



## THE IMPACT OF UNION BUDGET 2019 ON THE REAL ESTATE SECTOR

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**Mr. Ashish R. Puravankara, MD  
Puravankara Limited and President, CREDAI Bangalore**



“This interim Union Budget has brought cheer to taxpayers and we welcome this move. An observed pattern in India is, increased savings bring people closer to their aspiration of becoming home owners. This of course augurs positively for the Affordable Housing segment and will go a long way in addressing the housing issues of the nation. Provident Housing, which is Puravankara's premium affordable housing arm, is extremely happy to see this move in the right direction. Secondly, the benefits of rollover of capital gains from investment in one residential house to two residential houses will help home buyers dream of buying their second home. Lastly, the proposal to exempt tax levy on notional rent if a buyer has more than one self-occupied house acts as an added bonus to the home owners, increases liquidity and their spending power. From an industry perspective, there is some relief via the extension on levy of tax on notional rent for unsold inventories, from one year to two years. Government's assurance that the GST Council is seeking recommendation from GoM's on the GST applicable on purchase of homes is also heartening. This Interim Budget has put some extra cash in the citizen's pocket which in turn increases their spending power and strengthens the economy, which is the best India Inc. can hope for.”

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**Mr. Rakesh Reddy, Director,  
Aparna Constructions and Estates Pvt Ltd**



“Union Budget 2019 highlights the far-reaching magnitude of the real estate and infrastructure sectors on India's overall economic performance. Building the physical and social infrastructure for a 10 trillion dollar economy requires a concerted effort from all parties. The announcement with the largest impact on the real sector is the revised income tax slabs that reduce overall tax expenditure. This will enhance the ability of the salaried class to service their loans and therefore invest in real estate and widen the market opportunity for players in the sector. There are also other direct and indirect benefits for the housing sector and in particular the property developers.

The notional tax that was payable if a property was unsold for a year has now been extended to two years taking into account the fact that there is an increase in the stock on unsold properties. In addition to that, the deduction under section 54 with regards to capital gains has been amended to give the exemption for two houses as opposed to one house. A notional tax that was levied on the second self-occupied property has been removed and is also a big positive for a middle income person. While the above announcements in the interim budget coupled with the recent

policy reforms are expected to create more stability over the long term, there are aspects which need to be addressed for a strong market revival. Chief amongst these is the reduction of GST on under-construction properties. It was announced that the GST Council will address this in the near future. This decision must be made at the earliest. The lingering possibility of a GST reduction only delays buying decisions and further stalls growth. A clear outcome will boost home buyer confidence and revitalise the sector.”

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**Mr. Ashwin Reddy, Managing Director,  
Aparna Enterprise Limited**



“Infrastructure and construction industry received notable sops during the interim budget which also benefits allied sectors like real estate. Significant boost has been given for rural development by sanctioning Rs 19,000 crore for this fiscal, however, allocations and actual pay-outs towards these projects will define the future course. We were hoping for announcements on GST reduction for building material sector and flexible income tax incentives for the affordable housing category, nonetheless, it is time to wait and watch how the GST Council will reduce the burden on home buyers in the coming months.”

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