

Subject:- VAT, Service Tax & Registration charges.

There has been revision in registrar's rate and reduction in stamp duty charges, as a result of which the value of sale deed as a proportion of the entire sale consideration has gone up.

The ambiguity in applicability in service tax has increased and its likely to get further complicated. Similarly, litigation has arisen regarding applicability of VAT where the government is demanding VAT @ 5% on the value of agreement of construction in place of 1.25%.

Therefore, in order to minimize the incidence of tax and to reduce the possibility of litigation the value of agreement of construction has to be minimized or made nil. Hereafter, the ratio of sale deed: agreement of construction values shall be as under.

1. PMR, GWE, MFH & GMG. For all bookings made after receipt of occupancy certificate the ratio shall be 100:0. No service tax to be collected or paid. For bookings made earlier, the ratio shall be 75:25 & service tax shall be collected @ 4.944% value of agreement of construction. The details of receipt of occupancy certificate (in case of GMG – G block and GWE – A & B blocks chartered value certificate is adopted as OC date) are:
 - a. MFH – A block -04.11.2010
 - b. MFH – B block -13.04.2010
 - c. MFH – C block -23.03.2011
 - d. PMR – All blocks -16.04.2009
 - e. GWE – A block flat nos 1 to 12-14.09.2011
 - f. GWE – A block flat nos 13 to 20 -14.04.2012
 - g. GWE – A block flats nos 21 to 34 -1.12.2012
 - h. GWE – B block -20.02.2013
 - i. GWE – C block -04.11.2011
 - j. GMG – G block -26.09.2012
1. Vista / PMR – II: All sale deeds will be executed after receipt of entire payment. Agreement of construction need not be made. For housing loans tripartite agreement to be made with HFCs. Only in exceptional cases with prior permission of MD the ratio can be 75:25. Service tax to be collected in either case @ 3.09% on the entire sale consideration.
2. VSC, SOB, KNM & MNM: In cases where villas are already been fully completed and completion certificate obtained from chartered engineer before the date of booking the ratio shall be 100:0 and no service tax shall be collected or paid. In other cases the ratio shall be 75:25 and service tax collected @ 4.944% of the agreement of the construction value.
3. In all the above cases registration charges shall be @ 6.0% of the sale deed value and VAT shall be @ 1.25% of the entire sale consideration.

4. An attempt must be made to ensure that all housing loans are through tripartite agreements.
5. VAT and registration charges as applicable for both villas and flats must be remitted to government on the date of registration.
6. Service tax to be paid on a monthly basis by 15th of the subsequent month based on the receipts.
7. Calculations given to customers on earlier dates were subject to change from time to time and notwithstanding the calculations given earlier the new rates as per this memo shall be applicable.
8. In all project except when stated otherwise in cases of free registration offer the ratio shall be 40:60 and service tax collected @ 4.944% of the agreement of the construction value.

A tax calculator with new rates is attached herein. In case of PMR – II the calculator for Vista can be temporarily used till the new calculator is provided.

Managing Director.