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CALL TO EXEMPT STAMP DUTY ON AFFORDABLE HOUSING KARNATAKA NOT TO HIKE GUIDANCE VALUES



By: M.S.Yatnatti: Editor and Video Journalist Bangalore: Reportedly with the infrastructure status given to this segment, developers will be able to access long-term funding at cheaper rates. They will also be able to get access to institutional finance and other additional incentives. This will enable lower costs. Further, more developers will be ready to move into this space, thereby ensuring greater supply and competitive prices. A major relief being contemplated by the government now is the abolition of stamp duty payable on affordable homes. Stamp duty is a State subject and is levied by the States. The rates are fixed by the State governments and differ across States. The duty is collected by the states as well. Generally, the rate of stamp duty varies between four and eight percent of the registration value of the property. The central government is working with the State governments to exempt affordable houses from stamp duty. Stamp duty constitutes a significant part of the purchase price. Let's say the registration value of a property is Rs 10 lakhs. If the stamp duty rate is eight percent, the stamp duty to be paid will be Rs 80,000. In case stamp duty is exempted, it will be a substantial relief for property buyers in this segment. This move will reduce the financial burden of buyers and act as an incentive for more to purchase their own home. Affordable housing is exempt from service tax, which is around 5.35 percent of a property's selling price. The housing ministry has already taken it up with the finance ministry to continue the exemption under GST.

According to press reports The Ministry of Housing at the Centre has written to the State governments to exempt affordable housing from stamp duty. This will be a major relief for buyers in this segment. The government is going all out to achieve the goal of 'Housing for all by 2022'. The Union Budget for the year 2017-18 has also given a major push to affordable housing. Generally, 'affordable housing' refers to homes that have been designed especially for the economically weaker section (EWS) and lower income group (LIG). The Pradhan Mantri Awas Yojana envisages the provision of 'Housing for all by 2022'. The mission seeks to provide 20 million housing units and take up slum rehabilitation projects. According to the mission's guidelines, an 'affordable housing project' should have a minimum of 35 percent of the houses in it for the EWS segment. The EWS households are those earning an annual income of up to Rs 3 lakhs and have a house with a carpet area of up to 30 square metres. LIG is defined as having an annual income between Rs 3-6 lakhs and a house with a carpet area of up to 60 square metres. Some key measures initiated to promote affordable housing: Size of unit: The size of the residential unit should be measured by taking into account the carpet area as defined in the Real Estate (Regulation and Development) Act 2016 and not the built-up area. Size restriction: The restriction of 30 square metres on the size of the residential unit will not apply to places located within a distance of 25 km from the municipal limits of the metro cities. Deadline for completion of project: The period for completion of a project to claim the tax deduction has been increased from the existing three years to five years. Houses for needy: One crore houses are to be built for the homeless and those living in kaccha houses by 2019. Higher allocation: The allocation for the Pradhan Mantri Gramin Awas Yojana has been increased to Rs 23,000 crores for 2017-18 against Rs 15,000 crores in 2016-17. Refinancing home loans: The National Housing Bank will be given Rs 20,000 crores to refinance housing loans in the affordable housing sector in 2017-18. Interest subsidy scheme: This scheme is under the Pradhan Mantri Awas Yojana (PMAY). An interest subsidy of three percent will be applicable to all loans of up to Rs 12 lakhs and four percent on loans of up to Rs 9 lakhs. Tax deduction for developers: Hundred percent tax deduction against profits from an undertaking of a housing project with flats with a carpet area up to 30 square metres in the four metro cities and 60 square metres in other cities, and completed within five years of the approval being received, is available.

