



CREDAI

AFFORDABLE HOUSING COMMITTEE PRESENTS

**AFFORDABLE
HOUSING
SUNDAY
BULLETIN
ISSUE : 8**

DATE:

22-04-2018

Section 80-IBA of Income Tax Act-Affordable Housing Scheme – Amendments,FAQs,with Finance Act 2017

Deduction of 100% profits to Affordable Housing projects:- Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent (100%) of the profits and gains derived from such business.

Conditions to be satisfied by such housing projects :-

1. Main Conditions:-

Particulars	Metros	Non- Metros
Location	Chennai, Delhi, Kolkata or Mumbai from the municipal limit of these cities.	Projects located in any other places across the country.
Minimum size of Project	Plot size of land should not be less than 1000 sq. mtrs.	Plot size of land should not be less than 2000 sq. mtrs.
Residential unit Size	Does not exceed 30 sq. mtrs.	Does not exceed 60 sq. mtrs.
Project Utilization of Floor area ratio	Not less than 90% permissible under rules made by Government or local authority.	Not less than 80% permissible under rules made by Government or local authority.

2) Approval Duration:-

- The project must be **approved** by competent authority **after 01-06-2016** but on or **before 31-03-2019**.
- Where the approval in respect of a housing project is obtained more than once, the date of first approval should be taken as the date of approval of the project.

3) Completion Period:-

- The project must be **completed within a period of five years** (replaced w.e.f 01-04-2018) from the date of approval by the competent authority
- The project will be deemed to be completed where certificate of completion is obtained from competent authority in writing.

4) Commercial Establishments:-

- The **shops and commercial carpet area cannot exceed 3% of total carpet area** (replaced by carpet area w.e.f 01-04-2018) of the project.

5) Allotment of units:- If an individual is allotted a residential unit in the project, no other unit should be allotted to the;

- same individual**
- spouse of the individual**
- minor children of such individual**

6) Separate books to be maintained for such project.

Illustration:-

Particulars	Project Eligible u/s 80-IBA	Other Project	Total Income
Gross Total Income	100.00	100.00	200.00
Less : Deduction u/s 80-IBA	100.00	0	100.00
Net Profit	0	100.00	100.00

7.If the project is **not completed within 5 years** from the date of approval, the profits which were allowed as deduction under this section shall be deemed to profits of the year in which such time limit of completion expires.

Example:- Project was approved on 01.07.2016 than the project should be completed on or before 30.06.2021. If not completed before 30.06.2021 then deduction claimed u/s 80-IBA was taxed in FY 2021-22

8. Housing Project as a Works Contract :- Nothing contained in this section shall apply to any assessee who executes the housing project as a works-contract awarded by any person (including the Central Government or the State Government).

9. Where any amount of profits and gains derived from the business of developing and building housing projects is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.

10) MAT (Minimum Alternate Tax) & AMT (Alternate Minimum Tax) Applicable:- The provisions of Minimum Alternate Tax us.115JB or Alternate Minimum Tax us.115JC, depending on the status of the assessee, will be applicable on the profits of the housing project which is eligible for deduction under section 80-IBA are available.

Important FAQs related to S.80IBA

1) Project is completed within 5 years but Flats are sold after 10 years, will deduction be allowed?

Solution:- Yes, because there is limit on completion of project not on sale of flats of project, flats can be sold at anytime.

2) When 1 residential unit is allotted to an individual, can second be transferred to parents and major children?

Solution: – Yes, because condition is only for the individual himself/herself or the spouse or the minor children of such individual.

3) Suppose Plot of land is too much big, will it be possible that multiple projects can be made on that plot of land?

Solution:- There should be one project on single plot of land and that should also be housing project, as per clause (d) of sub-section (2) of section 80IBA, the project is the only housing project on the plot of land as specified in clause (d)

4) What if project is not completed within 5 Years?

Solution:- The total amount of deduction so claimed and allowed in one or more previous years, shall be deemed to be the income of the assessee chargeable under the head “Profits and gains of business or profession” of the previous year in which the period for completion so expires.

5) Which date will be considered as completion for housing project?

Solution: – Completion date will be the date when a certificate of completion of project as a whole is obtained in writing from the competent authority.

(6) Are row houses (dwelling/duplex units) with a carpet area of 60 sq. mts. eligible under this scheme?

Solution:- One of the pre-conditions for claiming deduction under section 80-IBA is that the carpet area of residential unit shall not exceed 30 sq. mtr. where the project is located in the metro cities (viz. Chennai, Delhi, Kolkata or Mumbai) or 60 sq. mtr. where the project is located in any other place. Further, the residential unit is defined as an independent housing unit with separate facilities for living, cooking and sanitary requirements distinctly separated from other residential units within the building. Thus, the row house with a carpet area of 60 sq. mtr. will be eligible for deduction under section 80-IBA only if it is situated in other than metro cities.

(7) If the permission is taken before 1-6-2016 but due to some reason the project did not start and is scrapped and a new revised permission is taken from the competent authority, can one avail the benefits?

Solution:-Where the approval in respect of housing project is obtained more than once, the project shall be deemed to have been approved on the date on which the building plan was first approved. The project which is approved after June 1,2016 (but before March 31, 2019) are eligible for deduction us.80-IBA.Hence, benefit under this scheme will not be available, if the project is approved prior to 01.06.2016.

.

CREDAI NATIONAL - AFFORDABLE HOUSING COMMITTEE



Mr. Shantilal Kataria

Chairman, Affordable Housing Committee
Credai National
President, Credai Maharashtra
Email- katariashantilal@gmail.com

Mr. Sachin Kulkarni

Convenor, Affordable Housing Committee
Credai National
Email:- sachin@vastushodh.co.in

Mr. Majid Kachhi

Convenor, Affordable Housing Committee
Credai Maharashtra
Email:- kachhigroup@gmail.com

Mr. Dilip Mittal

Convenor, Construction Cost Committee
Credai Maharashtra
Email:- dilip@mittalbrothers.com

Mr. Suhas Merchant

Chairman, RERA
(Legal Committee Credai National)
Email:- srmerchant@vsnl.com

Mr. Pankaj Kothari

Member Affordable Housing
Credai National
Email:- parkoakl@gmail.com

Mr. Mayank Modi

Credai NCR-Delhi

Mr. Suresh Patel

Credai Surat, Gujarat

Mr. Sanket Shah

Credai Ahmedabad, Gujarat

Mr. Sarvesh Javdekar

Credai Pune Metro

Supporting Partner



भारतीय स्टेट बैंक
State Bank of India

हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN

Contact Us:
CREDAI

5th Floor, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016

Tel: (011) 43126262/ 43126200 / Fax: +91 11 43126211 / Email: info@credai.org

Disclaimer :- The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.