
IMPACT AND INTERPLAY OF REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2019 (RERA) AND THE GOODS AND SERVICES ACT, 2017 (GST) ON THE CONSTRUCTION SECTOR IN INDIA

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ABSTRACT:

Two separate Acts viz., the Real Estate (Regulation and Development) Act, 2016, (which came into full effect from 1st May 2017) and the Goods and Services Act, 2017 (effective from 1st July 2017) have shown their impact on real estate sector. The former was brought into effect to ensure greater transparency and accountability in real estate sector; and the latter was to simplify the indirect taxation as a whole. Both the Acts impacted “under construction properties” and hence the prices for the end-buyers. The objective of this article is to examine the effect of these two Acts on the project developers and buyers. This article provides description of the impact of these two Acts on different issues related to the real estate sector and explores the reasons leading to the increased tax burden and litigation.

Keywords: Real Estate, Construction Sector, RERA, GST and ITC.

INTRODUCTION:

The Real Estate (Regulation and Development) Act 2016^[1] popularly called “RERA” is an Act which was introduced to encourage fairness and openness in the Real Estate sector. It intends to protect the home buyers’ interests, and the investments made in the Real Estate Sector. Though aimed at the end consumer, the Act affects the Real Estate Business as well as the economics of the sector due to its legal framework. The RERA, 2016 covers all the parties in real estate transactions to ensure greater accountability and transparency at both ends.

By regulating commercial activities and transactions in the real estate sector, RERA aims to restore consumer confidence and to protect the interests of buyers. The goal is to ensure openness and effectiveness in the real estate sector with regard to sale of land, flats, buildings or any real estate project while protecting the interest of the end consumers. The Act allows for setting up an Authority (Real Estate Regulatory Authority) for every State / UT for the purpose of arbitration of disputes in the real estate sector and there is an inbuilt mechanism for adjudicating the issues. The need for the introduction of RERA, as a regulation, arose on account of the need for bringing control into the procedures and transactions of the supplier, i.e., the developer / project executor by way of authorized work, security, transparency and ensuring quality of work both in construction and future maintenance. The transformation in the real estate scenario was affected by the introduction of RERA in 2016.

The Central Goods and Services Act, 2017 (CGST)^[2] and State/UT GST Acts underwent a drastic change with effect from 01.04.2019, with regard to the rates of tax in the construction sector and has undoubtedly had an impact on the construction sector. GST is applicable for under-construction properties, but fully furnished structures and sale of land do not fall in the purview of GST. The GST has to be paid by developers on several occasions on RCM basis, which leads to various legal issues. With conditions laid down in the availment of Input Tax Credit (ITC) by the tax payer with regard to the goods and services utilized in the activity, the developer/taxpayer is at loss to understand regarding the eligibility conditions and the ITC to be availed or reversed, when he opts for a particular scheme for the projects. Further, manufacturers / trading firms / suppliers have seen ITC issues with the department thereby leading to litigation with the GST authorities.

Goods and Services Tax (GST) has not only impacted the construction sector in many ways but also primarily regularized what was an unorganized sector. The tax implications on account

of GST law on real estate, particularly under construction properties and flow of Input Tax Credit (ITC), Joint Development Agreement, JDR, FSI etc., assumes great importance when considering the impact on the construction sector especially in terms of the litigations. After the introduction of GST with effect from 1st July 2017, the impact of GST has been significant on the Real Estate Sector. GST in its new scheme came with a reduction of rates, thereby making the burden of taxes on the residential apartments less on the buyer, but envisaged conditions for the builder / developer for making compliance with law and conducting the business became challenging. It is perhaps on account of such conditions and cost escalations, that the builder would resort to fake invoice credits, bogus entries and obfuscation of records. With tax compliance also becoming challenging, the taxpayer has to juggle with various entities to stay afloat. This article attempts to study the various aspects of RERA 2016 and GST Act 2017 to analyze the impact of the two laws in the real estate business.

STATEMENT OF THE PROBLEM:

Though the RERA 2016 and notifications under GST have been introduced to alleviate the burden of the home buyer, the laws have, through their impact, burdened the shoulders of the taxpayer/developer. Issues related to flow ITC, valuation of land which is limited (only) to one-third of the consideration of the flat, which is arbitrary and without any acceptable and fair reasons, and hidden payments on account of preferential location charges are contentious areas for litigation. To understand the impact of the interplay of the two Acts, a detailed study of how the two Acts weigh down the taxpayer in his execution of the project is aspired to be brought out.

RESEARCH QUESTION

This article makes an attempt get answers for the following research question.

“What are the immediate consequences of the twin Acts, viz., the RERA, 2016 and the GST Act, 2017 on construction sector.”

OBJECTIVE:

The focus of this article is to examine the impact of RERA, 2016 and GST Act, 2017 on certain issues which are potential triggers for litigation.

HYPOTHESIS

Implementation of RERA and GST in respect of certain issues related to real estate sector led to increased litigation.

METHODOLOGY:

Doctrinal approach is adopted to understand the problem and to arrive at conclusions.

LITERATURE REVIEW:

Adopting the Doctrinal method of research, literature on the subject matter was studied. The Real Estate (Regulation and Development) Act (RERA), 2016 primarily provides the law, procedures and statutory obligations of the builder / developer. For the purpose of this paper, the Central Goods and Services Act, 2017 which prescribes statutory law on various aspects of GST was studied.

Various related articles on the subject matter were perused to gain understanding of the impact and interplay of RERA 2016 and GST Act 2017.

Nivedita Karnawat.S, Asst. Prof. and Harshita Ambre^[3] in their article concluded that due to implementation of RERA, the major victim of the real estate sector is the developer/ promotor and that the transactions will not go unaccounted. The real estate sector has become more competitive”. The study of Abhijit Sanjay Puri, Prof. Kiran Ghorpade^[4] showed that “single window system of RERA plays an important role for speedy approval of projects. It has brought better transparency and accountability; that the concept of Escrow account was very good and it controlled misappropriation; that RERA was beneficial to both consumer and builder”. Gokhale Siddhi Sunil, Pawar A.T. ^[5] observed that “since RERA approval was given only after completion of all formalities by the builder, copy of RERA approval must find a place in the documents of the buyer; that there was considerable reduction in project cost due to GST and that RERA had introduced transparency and reduction of black money”.

Harsh Bhushan ^[6] concluded that project efficiency had increased with developers adhering to guidelines to create a regulated sector with a safe and secure environment; that the ‘reserve account’ and other mandatory requirements may result in increase of cost of home and flats”. Shekhar Pawar, Hemanshu Ahire ^[7] discovered that “the act is a positive change for increasing

transparency but has a negative impact of financial difficulties for builders and a doubt in construction quality and process of flat purchase for buyers". Hanee N Patel, Dr. Jigar V Pandya, Dr. Samir Patel^[8] concluded that "standardized Real Estate Regulatory Act was necessary to have uniform standards and also awareness among buyers and promoters; that small developers could not do multiple projects due to increase in project / legal costs and thus delays in projects; that builders were giving possession on time due to stringent penalties. Swati Sangolkar P, Wadalkar S.S^[9] discussed the tax implications of pre and post GST on input materials and also the rates of taxes on various aspects. Dr. Chavan Sachin U., Dr. Khaladkar Manisha R., Ms. Ashwini Patel^[10] in the article "The Impact of GST on Construction Industry" concluded that " GST has resulted in increased revenues and improvement of quality of work due to fixed time duration on cash flow; that various technological options were being explored to counter the effect of GST hence implying negative effects". Manan Patel, Ankit Kumar S. Patel, Jayraj v Solanki, Paresh Kumar H. Patel^[11] concluded that "RERA 2016 improved transparency, accountability, and reliability, boosting confidence among homebuyers and attracting regulated investments. RERA elevated professionalism and integrity in real estate, despite challenges. Its long-term benefits in fostering transparency, accountability, and sustainability are evident. Based on the survey's analysis, key impacts of RERA are observed in legal compliance, investor confidence, and consumer protection, influencing market dynamics and stakeholder trust".

