

Sub.: GST - Standard operating procedure & company policy.

This memo is issued to specify standard operating procedure with respect to GST. This is as per our current understanding and to be revised from time to time.

1. Rate of GST
 - a. Sale of flats and villas – full value sale deed – 12%*.
 - b. Agreement of construction – 18%.
 - c. Sale deed for land only – 0%.
 - d. Sale deed for flats & villas for bookings made after receiving OC – 0%.
 - e. Semi-finished construction with divided/un-divided share of land – 12%.
 - f. GST payable for flats and villas in JDA for the share of flats and villas delivered to landowners is 18% of the land value transferred to developer by the owner.
2. Threshold limit for payment of GST – Rs. 20 lakhs i.e., projects with receipts of less than 20 lakhs in a particular year before start of project are exempt from GST.
3. Monthly maintenance charges of less than Rs. 5,000/- per month are exempt from GST.
4. Purchases made from un-registered dealers RCM (reverse charge mechanism) shall apply. However, this has been suspended indefinitely by Government.
5. The date of OC may vary from project to project. In some cases OC application date may be taken as OC date and in some projects chartered engineer certificate can be taken as OC date. OC dates for individual projects are as follows:
 - a. SOB – Applied for OC on 01.09.2016. Yet to receive.
 - b. VSC – OC dated 04.07.2016.
 - c. BNC A, B, C & D blocks – OC received.
 - d. Vista A, B, C, G, H, I blocks – OC received.
 - e. PMR II A, B blocks – OC received.
 - f. New bookings for other projects/blocks like BNC, PMRII, Vista, NE, KNM, Serene, SOV, AGH, etc., GST is applicable.
 - g. New sales in GWE, PMR I, SOB III – GST is 0%.
6. The PAN and GST nos. of all firms and companies is attached herein (Annexure A). Suppliers require these nos. for billing and reporting on the GST network. Without the correct nos. GST paid by suppliers cannot be used as input credit. Input credit for GST paid to suppliers can be adjusted against amounts payable by our projects towards GST. **THEREFORE IT IS VERY IMPORTANT TO BUY ALL ITEMS WITH PACCA BILL AND THE BILL MUST HAVE THE CORRECT GST NO. OF OUR PROJECTS ON IT.**

7. However the following items may be purchased without bill and 12% GST to be paid under RCM (temporarily suspended) by respective accountants on a weekly basis along with payment of vouchers – CC rings, plastic drums, plastic covers, MS drums, used goods.
8. Traders and manufacturers can register under composition scheme and charge GST @ 2%. Applicability of such a composition scheme to be clarified. It is only applicable where turnover is less than Rs. 75 lakhs per year. Input credit for GST paid under composition scheme cannot be taken. On such purchases RCM is not applicable.
9. GST (GSTR1) returns are to be filed before 10th of every subsequent month, without fail. GSTR2 & GSTR3 - temporarily suspended. NOTE – purchases made with GST bill which are not B2B (business to business) in nature, ITC cannot be claimed, Eg.: purchases made from Reliance Fresh with GST bill. However, RCM need not be paid.
10. Anti profiteering rules. As per the rules benefit of input credit from GST is to be passed on to the customers. Accordingly, the details of benefits to be passed on customers is given in Annexure – F.
11. Policy for applicability of GST on booking of flats and villas.
 - a. GST has to be paid at revised rates and the incidence of tax will increase for our customers. There is no option to opt out of payment of GST.
 - b. GST is not applicable to projects or blocks within projects where occupancy certificate (OC) is received and booking is made after receipt of OC. To benefit the customer we have adopted the date of OC as the date of application for OC in place of the actual OC date.
 - c. BNC, Vista, PMR II - Applicable rate of GST shall be 12%. Registration charges shall be 6% + 0.1%. For amounts received before 30.06.17 service tax has to be collected @ 4.5% & VAT @ 1.25%. As before housing loan will be availed by way of tripartite agreement and sale deed for full value will be registered on receipt of entire sale consideration.
 - d. For new bookings of KNM/VOC and all bookings of SOV & AGH - CR shall contact all customers and offer to register land @ 50% of the total consideration on which registration charges shall be 6% + 0.1% and GST shall not be applicable. For the balance 50% sale consideration, agreement of construction shall be executed and registered - registration charges shall be 0.5% + 18% GST shall be payable. Overall customer will save 5.75% in taxes. For customers who agree, a supplementary agreement shall be executed and sale deed for land shall be executed on receipt of 60% sale consideration. Tripartite agreement can still be executed with banker, however, registration of sale deed along with execution of agreement of construction must be executed on receipt of 60% of sale consideration. CR must identify customer who have paid 60% of consideration and complete the registration process.
 - e. Serene Farms – service tax & GST applicable @ 6% and 18% on agreement of construction value. Agreement of construction value shall be @ Rs. 1,000/- per sqft, subject to increase from time to time. SCLLP is executing the construction contract on behalf of each individual customer, however payment to be issued to SSSLLP by MFHLLP on behalf of the customer. Registration of the sale deed is as per the terms of MOU. Agreement of construction shall also to be registered.

