



# Sambalpur Branch of EIRC – E-Newsletter

## April 2024 Edition

### Branch Chairman's Message



Dear Professional  
Colleagues

We are shaping a tomorrow  
that we deserve with our  
small and consistent efforts.  
The MSMEs across the

world are acting as catalyst to inclusive growth and socio-economic development by fostering entrepreneurship & innovation, ensuring growth in rural and underserved areas primarily. MSMEs are the backbone of economy and are accelerating the GDP of a country through innovation and competition, aiding regional development by decentralizing economic activities, and responding swiftly to market changes.

Similarly reforms like Section 43B(h) of the Income Tax Act for prompt payments and labour reforms strengthen MSMEs and initiatives like gem and ONDC are providing greater market access. The Crucial Role of Chartered Accountants If we talk of the latest trends today the MSMEs in India are presenting a vibrant picture. It is imperative that as professionals we harness this favourable environment and bring out the best. In this regard, our profession with its multifarious skills, strategic mindset, business acumen and technological exposure is well versed to support MSMEs as a total business solution provider in building strong financial reporting system which will enable to meet compliances obligations, mitigate risk and better access to finances.

Start Up Sphere - 2024 As India rises to become the third largest Startup ecosystem globally, recognizing Startup's significance in India's growth story, ICAI supports startups with resources, mentorship, and a nurturing environment. Following last year's successful Startup Sphere in Mumbai, ICAI will be

hosting the second edition from June 27-29, 2024, in Bengaluru. The event aspires to connect entrepreneurs and investors for collaborations and investments, while ICAI will also offer guidance on regulatory compliance and financial management. Infrastructure – Stepping Stone for Future With an intent to serve its member and students as well as engage with local community ICAI works towards setting up branches for providing the best services to its members and students at the local level.

ICAI Examination In a heartening development, the Board of Studies of ICAI launched the ICAI Digital Learning Campus Portal, featuring Self-Paced Online Modules (SPOM) on May 7, 2024. This important initiative provides flexible, enriched learning for Final Course students without any additional fees. It includes progress tracking, proctored learning, and mandatory tests. The exams under the scheme have started from May 25, 2024 which are being conducted on daily basis. For Intermediate and Final course students who have just completed their exams in May, wish them all the best for their results. It is time to recoup your energies for the next phase of your preparations.

I am thrilled to share that the historic decision to introduce triannual examinations for the Intermediate and Foundation levels by ICAI is now set to be implemented from September 12, 2024. We believe this strategic move will greatly benefit our students and contribute positively to your academic journey.

**Thank you.**  
**CA Rajendra Agrawal**  
**Chairman**  
**Sambalpur Branch of EIRC of ICAI**

## Message from Past Chairman, Sambalpur Branch



प्रिय CA परिवारजनों  
नमस्कार।

आज जब मैं यह लेख लिख रहा हूँ, तब इसकी पृष्ठभूमि भी जान लेना अत्यंत महत्वपूर्ण है। भारत लोकतंत्र के पर्व, चुनाव, के परिणामों की समीक्षा में व्यस्त है।

और मैं भी इससे अछूता नहीं हूँ। मन कई प्रकार की भावनाओं से ओतप्रोत है। इसी बीच हमारी संपादक महोदया जी का आदेश हुआ कि आपके अनुभवों पर एक लेख चाहिए जब आप भारतीय सनदी लेखाकार संस्थान की संबलपुर शाखा के सभापति थे। और आपको ज्ञात भी होगा कि इस वर्ष हमारी सनदी लेखाकार संस्थान के चुनाव भी होने हैं। इसलिए जो विषय आज मैंने चुना है वो है चुनाव और नेतृत्व।

चुनाव को लेकर मेरा अनुभव यह कहता है कि चुनाव एक माध्यम है जन मानस के पास अपना नेतृत्व चुनने का। प्रत्याशी अपने दायित्वों का निर्वहन कैसे करेंगे, वो और उनके समर्थक, यह बात मतदाता तक विभिन्न माध्यमों से पहुँचाते हैं। मतदाता अपने विवेक पर मत देता है और अंततः किसी एक की विजय होती है। चूंकि हमारी संस्थान छोटी है और मतदाता एवम् सारे प्रत्याशी एक दूसरे से परिचित होते हैं, इसलिए किसे चुनें, कई बार यह धर्मसंकट की स्थिति हो जाती है। बस ध्यान इस बात पर होना चाहिए कि चाहे परिणाम कुछ भी हो मतभेद ठीक है पर मनभेद नहीं होना चाहिए।

