Tax (GST) is decided by the GST council, in the run-up to the Union Budget, the industry reiterated its demand for lowering the burden. Ramani Sastri, Chairman and MD, Sterling Developers Pvt Ltd, underscored, "A moderate reduction in GST rates for the real estate sector would also make homes more affordable and spark demand. We also expect the maximum tax rate of 30 per cent to be reduced to improve the individual's buying power."

Amrita Gupta, Director of real estate group Manglam Group and Founder President of CREDAI Rajasthan Women's Wing, noted, "The reintroduction of GST with an input tax credit can catalyse construction activities by reducing the overall project costs, which ultimately benefits buyers."

Murali Malayappan, CMD, Shriram Properties, insisted, "From a buyer's perspective, addressing the crucial issue of GST by placing it in the lowest slab and stabilising interest rates for home loans are essential to make housing more accessible."

## Ease-of-doing-business

That the industry is flourishing is evident in the rush of investments flowing its way. Colliers reported it to be \$2.5 billion in the second quarter of the present calendar year. Even so, the industry looks to the government to iron out a few issues. Mohit Goel, Managing Director of real estate firm Omaxe urged, "Addressing liquidity concerns, simplifying regulations, and introducing enhanced funding for affordable and mid-income housing are necessary to revive and promote sustainable growth."

Kaushal Agarwal, Chairman of The Guardians Real Estate Advisory said, "Granting 'industry status' to housing and implementing a streamlined single-window approval system will further boost efficiency and attract more investments."

"The digitisation of land records which is long overdue, must be expedited," sought Malayappan.