Priyanka S. Pawar, Dhananjay S. Patil^[12] suggested that government agencies should be made accountable for the delay in granting approvals; Single-window disbursal of all regulatory approvals; 'structural defects' should be clearly defined, transfer of financials from escrow account for land purchase to be monitored; exclusion of registration under RERA for smaller projects increased upto 20000 sft; GST on composite supply of works to be reduced with ITC; adjustment of procurement of inputs and input credits should be for duration of project and not restricted to financial year; increasing incidence of fake invoices, bogus entries etc., due to increased complicated compliance on Joint Development projects and hence requirement of revisions. Godge MA, Gandal J, Karad V, Kumar A^[13] in their paper reviewed the impact of Real Estate Regulatory Authority (RERA) Act 2016 in Maharashtra State – It reached a conclusion that the industry that generates the most money is real estate, and it is the most unstable industry. In the real estate industry, where builders could not keep their claims of quality and delivery, the job was done in a riskier manner. The consumer used to have several problems as a result. The RERA bill was created by the Indian Government, which imposes

restrictions on builders and assesses all segment stockholders. In the process of implementation of RERA, not only will the interests of customers be protected, but builders will also benefit from greater transparency. RERA has improved trust between buyers and sellers and has helped create better relationships which will go a long way in ensuring good growth for the real estate market.” Deep Patel, Sameer Gujar and Vivek Patel^[14] whose study was done to analyze the Act suggest some of the changes that can be implemented in order to make the system more business friendly and efficient. Their study concluded that “RERA has the capability to clean up this sector and make it a more organized sector, which can become the driver of the Indian economy. It was necessary that some type of discipline is injected in real estate sector so that they can help government in fulfilling the dream of giving house to every Indian. Even from the developer’s point of view this act was necessary so that they do complete projects timely and do not face any difficulties and also become more agile before launching the projects. There is a benefit to the buyer as this new Act has become the trust bridge between buyer and developer. But there are some issues which need to be addressed and also the scope of this Act should be modified as it can become more business friendly to the sector. There are some challenges which are faced by various stakeholder due to implementation of this act.”

Shubhangi Salunkhe, Mahadeva Swamy R^[15] analysed the impact of RERA on small, medium and large size construction industry in India (case study for Pune region). Their paper highlights the use of RERA, its benefits and proposes RERA as mandatory tool/norm for improving the quality and life of building in concern with the customer. It concluded that “the Act is a positive change in terms of increasing transparency in the real estate sector, increasing accountability of the promoters and developers. RERA is likely to attract more number of buyers as well as investors in the real estate market hence marking a positive outlook for the Indian real estate sector. As per survey, it is seen that builders are more likely to be negative because of Maha RERA. Due to Maha RERA mostly builders are facing financial problems. Due to Maha RERA all customers are positive but they have doubt in construction quality and process of flat purchasing.” The study of Khandar Madhavi Ashok, Panganti Aparna^[16] regarding Immediate Impact of RERA on Construction Industry was limited to Pune area region. It was based on the articles, personal interviews and opinions published in the media. The conclusions were that “though the act is very new, it is accepted very easily by the seller and buyers. A very positive impact is expected in the future as the act becomes more intact. Amendments are still going on. It is very early to study the results of this act in terms of both the parties. Single window system plays an important role in the success of the RERA Act. The objectives of this Act are

to “Ensure Transparency & Efficiency” in real estate sector in regard to sale of plot, apartment, building or real estate project; Protecting the interest of consumers in real estate sector; establishing adjudicating mechanism for speedy dispute redressal and establishing Appellate Tribunal to hear appeals from the decisions, directions or orders of the Real Estate Regulatory Authority.”

Munjaal Manishbhai Bhatt v. Union of India, (2022)^[17] is an important judgment dealing with the valuation of land involved in the project. The decision held that the deeming fiction in Notification providing for 1/3rd deduction with respect to land or undivided share of land in cases of construction contracts of residential/commercial apartments, complex, building, etc. involving element of land could not be applied where actual value of land is ascertainable. Imposition of tax on consideration received towards sale of land by virtue of delegated legislation viz. Entry 3(if) of Notification No. 11/2017-C.T. (Rate) read with paragraph No. 2 is, therefore, ultra vires Sections 7 and 9 of Central Goods and Services Tax Act, 2017.

IMPACT OF RERA:

The increasing fraud in the construction industry necessitated a need for regulation of the real estate market. The frauds had forced the end users to take risks related to quality of work, delay in handing over of the completed project, etc. The consumers did not have a proper regulation and guidelines to look up to, in order that their problems could be addressed and resolved. By regulating commercial activities and transactions in the real estate sector, the Real Estate (Regulation and Development) Act 2016^[1], aims to restore consumer confidence and to protect the interests of buyers. The goal is to ensure openness and effectiveness in the real estate sector with regard to sale of land, flats, buildings or any real estate project while protecting the interest of the end consumers. RERA, 2016 allows for setting up an Authority (Real Estate Regulatory Authority) for every State / UT for the purpose of arbitration of disputes in the real estate sector and there is an inbuilt mechanism for adjudicating the issues.