जहाँ तक नेतृत्व का प्रश्न है मेरा अनुभव यह कहता है कि जिसे भी नेतृत्व मिले, उसे मतदाता से किए वादों पर खरा उतरना चाहिए। उसे अपने दायित्वों का निर्वहन पूरी प्रामाणिकता से करना चाहिए। जहाँ तक अपनी संस्थान का प्रश्न है, आप प्रबंधन समिति में चार साल के लिए चुने जाएँगे पर सभापति के रूप में आपका कार्यकाल सिर्फ एक वर्ष का रहेगा। असली कहानी उसके बाद आरंभ होगी। जब नया सभापति चुन लिया जाएगा तब आपका रुतबा, आपकी पूछ, आपकी चलती, आपके अधिकार अब दूसरे के होंगे। उस समय आपको संयमित रहते हुए नए नेतृत्व के लिए न केवल मार्ग प्रशस्त करना चाहिए वरन उसका सहयोग भी करना चाहिए। यही लोकतंत्र की सुंदरता भी है और आपके नेतृत्व की सार्थकता भी।

देश में तो लोकसभा के चुनाव हो चुके हैं और परिणाम भी आ चुका है, पर चुनाव हमारे जीवन का एक अभिन्न अंग है। पग पग पर हमें चुनना पड़ता है चाहे व्यक्तिगत जीवन की बात हो, परिवारिक, सामाजिक या राष्ट्रीय परिपेक्ष की। चुनाव हमेशा सर्वसम्मति से हो तो अति उत्तम, पर अगर मतदान की स्थिति उत्पन्न हो जाए तो विवेकपूर्ण मतदान करना चाहिए, राष्ट्र प्रथम की भावना से।

चलिए आज के लिए इतना ही। आप भी अपने हिसाब से परिणामों की समीक्षा करते रहिए।

भारत माता की जय।

आपका अपना  
अशोक अग्रवाल  
संबलपुर शाखा सभापति 2021-22  
पूर्वी भारत क्षेत्रीय परिषद  
भारतीय सनदी लेखाकार संस्थान

## Editor's Note



"Learn everything that is good from others, but bring it in, and in your own way adsorb it; do not become others."

Dear Members,

As the editor of our newsletter, I am delighted to welcome you to another edition filled with articles, insights and inspiration. In this newsletter our vision is to give explanation on a particular section where our CA's put their effort to present themselves in the core area of their expertise.

21<sup>st</sup> June, The International Yoga is a day in recognition of Yoga, that is celebrated across the world. The best language for communication is silence. Silence is the most profound language that we can use everywhere. It opens the door to understand and realize the eternal truths about ourselves. In silence we find clarity to express our core value of our soul. Let us join on this day and come to know about our inner values.

The accounting profession has a deep reach and it connects to the MSME sector. As Practitioners are the trusted financial advisor of MSMEs providing a variety of services including project financing, working capital management, asset management, export promotions advice, budgetary forecasts, financial modelling, preparing standard operating procedures, assessing the design and operative

effectiveness of internal controls besides regular accounting, auditing and taxation services. For this reason, the profession understands the sector and can provide an abled ecosystem for the development of MSMEs in India. ICAI's efforts in supporting MSMEs underscore its significance in catalysing their development and fostering a conducive ecosystem for their sustained growth.

Thank you for being part of our newsletter. Together, let's explore, learn and grow.

**Warm's Regards,**  
**CA Priya Gupta**  
**Editor**  
**Sambalpur Branch**

## **Conversion of Proprietorship/Partnership into Limited Liability Partnership**

### **INTRODUCTION-**

The transformation of a Partnership Firm or a Proprietorship Firm into a Private Limited Company is a significant move that can have profound implications for the business structure and tax obligations. This article delves into the income tax implications of such conversions, guided by the provisions of the Income Tax Act, 1961.

Under Section 47(xiii) and Section 47(xiv) of the Income Tax Act, 1961, the conversion of a firm into a company is not considered as a "Transfer". If specific conditions are met, thus exempting the resulting Capital Gain from taxation. These conditions include the transfer of all assets and liabilities, the proportionate shareholding of partners, and the continuity of shareholding for a minimum period. The conversion process is designed to be tax-neutral provided the conditions under Section 47 are strictly adhered to. However, if these conditions are not met, Section 47A(3) comes into play, deeming any previously exempt gains as taxable profits for the successor company.

