

# DIRECT TAXES PROFESSIONALS' ASSOCIATION

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Ref. No.- DTPA/Rep/20-21/7

Dated 13th November, 2020

To

Mrs. Nirmala Sitharaman,  
Hon'ble Finance Minister,  
Ministry of Finance,  
Government of India,  
North Block, New Delhi 110 001

Respected Madam,

**Sub: Representation for widening the scope of benefit in case of difference in agreement price and Circle Rate of property is upto 20 per cent for the purpose of Income tax**

At the outset we wholeheartedly welcome the **Aatmanirbhar 3.0** stimulus package of Rs.2,65,080 Crores. We are sure it will give boost to more jobs, benefit to farmers, MSMEs, housing and overall growth of our economy. We take this opportunity to make some suggestions in respect of widening the Relief for Housing sector.

**Housing sector:** The stimulus package has also announced that if there is difference of upto 20 per cent in consideration shown in agreement/ Sale Deed and Circle Rate of residential flats sold by promoters, the difference will be permitted from 12th Nov 2020 to 30th June, 2021 if the value of such unit/ flat is upto Rs. 2 Crore. Our suggestions for helping those seeking home or transfer of their residence to another flat/ unit are as under :

1. **Benefit should be extended to all transferors and transferees of flats:** Benefit should be allowed to purchasers seeking home or transfer of their present residence to another flat/ unit. The benefit of deduction under sec. 54/54F is available if they transfer the existing flat and invests sale consideration or capital gain in a new flat. Most of the times it is seen that new housing complexes are coming up in a locality much far from the locality the person presently staying and he may be willing to prefer to buy a residential flat in his present neighbourhood. In the process he may be getting some offers from the intending sellers of existing flats which he may like to buy. In these circumstances to facilitate to acquire the suitable home/ flat, the restriction of

mandatorily buying the residential unit from a promoter/ developer is unnecessary. The broad focus should be to promote housing whether it is purchased from a reseller or from a promoter. The focus on sale by promoter alone is not desirable and is detrimental to allow people to shift to another flat of their choice and get exemption from capital gains as permitted under law. **Therefore, the relaxation should be extended even under section 50C** in addition to sections 43CA and 56(2) already announced by the Hon'ble FM. Further the cap of up to Rs. 2 crore should be per buyer. In case 2 brothers are buying a flat jointly then the cap should apply on investment made per person in the flat being acquired. Appropriate clarifications may kindly be issued.

2. **Benefit may be extended to purchase of land for the purpose of housing projects and on transfer of commercial units:** If the Government is willing to help the developers, kindly allow them to execute the conveyance deed of Land or plot of Land which is pending due to difference in price as per agreement and as per stamp duty valuation. We suggest that the benefit of up to 20 per cent difference may be extended to purchase of land for the purpose of housing projects. Further the benefit may also be extended on transfer of commercial properties/ offices as well. It will help developers in disposing off the real estate properties and will bring liquidity to them. Many of them are unable to repay the loan or even they are failing in payment of agreed interest on such loans.
3. **The need for Revision of Circle Rates by State Governments:** The Hon'ble Finance Minister has rightly acknowledged the fact that Circle Rates are higher than the actual price of flats. It is time that Hon'ble Finance Minister should use her good office in advising the State Governments to revisit the Circle Rates for stamp duty purposes so that these rates may reflect the prevailing rates in the locality. The stamp duty authorities should assess at lower rate of say 50 per cent, in case any property is let out. Further a discount of 5 per cent per year subject to maximum discount of 50 per cent in valuation of the property, which was constructed say 15 years ago. All the Sanitary Pipes, Utility pipes, electrical fittings, lifts etc. are bound to deteriorate on passage of time.

Kindly consider the above suggestions which are made with view of the concept 'Housing for all' and appreciating the focus of Hon'ble Prime Minister Shri Narendra Modi.

Assuring you of our full co-operation,

Yours faithfully,

**DIRECT TAXES PROFESSIONALS' ASSOCIATION**

**CA N.K. Goyal**  
**President**

**Adv Narayan Jain**  
**Chairman**  
**Representation Committee**

**CC To:**

**1 Sri Anurag Singh Thakur**

**The Hon'ble Minister of State For Finance**

**2 Sri Ajay Bhushan Pandey**

**Revenue Secretary, Ministry of Finance**

**3 Shri P.C. Mody,**

**Chairman,**

**Central Board of Direct Taxes,**