A major problem in the construction sector is the long wait to receive the constructed property by the buyers. The number of under construction properties have been rising in the recent past. Many builders have flouted norms in the major cities by failing to adhere to the project deadlines. For an investor in home properties, investing lifetime savings in the property, the most worrying factor is indefinite delays leading to his increasing interest payments on the amount acquired by loan or the loss of interest if the amount is paid from his own savings.

Prospective home buyers are mis-informed about quality of construction and completion and the various amenities available in the property. Oral assurances regarding handing over of the property documents, often missing or incomplete, lead to further agony.

The need for the introduction of RERA, as a regulation, arose on account of the need for bringing control into the procedures and transactions of the supplier, i.e., the developer / project executor by way of authorized work, security, transparency and ensuring quality of work both in construction and future maintenance. The transformation in the real estate scenario was affected by the introduction of RERA in 2016. Through its introduction, the life of the property investor in the real estate sector especially those intending to buy new property, has been made more secure and easy by way of the impositions made on the developer / builder. The Act intends to achieve the following:

- Ensuring accountability to the allottees and to protect their interest;
- Bring about transparency, professionalism, fair-play and reduction of frauds;
- Pan India standardization;
- Establish symmetry of information between the promoter and allottee;
- Imposing responsibilities on both promoters and allottees.
- Adherence to promised timelines for project completion and possession.
- Penalties for delays.
- Responsibility to correct structural defects or poor construction within five years of possession.
- Dispute Resolution by the State-level RERA between sellers and buyers.
- Establish regulatory mechanism for enforcement of contracts;
- Ensure quick dispute resolution mechanism;
- Create investor confidence.

Registration of projects is made compulsory, both for freshly initiated projects as well as ongoing projects. Registration of the project is not warranted where - the land proposed to be developed does not exceed 500 sq. mts in area or the number of apartments proposed do not exceed 8 (inclusive of all phases); where the certificate of completion is received prior to introduction of RERA; and cases where renovation, repair or re-development do not involve marketing, advertising, selling or new allotment of any apartment, plot or building, under the real estate project. Without being registered for the project, no advertisement or sale of an apartment / buildings in the projects can take place. RERA makes it mandatory for sellers to provide timely, precise, and comprehensive information about the project so that buyers can arrive at a decision for purchasing the property. RERA makes it mandatory for all relevant details related to the project to be made available like the land details, approvals obtained for building the project, and the progress of the construction. The seller must also create and maintain a website giving detailed information about the project, its construction progress and the financials raised and spent. Thus, the law encompasses all the transactions in real estate. Before the projects are advertised or sold, the sellers are required to register with the regulating body. To guarantee that the amounts received from the purchasers are utilized only for the designated project, a separate escrow account must be created for each project. A percentage of the amount received (70%) must be deposited in such a new account. Withdrawals can be made only for the specific purposes that are prescribed in the Act and not for any other purpose. If the seller is not able to give possession of the property as per the terms of the agreement with the purchaser, the purchaser can withdraw from the project and will be compensated by way of a full refund. If he continues with the investment, interest will be paid for the delayed period. Sale must be on the basis of 'Carpet Area' only, that is, sum of the net area of inside of an apartment or flat and the internal walls of the apartment. Apart from various other stipulations like compensations made available to the end consumer under this Act, the provisions regarding Offences, Penalties, and Adjudication with consequences of fine, imprisonment and revocation of registration from the project are also provided for in the Act to act as a deterrent to the project developer. RERA, 2016 also has its disadvantages to the developer / promoter as their transactions have become more competitive and will have to be accounted for completely. Ongoing projects are the most affected, especially those which are in the closure stage. Further, small developers may not be able to undertake multiple projects due to increasing project cost, legal costs, completion time delays, compliance burden and account disclosures for the financial year which impacts their sale.

Impact of GST:

GST has not only impacted the construction sector but also primarily regularized what was an unorganized sector. The tax implications on account of GST law on real estate, particularly “under construction properties” and flow of Input Tax Credit (ITC), Joint Development Agreement, JDR, FSI etc., assumes great importance when considering the impact on the construction sector especially in terms of the litigations.

Before the introduction of GST, Duty of Excise @ 12.5% was charged on majority of the items used for construction activities. VAT was also imposed by the local state governments at 12.5% to 14.5% on the same items. These taxes paid on the input goods were not available as input tax credit (ITC) for payment of Service Tax (4.5%) and VAT (1% - 2%) which was being levied on the sale of under-construction flats.

After introduction of GST with effect from 1st July 2017, the impact of GST has been significant on the Real Estate Sector. From 01.07.2017 to 31.03.2019, there was relief to the promoter / developers of Input tax credit and also GST is imposed as a single charge, with an effective rate of 8% for affordable housing projects, and 12% for residential and commercial developments. In view of hardships expressed by the buyers and for improving the conditions of the real estate sector, a new scheme for the sale of the apartments was introduced during the meeting of the GST Council. The scheme was made mandatory for projects starting on or after 1-4-2019. In respect of projects already existing (‘ongoing projects’) as on 31-3-2019, the taxpayer could shift to the newly proposed scheme without ITC or continue with the previous scheme using ITC. This option to shift to the newly introduced scheme was made a one-time option for the existing on-going projects which were initiated before 01.04.2019 and incomplete as on 31.03.2019. The option had to be exercised by 10.05.2019. Under the newly introduced scheme, GST rates for the residential apartments are–

- (a) CGST 0.5% + SGST/UTGST 0.5% (total 1%) or IGST 1% (without ITC) for affordable residential apartments – effective rate after applying the abatement of 1/3rd on the total value
- (b) CGST 2.5% + SGST/UTGST 2.5% (total 5%) or IGST 5% (without ITC) for other residential apartments– effective rate after applying the abatement of 1/3rd on the total value towards the cost of land.

(c) For commercial apartments (shops, offices, godowns etc.) in RREP, subject GST rate is CGST 2.5% + SGST/UTGST 2.5% (total 5%) or IGST 5% (without the use of ITC).

(d) For construction of commercial apartments (excluding RREP), the levy of GST is at CGST 6% + SGST/UTGST 6% (total 12%) or IGST 12% (using of ITC).

Though the new scheme came (from 01.04.2019) with a reduction of rates, thereby making the burden of taxes on the residential apartments less on the buyer, it envisaged conditions for the builder / developer for making compliance with law and conducting the business became challenging. The conditions did not allow the taxpayer to avail Input Tax Credit on the input goods and services in the newly introduced scheme, and they also had to maintain a proper account for the purchases to the extent prescribed. The purchases had to be made to the extent of 80% through registered suppliers and any shortfall was to be made good by making payment of GST under reverse charge (i.e., by developer / builder) on the value so short @ 18% for input goods and input services. For cement, however, the shortfall was to be made good by payment on reverse charge @ 28%. For capital goods purchased, every single purchase of the capital goods is required to be procured from registered dealers only. For capital goods purchased from unregistered dealers, the entire tax liability under reverse charge has to be discharged by the builder. These kinds of payments on the short purchases would increase the burden on the developer / builder and impact the cost of construction. It is not that the tax on the input and input services purchased by the developer / builder is less. The tax rate is ranging from 5% to 28% depending on the specifics. It is perhaps on account of such conditions and cost escalations, the developer / builder is trying to improve his profit margin by selling only the bare shell of the apartment to the buyer. It is another matter for discussion that the buyer then completes the interior of the apartment on extra cost to make it inhabitable and hospitable which increases his cost of acquisition of the apartment further.

With the above-mentioned changes over a period of time and in the era of GST, it may be seen that application of GST showed considerable reduction of the Project Cost. If the ITC is considered / factored, then the project cost will reduce further showing a good effect of GST on construction industry. However, it needs to be observed that during the cross over from the earlier regime to the present regime of taxation, there have been litigations for the taxpayer in terms of the eligibility of the ITC over the period of time (both quantum and nature) as well as

the formula to be adopted in calculating the amount of ITC to be reversed in view of the fact that the sector was unorganised and records of the goods and services received from the unorganized sectors were not available. This amounted to losses in the claim of ITC which the taxpayer may not be ready to forego.

