

Real estate sector expects tax relief, industry status from Union Budget 2022

By Faizan Haidar, ET Bureau • Last Updated: Jan 28, 2022, 04:12 PM IST

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Synopsis

Emerging strong after the two waves of the pandemic, the real estate sector is looking forward to some keynote announcements.



The industry body, in its list of recommendations, has urged the Government to bring in provisions to promote home ownership and affordable and rental housing, and also support the development firms.

The [Union Budget 2022](#) must focus on strengthening the investment climate and streamlining taxation in the [real estate sector](#), according to developers.

The developers are expecting [tax relief](#) and [industry status](#) for the sector.

“Real-estate buyers are looking forward to an increase in the tax rebates. The demand towards investments in real-estate from these young millennials will only increase with the relaxation in taxes and rebates by the Govt in the

[Union Budget 2022](#)”, said Pankaj Bansal, Director-M3M India.

Emerging strong after the two waves of the pandemic, the [real estate](#) sector is looking forward to some keynote announcements.

“The sector expects the government to address its long-pending ask of industry status and single-window clearance in the upcoming budget. Bagging the industry status will facilitate the realty sector to avail legitimate and easy finances from Banks and financial institutions,” said Mohit Goel, MD, Omaxe Ltd.

The single-window clearance will help fast-track the construction and delivery process as delays in approvals continue to be a roadblock for developers.

“Another expectation is to extend the tax relief to the homebuyers by raising the tax deduction limit of home loans from 2 lakh per annum to 5 lakh per annum. This would have an encouraging impact on homebuyers, especially first-time buyers across the nation,” Goel added.

Huge investment and collaboration through Public-Private Partnership (PPP) in infrastructure and urban development will give impetus to the country in doubling its economic potential and catering to growing urbanization.

“We also expect the administration to respond to calls for a single-window clearance system. The necessity for an online single window clearance is urgent, as it would speed up the multiple approval procedure. An online single window clearance solution is urgently needed also to increase system transparency. We are optimistic that the government would shape its policy actions to promote real estate demand even further this year,” said Santosh Agarwal, CFO and Executive Director, Alpha Corp.

The commercial realty segment has witnessed significant transformation in the last two years and it continues to evolve owing to the uncertainties.

“With the government focusing on Atmanirbhar Bharat and making the country a USD 5-trillion economy by 2025, we expect them to enhance the ease of doing business and bring reforms to further augment the manufacturing sector. And to achieve this, India would require high-quality offices and a big chunk of investment,” said Abhishek Pandey, Vice President-Customer Engagement & Distribution, Viridian RED.

The Union [Budget 2022](#) is going to play an enabling role in the realty sector. The serviced office space sector has started experiencing an upsurge in demand lately.

“India's growing need for relaxation in taxation would be helpful in the further development of the Sector. In the new budget, we are expecting a reduction in the TDS deduction rates on co-working spaces from the Government,” said Vineet Taing- President, Vatika Business Centre.

The challenges of the pandemic are still in place and to sustain growth, the government should bank on policies and measures that attract foreign investments and accelerate capital inflow.

“To encourage the potential buyers who are willing to go ahead with their purchase decision this year, the government should give reliefs on home loans and also focus on tax slabs reconsideration and a single-window clearance system. This will encourage buyers and sellers and will boost the momentum for sustainable economic growth,” Shashank Vashishtha, Executive Director, eXp India.

“We request for the re-introduction of input tax credit in GST; with the input tax credit benefit, property prices will remain under control. Also, bringing stamp duty and registration charges in the ambit of GST will be highly appreciated if the Budget addresses it,” said Manoj Gaur, CMD, Gaur's Group and Vice-President, North, CREDAI National.

National Real Estate Development Council (NAREDCO)-an apex real estate body, formed under the aegis of Ministry of Housing and Urban Affairs, Government of India, has presented its recommendations for the Government's upcoming Union Budget 2022-2023. The industry body, in its list of recommendations, has urged the Government to bring in provisions to promote home ownership and affordable and rental housing, and also support the development firms.

“The Government has been supportive ever since the start of the pandemic. While it has taken up a pro-growth stand, there is a need to keep the guard up and continue the support offered to the sector. Amidst the current lockdown and economic uncertainty, there is a need to create a sense of home ownership and create value in buying homes. It is indeed a valuable proposition,” said Rajan Bandelkar, National President, NAREDCO.

The need is to encourage people to buy homes, and one of the steps would be that the first-time homebuyer should get interest on home loan deducted from income or at least the Interest subsidy should be increased to Rs 5 lakh from the current Rs 2 lakh.

Also, PMAY and CLSS schemes should continue for another three years, with the past two years severely hampered by Covid.

“We expect the Government to double the amount of fund allocation for Pradhan Mantri Awas Yojana to enable more people to realize the dream of owning a home and help the Government achieve the goal of Housing for All by 2022,” said Pradeep Aggarwal, Founder and Chairman of Signature Global Group and chairman, Assocham - National Council on Real Estate, Housing and Urban Development.

“Our expectations from the Union Budget 2022-23 will be related to the real estate sector being awarded the infrastructure status. The status will help the sector achieve multiple tax benefits to boost foreign and local investment,” said Navdeep Sardana, CMD Whiteland Corporation.

The Budget should focus on the commercial segment, which has the potential to attract foreign investment and FDI.

“We saw how favourable government policies such as stamp duty cuts, low-interest rates on home loans and infrastructure development supported the sector. We expect that the Union Budget will announce customer-friendly steps such as tax reliefs to homebuyers to encourage and empower them. We also expect a single-window clearance mechanism to fast track approvals and avoid project delays,” said Yashank Wason, Managing Director, Royal Green Realty.