



Tax relief for Real-estate Developers and Home buyers

As part of the Aatma Nirbhar Bharat Package 3.0 as announced on 12th November, 2020, relaxation has been brought into place for home buyers and real estate developers falling within the ambit of section 43CA and section 56(2)(x) of the Income-tax Act, 1961 for a period starting from **November 12th, 2020 up to June 30th, 2021.**

In order to boost demand in the real-estate sector and to enable the real-estate developers to liquidate their unsold inventory at a rate substantially lower than the circle rate and giving benefit to the home buyers, safe harbour limits has been **increased from current prevailing limits of 10 percent to 20 percent under section 43CA** of the Income-tax Act, 1961 **in respect of only primary sale of residential units of value up to Rs. 2 cr.**

Further, safe harbour limits provided to the buyers of the residential units under **section 56(2)(x)** of the Income-tax Act, 1961 have also been increased from 10 percent to 20 percent for the above specified period.

Therefore, for the transactions governed by section 43CA and 56(2)(x) of the Income-tax Act, 1961, **circle rate shall be deemed as sale/purchase consideration only if the variation between the agreement value and the circle rate is more than 20 percent.**

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CONTACT DETAILS:

Head Office

75/7 Rajpur Road, Dehradun

T +91.135.2743283, 2747084, 2742026

F +91.135.2740186

E info@vkalra.com

W www.vkalra.com

Branch Office

80/28 Malviya Nagar, New Delhi

E info@vkalra.com

W www.vkalra.com

For any further assistance contact our team at

kmt@vkalra.com

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