Internal memo – 914/121- CR/Sales Date: 20.07.2018

Subject: Credit link subsidy scheme – guidelines.

As per our current understanding most of our customers are eligible for interest subsidy under the Pradhan Mantri Avas Yojana Credit link Subsidy Scheme. The details of the scheme are given in the flyer attached herein as Annexure –A.

Additional benefit of reduction in GST rate from 12%f to 8% can be availed. This is applicable to customers who have obtained approval for housing loan under the PMAY - CLSS scheme.

These guidelines are only applicable for projects with apartments/flats. They are not applicable to projects with villas. Further, it is only applicable for pre-OC sales.

Procedure to be followed for availing interest subsidy and lower GST rate.

1. After booking customer must apply for housing loan with all documents that are required for availing CLSS. Housing finance company (HFC) must be informed that loan approval letter must mention that the loan is approved under CLSS scheme. Without the said letter we cannot levy GST at a lower rate of 8%.
2. After receiving the approval from HFC CR must inform accountants in writing that GST bills for the customer must be raised at 8% in place of 12%.
3. In cases where earlier bills were raised @ 12%, they may be left untouched. For subsequent bills rate of 8% can be applied. Note that the bills are raised based on mile stone of work done and not on receipt of payments.
4. Collect undertaking from customer as per Annexure –B. Collect 2 undated cheques – each cheque must be in the name of our firm (do not accept blank cheques), however, without amount written on it, but must be marked as not exceeding a value rounded off to the nearest 25,000/- and greater than 5% of the total sale consideration. (Eg.: If the sale consideration is 43.50 lakhs then collect 2 cheques marked as ‘not exceeding 2,25,000/-‘). Collect promissory note as per Annexure –C.
5. The proof of eligibility under CLSS scheme is not directly available. Customer must provide bank statement (housing loan statement duly attested) showing subsidy received under CLSS scheme as proof of eligibility. If such a proof is not provided within 90 days from release of last treunch of housing loan, the customer is deemed to be in default and the blank cheques can be enchased.
6. The amount to be enchased in case of default is equal to 4% GST + interest + penalty (if any). 2 cheques are being collected as the amounts with interest and penalty may be much higher than the 4% reduced GST rate.
7. The cheques and undertakings cannot be returned to the customer. Department has right to review GST payment for upto 6 years.

Soham Modi

Annexure – B

Undertaking

From,

\_\_\_\_,

\_\_\_\_.

To,

\_\_\_,

\_\_\_.

Subject: Undertaking for availing benefit of reduced GST rate of 8% in place of 12% under the

Pradhan Mantri Avas Yojana - Credit link Subsidy Scheme.

Reference: My booking for Flat no.      , block no.       in our project known as ‘     ’

situated at Survey No.     ,       Village,      Mandal, Hyderabad –      ., vide

booking form no. \_\_\_\_\_ dated \_\_\_\_\_\_\_\_.

Sir,

I request you to raise invoices pertaining to the purchase of the above referred flat at the rate of 8% as I am eligible for the said rate under the above referred scheme.

I understand that I will be billed at the reduced rate based on our current understanding of the rules pertaining to levy of GST. I also certify that I am eligible for said scheme and shall provide proof of eligibility from the specified statutory authority within 90 days of housing loan disbursement.

In the event that GST is chargeable at a higher rate of 12% (or any other rate specified from time to time), I undertake to pay the difference in GST amount along with interest and penalty. You may debit such a difference in GST payable to my account (plus interest & penalty) as you deem fit and proper. I confirm that I will not raise any objections on this count hereafter.

Thank you.

Yours sincerely,

Sign:

Name:

Date:

Annexure – C

From,

\_\_\_\_,

\_\_\_\_.

To,

\_\_\_,

\_\_\_.

Subject: Payment of GST amount (at higher rate) along with interest & penalty.

Reference: My booking for Flat no.      , block no.       in our project known as ‘     ’

situated at Survey No.     ,       Village,      Mandal, Hyderabad –      ., vide

booking form no. \_\_\_\_\_ dated \_\_\_\_\_\_\_\_.

Sir,

I had requested you to raise invoices pertaining to the purchase of the above referred flat at the rate of 8% in place of 12%. However, I am not eligible for the reduced rate of GST.

Please find enclosed a cheque of Rs. \_\_\_\_\_\_\_\_\_\_\_/-, bearing no. \_\_\_\_\_\_\_\_\_\_\_ dated \_\_\_\_\_\_\_\_\_

drawn on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ towards discharging the above referred liability.

Thank you.

Yours sincerely,

Sign:

Name:

Date: