

Villa Orchids LLP

5-4-187/3&4, II floor, MG Road,
Secunderabad – 500 003.
Phone: +91-40-66335551

To,

The Commissioner of Central Tax,
Member, State Level Screening Committee
On Anti-profitteering,
GST Bhavan, Basheerbagh,
Hyderabad – 500 004.
Telangana

Date: 13.02.2020.

Subject: Anti-Profitteering- charging higher price/not passing of benefit of ITC -- reply.
Reference: Your notice dated : 24.01.2020, C.No: IV/16/22/2019- Anti Profitteering

Sir/Madam,

In reply to the above notice please note the following:

1. Villa Orchids, a housing project at Kowkur, Secunderabad consists of about 340 villas on 21 acres of land. Several co-owners of the land eventually sold their share in the land to M/s. Sri Venkataramana Constructions (SVRC). SVRC became the owner/developer of the project.
2. M/s. Villa Orchids LLP - VOCLLP (formerly known as Greenwood Lakeside LLP) entered into a sales & project management agreement with SVRC for marketing villas being developed by them. Under the arrangement 84 villas were marketed /sold by VOCLLP. SVRC was the builder/developer of the 84 villas. SVRC paid fees of about 5% to VOCLLP for this services. These transactions were completed before June, 2017.
3. SVRC thereafter agreed to sell vacant plots of land to VOCLLP. VOCLLP in turn sold the plots of land to intending customers. Such sales of the immovable property/land do not attract GST. Sale deeds for land /plots were executed in favour of prospective customers by VOC LLP in the capacity as agreement of sale cum GPA holder.
4. Thereafter, such prospective customers entered into an registered agreement of construction for constructing the villa with VOCLLP. GST was paid by such customers to VOCLLP at the applicable rate.
5. In all VOCLLP agreed to purchase 112 plots of land from SVRC and these plots were inturn sold to prospective customers.
6. The first plot was purchased from SVRC by VOCLLP in July, 2017 and purchase of all plots was completed by middle of 2018. Subsequent to the purchase of the plots from VOCLLP they were sold to prospective customers.
7. Receipts from customers were appropriated towards sale of land. Thereafter, customers have paid for construction of their villa on the land purchased by them. No advance was taken towards construction before July, 2017 and all advances towards construction were taken in GST regime and paid applicable GST. All expenses (on which ITC was availed) related to the construction was also incurred after July, 2017.



Villa Orchids LLP

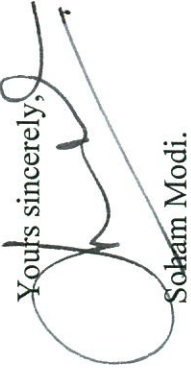
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8. All transactions related to agreement of construction that attract GST were made after July, 2017. Accordingly, anti-profiteering rules do not apply to these transactions.
9. M/s. Modi Properties Pvt. Ltd., is a partner in VOCLLP and has no direct dealings or transactions with any customer of VOCLLP.
10. We have analysed the rates of items used for construction of villas before and after June, 2017. Most manufacturers have increased their rates / prices post GST. Accordingly, there has been no benefit to the builder on account of GST input credit as the same was consumed by increase in prices of most items used for construction.

In light of the above you are requested to drop the above referred notice. We are willing to provide any further information that you may require.

Thank You.

Yours sincerely,



Sakam Modi.

Received by
Pravin
17/02/2018
BENJI G. Naidu
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