Raise GST bill on completion of stage III works, in favour of the customer (by SCLLP).

- f. In case of Vista Homes Investor share of flats – raise the bill @ 6% under ST (blocks A, B, C, H & I) and 18% under GST (other blocks) on agreement of construction value between Developer and Investor – at time of completion of each block or registration of sale deed in favour of prospective customer, whichever is earlier. This is applicable for all blocks irrespective of OC. Prospective customer need not pay GST @ 12%. However, collect the GST paid by investors as additional charges and add to the sale consideration (include in AOS). On a case to case basis reimbursement of GST from investor to Vista Homes has to be checked.
 - g. In case of AGH, Landowners need to register for GST. Developer to raise GST bill (details to be decided later) for 65% value of land @ 18%. Purchasers from Developers and owners shall pay GST as above. In this project ST & VAT shall not be applicable.
12. Policy for raising invoice under GST. Service tax has been levied for all amounts received before 30.6.17 and statement has been finalised. GST has to be paid on amounts received after 1.7.17 based on milestone report. Pay GST on monthly basis and raise invoice through Tally. Guideline for raising invoices shall be as follows:
- a. Raise invoice on receipt of I Instalment for value of I instalment and booking amount on date of receipt of I instalment.
 - b. Raise invoice on receipt of II Instalment on date of receipt.
 - c. Raise invoice for milestone based instalments, irrespective of payments received, strictly based on engineers milestone reports. Raise invoices on a weekly basis. Unless invoices for I & II instalments are raised, do not raise invoices based on milestones. They may be raised 60 days from date of II instalment invoice, if milestone has been reached.
 - d. Invoice for last instalment can be raised based on date of QC check of stage III works i.e., this shall be the deemed date of completion.
 - e. For cancelled bookings credit note for invoice amount should be made and GST credit to be claimed in the same month.
 - f. In villa projects, where sale deed for land is being executed, first appropriate 50% of sale consideration towards sale deed, no invoice to be raised. Thereafter, invoices to be raised based on milestone report as mentioned in supplementary agreement. If milestone has already been reached then raise invoice for milestones reached in 30 days from date of sale deed.
 - g. Raise invoices only for balance amounts after deducting amounts on which service tax is paid.
13. All major contractors both labour and with material to be registered under GST. Jaya Prakash to help in registration. Pranay Mehta – CA has agreed to help in the registration process and filing monthly returns. His charges are Rs. 2,500/- for registration and Rs. 1,500/- per month for filing of returns. Criteria for registration under GST – receipts of contractors (i.e., group) should exceed Rs. 3 lakhs in a quarter.

14. Common expenditure related to promotional activities and admin activities like printing, stationary, etc., is being divided among projects. Hereon monthly bill with 18% GST with the narration 'General administration and marketing services' to be raised by MPPL/MHPL on respective projects. Admin & promotion division is responsible for making these bills. From 1st September, 2017 all these expenses to be made through MPPL only. Transfer all deposits from MHPL to MPPL. From 1st July, 2018 entire activities of Soham Modi HUF to be transferred to MPPL and SLLP respectively.
15. Happay card & petro card – These transfers are being made for and on behalf of partners of MPPL & MHPL and do not attract GST. However, accounting entries must be carefully made as 'on behalf of'.
16. Work orders – Work orders for items like grills, templates, SS railing, wooden frames, aluminium windows, gates, MS railings, painting, false ceiling, marble, granite, water proofing, pavers, footpath tiles, etc., - advise contractors to register under GST and claim ITC for materials purchased by them.

Enclosed:

Annexure – A – Pan nos & GST nos. of our firms and companies.

Annexure – F - Anti profiteering rules – discount to customers.