Relevant provisions are reproduced as under-

**For Partnership Firm converted into a Private Limited Company [Refer Section 47(xiii)]**

(xiii) any transfer of a capital asset or intangible asset by a firm to a company as a result of succession of the firm by a company in the business carried on by the firm, or any transfer of a capital asset to a company in the course of demutualisation or corporatisation of a recognised stock exchange in India as a result of which an association of persons or body of individuals is succeeded by such company:

Provided that:

- (a) All the assets and liabilities of the firm or of the association of persons or body of individuals relating to the business immediately before the succession become the assets and liabilities of the company;
- (b) All the partners of the firm immediately before the succession become the shareholders of the company in the same proportion in which their capital accounts stood in the books of the firm on the date of the succession;
- (c) the partners of the firm do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company; and
- (d) the aggregate of the shareholding in the company of the partners of the firm is not less than fifty percent of the total voting power in the company and their shareholding continues to be as such for a period of five years from the date of the succession;
- (e) the demutualisation or corporatisation of a recognised stock exchange in India is carried out in accordance with a scheme for demutualisation or corporatisation which is approved by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

**For Sole Proprietor Concern converted into a Private Limited Company [Refer Section 47(xiv)]**

(xiv) Where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset or intangible asset to the company:

Provided that –

- (a) All the assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company;
- (b) the shareholding of the sole proprietor in the company is not less than fifty per cent of the total voting power in the company and his shareholding continues to remain as such for a period of five years from the date of the succession; and
- (c) The sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company.

The above conditions are tabulated as under for ease of reference-

Sr. NO.	Partnership Firm to Private Limited Company [Section 47(xiii)]	Proprietorship Concern to Private Limited Company [Section 47(xiv)]
1	Assets & Liabilities shall be transferred from Partnership Firm to Company before succession	Assets & Liabilities shall be transferred from Sole Proprietorship Concern to Company before succession
2	Shareholding as such Voting Powers of $\geq 50\%$ shall remain with existing partners for period of 5 years from Date of succession	Shareholding as such Voting Powers of $\geq 50\%$ shall remain with Sole Proprietor for period of 5 years from Date of succession
3	Partners of the Firm shall not receive any consideration/benefits other than the allotment of shares	Sole Proprietor Shall not receive any consideration/benefits other than the allotment of shares
4	All the Partners of Firm shall become shareholders of the company in the proportion of their capital account in firm	

### Implications of Contravention of the above conditions-

Section 47A(3) of the Income Tax Act, 1961 comes into a role now:

47A. [Withdrawal of exemption in certain cases. [Inserted by Act 67 of 1984, Section 13 (w.e.f. 1.4.1985).]

(3) [Where any of the conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) of section 47 are not complied with, the amount of profits or gains arising from the transfer of such capital asset or intangible asset not charged under section 45 by virtue of conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) of section 47 shall be deemed to be the profits and gains chargeable to tax of the successor company for the previous year in which the requirements of the proviso to clause (xiii) or the proviso to clause (xiv), as the case may be, are not complied with.] [Inserted by Act 21 of 1998, Section 22 (w.e.f. 1.4.1999).

Benefits of Conversion Transitioning to a Private Limited Company structure can offer several tax advantages. Companies enjoy various tax incentives and allowances that are not available to firms, potentially leading to significant tax savings. Moreover, the corporate form provides a more robust and scalable business model, which is beneficial for growth and investment opportunities.

### Implications and Advantages of Conversion from a Tax Perspective:

The process of transferring assets from a Partnership firm to a Company is not subject to Capital Gains tax.

The accumulated losses and unutilized depreciation of the Partnership firm are treated as the loss/depreciation of the successor company in the year of conversion. This provision enables the successor to carry forward such losses for a period of up to eight years.

All assets and liabilities of the Partnership firm at the time of conversion are transferred to the Company.

The goodwill and brand reputation of the Partnership firm are preserved, ensuring continuity and legal acknowledgment of its past achievements.

The Company receives the benefits of lower taxation u/s 115BAA/BAB.