Coming to the tax implication, the effective rate of 1% or 5% is arrived at by applying the condition that the GST is required to be paid on a value wherein $\frac{1}{3}$ rd of the value has been abated (land value) from the total value. The challenge that may be raised here is whether the value of land is essentially to be included here as apparently there arises an argument that GST is not payable on land sold to the buyer. Land is a major commodity in real estate. The point of how the cost of land is to be incorporated in the price structure could be a source of litigation which needs a thought and needs to be resolved. The Hon'ble Gujarat High Court in the case of Munjaal Manishbhai Bhatt, held that the deduction of $\frac{1}{3}$ rd of the value towards land even if specific values of land and construction service are available was not mandatory. However, the department has adopted contra decisions in the matter and cited the legislative umbrella that the notification issued in this regard provides for the application of deduction of $\frac{1}{3}$ rd the value towards land. RERA makes it mandatory that the project developer discloses all material particulars of the project costs as well as the legal title to the property where the development is intended through legally valid/authorized documentation with authentication, if the land is owned by another person. Total costs involved in the development of the project including the land cost, taxes, cess, development charges etc., are required to be disclosed by the developer / promoter. The valuation of land adopted by the developer could be verified from the disclosure made under RERA guidelines.

There are certain hidden components which may not form part of the purchase price of the flat but still payable by the buyer. On account of this there will be litigations on the valuations declared under GST on account of preferential choices in allotment of apartments on extra charges collected from the buyer in respect of club membership fees, refundable interest-free maintenance, development charges (both external and internal), electric meter installation charges, security, power Back-up charges, water connection charges, drainage, sewerage, development charges, transfer/endorsement fees, documentation charges, legal fees, basement storage charges, car parking charges, open area car parking usage charges etc. These are issues where the seller would like to take advantage of the buyer to earn extra amount over and above the price charged for the sale of apartment. Under RERA, a buyer can file a case with the

Authority if a builder or developer charges extra money beyond what was initially agreed upon. This includes hidden charges, excessive maintenance fees, or any other fee not mentioned in the sale agreement or project brochure. RERA will investigate the complaint and may order the builder or developer to refund the excess amount or compensate the buyer. When such charges are collected, the treatment under GST is similar to those that are a part of the composite supply where construction services are a main service and hence are considered to be a naturally bundled service, which would be charged to GST. During the 54th meeting of GST Council, it was clarified that

“.... location charges or Preferential Location Charges (PLC) paid along with the consideration for the construction services of residential complex before issuance of completion certificate forms part of composite supply where supply of construction services is the main service and PLC is naturally bundled with it and are eligible for same tax treatment as the main supply that is, construction service”.

Hence, if there is a separate charge collected from the buyer by the builder or developer over and above the price / consideration agreed upon for the apartment, action would be taken under GST to charge the same to tax. Therefore, this points to the importance of clear contractual terms and precise documentation for developers and buyers alike. It is crucial for developers to ensure that their agreement clearly outlines the separation of construction services and car park facilities, avoiding any ambiguity regarding the applicability of GST rates. However, in view of the fact that many of the decisions regarding the litigations raised are being passed by the Authority for Advance Ruling (AAR) or the Appellate Authority for Advance Ruling (AAAR), the decisions will be limited to the jurisdiction of the litigant and only to the litigant. Advance Rulings have limited scope unlike decisions of Constitutional Courts and hence it is likely that the litigation between the GST department and the taxpayer would continue.

CONCLUSION AND SUGGESTIONS:

With the introduction of RERA, 2016 and the implementation of the GST Act, 2017 the ills of the construction sector for the buyer have mitigated to a great extent. A single tax rate being made applicable to the properties under construction and the myriad rates of various taxes applicable in various states being abolished has benefitted the buyer from the prevailing confusion and obfuscation of the developer / promoter. The RERA has also cleared various

impediments to the buyer regarding the purchase and possession of a residence with conditions and regulations being laid down on the developer / promoter.

Though the developer / promoter was troubled by the varying taxes in each state and resultant low margins on account of impact on his pricing, GST offered reduced taxes resulting in reduced construction cost. However, issues relating to ITC and the impact of different rates of taxes on various inputs and services from different suppliers, may hinder the developer/promoter as a whole in his business. RERA has also brought in new challenges for the developer / promoter with stringent laws and stiff penalties. Cash flow in the transactions also has been reduced to some extent. Litigations are yet to be properly resolved by the courts in order that clarity is brought in the procedural and legal effects of GST. Further, litigation particularly under the GST Act is going to increase in the real estate sector on account of hidden charges and value of land which is limited (only) to one-third of the consideration of the flat, which is arbitrary and without any acceptable and fair reasons.

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