Soham Modi

Annexure – A
PAN nos. GST nos. of our Firms & Companies

S. No.	Firm / Company	PAN No.	GST No.
	<u>Companies :</u>		
1	Modi Properties & investments Pvt. Ltd.	AABCM4761E	36AABCM4761E1ZM
2	Modi Housing Private Limited	AADCM5906D	36AADCM5906D1ZP
3	SDNMKJ Realty Pvt Ltd.	AAOCS0548N	36AAOCS0548N1ZR
4	JMKGEC Realtors Pvt Ltd.	AACCJ3243P	36AACCJ3243P1ZA
	<u>Firms :</u>		
5	Greenwood Estates	AAHFG0711B	36AAHFG0711B1Z4
6	Modi & Modi Constructions	AAKFM7214N	36AAKFM7214N1ZU
7	Paramount Builders	AAHFP4040N	36AAHFP4040N1Z0
8	B & C Estates	AAHFB7046A	36AAHFB7046A1ZT
9	Kadakia & Modi Housing	AAHFK8714A	36AAHFK8714A1ZJ
10	Alpine Estates	AANFA5250F	36AANFA5250F1ZK
11	Summit Builders	AAYFS2757C	36AAYFS2757C1ZR
12	Vista Homes	AAGFV2068P	36AAGFV2068P1ZJ
13	Paramount Estates	AAJFP4202C	36AAJFP4202C1ZP
14	Niligiri Estates	AAHFN0766F	36AAHFN0766F1ZA
15	Silver Oak Realty	ACXFS3783R	36ACXFS3783R2ZO
16	Modi Builders Methodist Complex	AABFM2938C	36AABFM2938C2ZK
	<u>LLP :</u>		
17	Greenwood Lakside (Hyderabad) LLP	AANFG4817C	36AANFG4817C1ZH
18	Serene Constructions LLP	ACVFS7909P	36ACVFS7909P1ZV
19	Modi Realty (Miryalaguda) LLP	ABCFM6774G	36ABCFM6774G2ZZ
20	Silver Oak Villas LLP	ADBFS3288A	36ADBFS3288A2Z7
21	Villa Orchids LLP	AANFG4817C	36AANFG4817C1ZH
	<u>Trust :</u>		
22	MC Modi Educational Trust	AAATM5488Q	36AAATM5488Q2ZO
	<u>Individuals / HUF:</u>		
23	Sharad Kadakia	ACBPK9161F	36ACBPK9161F1ZN
24	Rajesh Kadakia	AERPK6958C	36AERPK6958C1Z2
25	Syed Mehdi	AVWPS4017L	36AVWPS4017L1ZT
26	Razia Banu	AGIPR3410M	36AGIPR3410M1Z6
27	Soham Modi HUF	AABHM4927R	36AABHM4927R1ZL

Annexure –B

Draft Email – Internal Memo No. 904/34/a

Sub.: Registration under GST

Sir/Madam,

As per rules under GST our firms & companies are liable to pay tax @ 12% under reverse charge mechanism (RCM) for payments made towards supply of goods and services, where such dealers are not registered with GST. They have to report such payments under RCM to the government authorities.

Dealers are exempt for registration under GST if their annual turnover is less than 20 lakhs. However, our consultants have advised us to request all our dealers to register themselves under GST irrespective of turnover. There is every possibility of harassment and demand for payment of GST by government authorities in the future as we are reporting payments made under RCM.

In most cases the GST rate for dealers is between 18% to 28%. We are paying RCM @ 12%. Demand for the balance may be made several years later with penalty and interest.

We strongly advise you to register under GST. We are willing to pay any incremental cost on account of GST. For any clarification please speak to our Senior Manager – Finance & Accounts, Mr. Jaya Prakash (Mobile no. 9502288200, Email: jayaprakash@modiproperties.com).

Regards,

<Name of Manager>

<Mobile no.>

Annexure – C
Calculator of price under GST.