**Conclusion** The strategic shift from a Partnership or Proprietorship to a Private Limited Company can be a wise decision for businesses aiming to optimize their tax position and capitalize on the benefits of a corporate structure. It is crucial to ensure compliance with the relevant sections of the Income Tax Act to fully realize the tax benefits of such a conversion.

CA. Yogesh Agrawal

## RCM & E-Invoice

### INTRODUCTION

E-Invoicing has been implemented in India in a phased manner since 1st October 2020. Let us discuss whether it applies to transactions that fall under the ambit of the Reverse charge mechanism under GST. This article aims to provide a comprehensive understanding of the applicability of e-invoicing on Reverse charge Mechanism (RCM) transactions.

### REVERSE CHARGE MECHANISM

Under the Goods and Services Tax (GST), the supplier of goods and services is normally liable to pay the tax. However, under the Reverse charge Mechanism, the recipient of goods and services is liable to pay GST instead of the supplier. This could be because the supplier is not a registered person under GST law, or the supplier falls in the category of service providers notified by the government, or any other reason. Hence, the recipient of supplies pays the GST on behalf of the supplier to the government and reports the same in his GST returns.

#### Reverse charge is applicable in the following cases:

##### Reverse charge under Section 9(3) of the CGST Act

Section 9(3) of the CGST Act allows the government, on the recommendations of the GST Council, to specify categories of supply of goods or services or both, where the tax shall be paid on a Reverse charge

basis by the recipient. This means that the liability to pay tax is on the recipient of the supply of goods or services instead of the supplier.

The government has notified certain goods and services under Section 9(3) of the CGST Act for which the tax shall be paid on a Reverse charge basis.

##### • Reverse charge under Section 9(4) of the CGST Act

Section 9(4) of the CGST Act provides that the tax on supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on a Reverse charge basis. This means that if a vendor who is not registered under GST supplies goods to a person who is registered under GST, then the GST will have to be paid directly by the receiver instead of the supplier.

#### **Requirement of Issuing Tax Invoice in case of RCM Transactions-**

The applicability to issue Tax Invoice stems from Section 31 of the CGST Act, 2017 extracts of which are reproduced as under-

##### **“Section 31. Tax invoice.**

(1) A Registered person supplying taxable goods shall, before or at the time of, —

(a) removal of goods for supply to the recipient, where the supply involves movement of goods; or

(b) delivery of goods or making available thereof to the recipient, in any other case, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed.

(2) A Registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed”.

Be it a transaction of Reverse Charge or Forward the supply continues to remain a Taxable supply hence it is imperative to issue a Tax Invoice.

#### **E-Invoicing Applicability to RCM Transactions**

Before we delve into the discussion of e-invoicing for RCM transactions, let's understand the applicability of the e-invoicing system. E-Invoicing was implemented in India in a phased manner from 1st October 2020 for companies having turnover higher than Rs.500 crore in any financial year from FY 2017-18 onwards. As of

now, the scope is limited to transactions covering outward B2B supplies (i.e., supplies from the registered taxpayer to registered counter-party), Export, Deemed Export, Supplies to SEZ and transaction through E-commerce operator.

Since even in RCM Transactions supplier is required to issue tax invoice the provisions of E-Invoice under Rule 48(4) gets attracted, extracts of which is reproduced as under-

“(4) The invoice shall be prepared by such class of Registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in FORMGST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.”

From the above it can be concluded that E-Invoice is to be issue even in cases of RCM Transactions, but since E-Invoice is to be issued in case of supplies made to registered persons, there exists no requirement for issue of E-Invoice in case of B2C supplies.

## CONCLUSION:

In conclusion, e-Invoicing applies to transactions that fall under the ambit of the Reverse charge mechanism under GST. However, when a GST-registered person receives taxable supplies from an unregistered person, u/s 9 (4) of CGST Act, 2017, such a registered person has to pay GST on a Reverse charge basis. However, this transaction is not covered under e-Invoicing.

**CA. Kanhaiya Balodia**

## Taxation Of Real Estate Transaction Under GST

### INTRODUCTION:

The Goods and Services Tax (GST), a comprehensive indirect tax system, has been a transformative step in streamlining India's taxation structure. However, its application in the real estate sector has been a complex affair. The real estate sector, with its unique challenges

and intricacies, has always been a tough nut to crack when it comes to taxation.

