

GST- EFFECT ON BULIDERS



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Goods and Services Tax (GST) will not be applicable on sale of flats. As specified in the bill, GST is applicable on supply of goods and services. Sale of flats is neither goods nor services. Hence, it is outside the purview of GST.

The said provision is in line with judgment of **Hon'ble Delhi High Court** in **M/s. Sethi Buildwell Pvt. Ltd vs. Suresh Kumar Bansal and others.**

As per GST ACT, 2016, the goods and services used in execution of works contract will be treated as 'inputs' under section 2(54) and 'inputs service' under section 2(55) of the GST Act, 2016, if used or intended to be used for outward supply in the course of furtherance of business.

Use of goods and services for construction of flats is not for outward supply, but consumption by the builders, hence Builders are not eligible for 'input tax credit'.

Hence, cost of flats likely to be increased.

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