Calculation of GST price.					
Date		05-07-2017			
S No	Description			Qty.	Units
1	Say base price of an item before 30.06.17 was			100.00	Rs.
2	Rate of excise or service tax			12.50	percentage
3	Excise/service tax amount			12.50	Rs.
4	Base price + tax			112.50	Rs.
5	Rate of CST/VAT			5.00	percentage
6	CST/VAT amount			5.63	Rs.
7	Old rate = base price + taxes			118.13	Rs.
8	Applicable GST rate			28.00	percentage
9	GST amount			28.00	Rs.
10	New rate = base price + GST			128.00	Rs.
11	Ratio of new rate/old rate			1.08	ratio
12	Percentage increase in rate			8.36	percentage
13	Item	wires & cables			
14	Old rate before GST with all taxes			215.00	Rs.
15	New rate with GST should be			232.97	Rs.
Note:					
Enter rate of service tax, excise duty, VAT and GST as applicable for the item.					
Enter item details					

Rates of GST for goods and services:

- a. Rent & amenity charges – 18%
- b. Brokerage, commission – 18%
- c. Consultancy charges – 18%
- d. SM Modi HUF charges – 18%
- e. Consultancy charges – legal & architectural – 18%
- f. Metal & manufactured sand – 5%
- g. River sand – 5%
- h. Cement blocks – 18%
- i. Cement – 28%
- j. Steel -18%
- k. Electrical switches – 28%
- l. Plumbing, PVC & CPVC items – 18% to 28%
- m. Tiles – 28%
- n. Marble & granite – 12% to 28%
- o. Plywood/boards – 28%
- p. Hardware – locks & hinges – 18% ?
- q. Country roof tiles – 5%
- r. Paints – 28%
- s. CP fittings – 18% to 28%
- t. Bamboo & ballis –
- u. Pavers & footpath tiles – 28%
- v. Red bricks – 18%
- w. Glass – 28%
- x. Wire & cables – 28%
- y. Sanitary – 28%
- z. GI fittings – 18%
- aa. Works contract including material – 18%
- bb. Doors – 28%
- cc. Wood – 28%

Annexure- E

Tax Invoice			
<Name of contractor>			
<Address>			
GSTIN No.	<number>	PAN no.	<number>
Bill to:	<Name of firm>, <Address>		
Service recipients GSTIN No.	<Number>		
Place of supply:	Telangana	HSN code	9982
Invoice no.	<1001>/<Month>/<year>	Invoice date	<Date>
Nature of work:	<Civil/Centring/Department/Job Work/Etc>		
Flat/villa no.:	<Flat no./ Villa no./Other floors>		
Description of services			Amount in Rs.
Labour charges			
Allowance for equipment			
Allowance for consumables			
Total			
CGST @ 9%			
SGST @ 9%			
Grand total			
Amount in Rupees:			
Name of authorised representative		Signature	

Annexure –F

1. Discount for bookings made before 30.06.2017 on account of ITS benefit under GST.
2. If stage III is completed before 30.06.17, no GST benefit to be given.
3. Benefit not applicable for bookings taken under special GST offer from 1st July to 15th July.
4. Benefit not applicable for new projects i.e., KNM (new bookings), VOC, SOV, AGH, Serene.

Sl. No	Project	Block no.	Construction cost – Rs. Per sft	Percentage completed by 30.06.17	GST benefit in Rs. Per sft	Rounded off GST benefit to be given to customer in Rs. Per sft.
	BNC	C	1,800	80%	36/-	30/-
	BNC	D	1,800	60%		

- 1.
2. 72/- 70/-
3. BNC E 1,800 50% 90/- 90/-
4. BNC F 1,800 60% 72/- 70/-
5. Vista G 1,500 70% 45/- 40/-
6. PMR II C & D 1,500 60% 60/- 50/-
7. NE 80 to 185
- 1,200 25% 90/- 75/-
8. AGH All 1,200 10% 108/- 50/-
9. NE 1 to 79 1,200 90% 12/- 10/-

Annexure – G

Tax Invoice			
Name of contractor: MD. Khudoos			
Address: H.no.5-21/1, Venkateshwara Colony, Balaji Nagar, Jawahar Nagar, Shamirpet Mandal - 500087			
GSTIN No.	36BLFPK1605L1Z5	PAN no.	BLFPK1605L
Bill to:	Name of firm, Address: Nilgiri Estates, Sy.no.75,77,78,79,96 & 100/2		
Service recipients GSTIN No.	36AAHFN0766F1ZA		
Place of supply:	Telangana	HSN code	9982
Invoice no.	1001/August/2017	Invoice date	01/08/2017
Nature of work:	Plumbing		
Flat/villa no.:	Villa no. 64, 72		
Description of services			Amount in Rs.
Labour charges			6,800.00
Allowance for equipment			6,800.00
Allowance for consumables			3,400.00
Total			17,000.00
CGST @ 9%			1,530.00
SGST @ 9%			1,530.00
Grand total			20,060.00
Amount in Rupees: Twenty thousand and sixty rupees only.			
Name of authorised representative		Signature	