The introduction of GST aimed to bring transparency and eliminate the cascading effect of taxes, but it also brought along a new set of complexities. These complexities primarily arise due to the diverse nature of real estate transactions, which often involve multiple stages and various types of services and goods. The valuation of properties, the treatment of land rights, and the varied rates applicable to different types of properties further add to the complexity.

This article aims to delve into these complexities and provide a comprehensive understanding of how GST impacts real estate transactions in India. It will serve as a guide for taxpayers, practitioners, and stake holders who are navigating the labyrinth of GST in the real estate sector.

### What are the rates of GST applicable on construction of residential apartments?

With Effect from 01-04-2019, effective rate of GST applicable on construction of residential apartments by promoters in a real estate project are as under:	
Description	Effective rate of GST (After deduction of value of land)
Construction of affordable residential apartments	1% without ITC on total consideration
Construction of residential apartments other than affordable residential apartments	5% without ITC on total consideration
The above rates are effective from 01-04-2019 and are applicable to construction of residential apartments in a project which commences on or after 01-04-2019 as well as in on-going projects. However, in case of on-going project, the promoter has an option to pay GST at the old rates, i.e. at the effective rate of 8% on affordable residential apartments and effective rate of 12% on other than affordable residential apartments and, consequently, to avail permissible credit of inputs taxes; in such cases the promoter is also expected to pass the benefit of the credit availed by him to the buyers.	

### What is an affordable residential apartment?

Affordable residential apartment is a residential apartment in a project which commences on or after 01-04-2019, or in an ongoing project in respect of which the promoter has opted for new rate of 1% (effective from 01-04-2019) having carpet area upto 60 square meter in metropolitan cities and 90 square meter in cities or towns other than metropolitan cities and the gross amount charged for which, by the builder is not more than forty five lakhs rupees. [Cities or towns in the notification shall include all areas other than metropolitan city as defined, such as villages.]

In an ongoing project in respect of which the promoter has opted for new rates, the term also includes apartments being constructed under the specified housing schemes of Central or State Governments.

[Metropolitan cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon, Faridabad), Hyderabad, Kolkata and Mumbai (whole of MMR) with their geographical limits prescribed by Government.]

### What is an on-going project?

A project which meets the following conditions shall be considered as an ongoing project.	
a)	Commencement certificate for the project, where required, has been issued by the Competent authority on or before 31st March, 2019, and it is certified by a registered architect, chartered engineer or a licensed surveyor that construction of the project has started (i.e. earthwork for site preparation for the project has been completed and excavation for foundation has started) on or before 31st March, 2019.
b)	Where commencement certificate in respect of the project, is not required to be issued by the Competent authority, it is to be certified by any of the authorities specified in (a) above that construction of the project has started on or before the 31st March, 2019.
c)	Completion certificate has not been issued or first occupation of the project has not taken place on or before the 31st March, 2019.
d)	Apartments of the project have been, partly or wholly, booked on or before 31st March, 2019.

### Does a promoter or a builder has option to pay tax at old rates of 8% & 12% with ITC?

Yes, but such an option is available in the case of an ongoing project. In case of such a project, the promoter or builder has option to pay GST at old effective rate of 8% and 12% with ITC.

To continue with the old rates, the promoter/ builder has to exercise one time option in the prescribed form and submit the same manually to the jurisdictional Commissioner by the 10th of May, 2019.

However, in case where a promoter or builder does not exercise option in the prescribed form, it shall be deemed that he has opted for new rates in respect of ongoing projects and accordingly new rate of GST i.e. 5% / 1% shall be applicable and all the provisions of new scheme including transitional provisions shall be applied.

There is no such option available in case of projects which commence on or after 01.04.2019. Construction of residential apartments in projects commencing on or after 01.04.2019 shall compulsorily attract new rate of GST @ 1% or 5% without ITC.

### What is the rate of GST applicable on construction of commercial apartments [shops, godowns, offices etc.] in a real estate project?

With effect from 01-04-2019, effective rate of GST, after deduction of value of land or undivided share of land, on construction of commercial apartments [shops, godowns, offices etc.] by promoter in real estate project are as under:	
Description	Effective rate of GST (after deduction of value of land)
Construction of commercial apartments in a Residential Real Estate Project (RREP), as explained in question no. 6 below, which commences on or after 01-04-2019 or in an ongoing project in respect of which the promoter has opted for new rates effective from 01-04-2019	5% without ITC on total consideration.
Construction of commercial apartments in a Real Estate Project (REP) other than Residential Real Estate Project	12% with ITC on total consideration.

(RREP) or in an ongoing project in respect of which the promoter has opted for old rates	
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### What is a Residential Real Estate Project?

A "Residential Real Estate Project" means a "Real Estate Project" in which the carpet area of the commercial apartments is not more than 15 per cent. of the total carpet area of all the apartments in the project.

What is the criteria to be used by an architect, a chartered engineer or a licensed surveyor for certifying that construction of the project has started by 31st March, 2019

Construction of a project shall be considered to have been started on or before 31st March, 2019, if the earthwork for site preparation for the project has been completed, and excavation for foundation has started on or before the 31st March, 2019.

Does a promoter/ builder have to purchase all goods and services from registered suppliers only?

A promoter shall purchase at least eighty percent of the value of input and input services, from registered suppliers. For calculating this threshold, the value of services by way of grant of development rights, long term lease of land, floor space index, or the value of electricity, high speed diesel, motor spirit and natural gas used in construction of residential apartments in a project shall be excluded.

### If value of purchases as prescribed above from registered supplier is less than 80%, what would be the applicable GST rate on such purchases?

Promoter has to pay GST @ 18% on Reverse charge basis on all such inward supplies (to the extent short of 80% of inward supplies from registered supplier) except cement on which tax has to be paid (by the promoter on Reverse charge basis) at the applicable rate, which at present is 28% (CGST 14% + SGST 14%) In case of new rate of 5% / 1%, whether the conditions of payment of tax through Cash Ledger, payment of tax under RCM subject to 80% limit, non-availing of Input tax credit, reversal of credit, maintenance of project wise account, reporting of ITC not availed in corresponding GSTR-3B etc. are required to be complied mandatorily by the Developer?

Yes. All the specified conditions against clause (i) to (id) of Sl. No 3 of Notification No. 11/2017-CTR are mandatory.

### What is the rate of GST applicable on transfer of development rights, FSI and long term lease of land?

Supply of TDR or FSI or long term lease of land used for the construction of residential apartments in a project that are booked before issue of completion certificate or first occupation is exempt.

Supply of TDR or FSI or long term lease of land, on such value which is proportionate to construction of residential apartments that remain un-booked on the date of issue of completion certificate or first occupation, would attract GST at the rate of 18%, but the amount of tax shall be limited to 1% or 5% of value of apartment depending upon whether the residential apartments for which such TDR or FSI is used, in the affordable residential apartment category or in other than affordable residential apartment.

TDR or FSI or long term lease of land used for construction of commercial apartments shall attract GST of 18%.

The above shall be applicable to supply of TDR or FSI or long term lease of land used in the new projects where new rate of 1% or 5% is applicable.

### Who is liable to pay GST on TDR and floor space index?

The promoter is liable to pay GST on TDR or floor space index supplied on or after 01-04-2019 on Reverse charge basis.

At what point of time, the promoter should discharge its tax liability on TDR.

The liability to pay GST on development rights shall arise on the date of completion or first occupation of the project, whichever is earlier. Therefore, promoter shall be liable to pay tax on Reverse charge basis, on supply of TDR on or after 01-04-2019, which is attributable to the residential apartments that remain un-booked on the date of issuance of completion certificate, or first occupation of the project.

At what point of time, the promoter should discharge its tax liability on FSI (including additional FSI).

On FSI received on or after 1.4.2019, the promoter should discharge his tax liability on FSI as under:	
i)	In case of supply of FSI wherein consideration is in form of construction of commercial or residential apartments, liability to pay tax shall



Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 1) - (09-05-2024)

Inviting Public Comments on Review of Rules specified under the Chartered Accountants Act, 1949 - (10-05-2024)

Mock Test Papers Series - II & Series III for Students appearing in CA Foundation June 2024 Examinations - (14-05-2024)

Applicable BoS Publication for September, 2024 Examination Foundation and Intermediate Course - (15-05-2024)

Launch of Self-Paced Module Test (SPMT) Portal - (18-05-2024)

Important Announcement for September 2024 CA Examinations - (18-05-2024)

Information Systems Audit - Assessment Test (ISA - AT), July 2024 - (29-05-2024)

Advanced Integrated Course on Information Technology and Soft Skills (Advanced ICITSS)- Adv. Information Technology Test - Computer Based Mode (CBT) - June and July 2024 - (31-05-2024)