After effects of demonetization, drought and a general slump in real estate, Karnataka government reportedly has decided not to revise guidance value for the coming financial year. "As far as revision of guidance value is concerned, it's status quo this year," reportedly said by Bhojya Naik, deputy inspector general of registration, the stamps and registration department. According to officials, there has been a 30% downfall in the registration of properties in the state after demonetization. Other factors, too, are at play in the tardy registration of properties. The revenue target from stamps and registration had been fixed at Rs 9,100 crore for 2016-17, but the shortfall could be at least Rs 1,000 crore. To make good the loss in the next year, the government has decided against revision of guidance value. Last year, the government had increased the value by 10-40%. The unchanged guidance values are believed to prevent prices from rising, which might lead to increased interest from otherwise-wary homebuyers. The move has cheered all stakeholders as they anticipate a change in buyer sentiments. "Bengaluru has long been plagued by unsold inventory. It has close to a lakh housing units still unsold. Demonetization, drought and acute water scarcity have resulted in weak consumer sentiments. Hence, a dip in sales. A hike in guidance value would further dampen the market," said a builder who did not want to be identified. Bhojya Naik said the draft notification listing out the guidance values of properties in Bengaluru Urban, Bengaluru Rural and Ramanagara districts for the year 2017-18 are ready and may be published. "As many as 15 days will be given to the public to file objections and suggestions. The guidance value in 95% of Bengaluru areas is likely to remain the same. The remaining 5% will be new pockets where guidance value has not been fixed," he added. With the government deciding not to change the guidance value, experts are anticipating an improvement in sale volumes. "We had urged the government to reduce the guidance value to boost the realty sector. But not hiking rates is a positive step since a majority of homebuyers are looking for affordable homes. Price stagnancy brought by unchanged guidance value would help instill confidence among investors. This could be a good time to buy property in Bengaluru, especially for end-users," reportedly said by Suresh Hari, secretary, Credai.

RTI Act provides transparency under Section 3 and 4(1) (a) (b) (c) and 2(f) of RTI Act 2005 and accountability under 4(1) (d) RTI Act 2005 as the PA will create information; or to interpret information; or to solve the problems raised by the applicants under the system and procedure as per listed Acts and rules regulations listed under 4(1) (a) (b) (c) every day and that can be cross checked by applicant by asking reasons under 4(1) (d) by the affected person and copy of the same can be given to any applicant under 2(f) of RTI Act. RTI is a total problem solving mechanism and not just record providing tool. RTI will provide transparency under 4(1) (a) (b) (c) and 2(f) of RTI Act 2005 every day and Accountability can be ensured under 4(1) (a) (b) (c) (d) and 2(f) of RTI Act 2005 and this will reduce the corruption in every public authority. RTI Act is an Act to provide for setting out the practical regime of right to information for citizens to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority. The information under RTI Act is defined in, Section 2(f) of the RTI Act, which defines "information" under this Act, unless the context otherwise requires, - (f) "information" means any material in any form, including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, logbooks, contracts, reports, papers, samples, models, data material held in any electronic form and information relating to any private body which can be accessed by a public authority under any other law for the time being in force;". This act can be called as the "law of transparency and accountability" which acts as the citizen's weapon to question and get information related to the government's functioning so that they can analyze its performance, and act accordingly. Information is essential for the efficient working of journalists and thus, the Right to Information (RTI) Act is one of the most useful legislations for a journalist.

The RTI Act has two basic divisions the first requiring public officials to *suo moto* publish information pertaining to their departments and the second enabling the public to access information from a public office. The official documentary proof can be obtained by simply filing an application with a fee of Rs. 10. Under Section 2 (j) (ii) of the Act, the applicant can ask for certified copies of the documents or records. This certified copy of the document giving information can be admitted in the Court as Secondary Evidence. Note that under the RTI Act, the right to information includes the right to inspection of work, documents and records; taking notes, extracts or certified copies of documents or records; and taking certified samples of material held by the public authority or held under the control of the public authority. A citizen has a right to obtain information from a public authority in any relevant form including in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or through print-outs provided such information is already stored in a computer or in any other device from which the information may be e-mailed or transferred to diskettes etc. RTI, one of the few weapons the common man has in his fight against the high and mighty, citizens have unlimited powers under RTI Act 2005. Every PA must understand that "information" is not created in "Paraloka" or "Swargaloka" or in "CIC" or "SIC" which will be given by PA under Section 2(f) of the RTI Act. It is PA which creates the information every day 4(1) (a) (b) (c) and the "information" in any form, including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, logbooks, contracts, reports, papers, samples, models, data material held in any electronic form need to be created as per 4(1) (a) (b) (c) reasons under 4(1) (a) (b) (c) (d) need to be given by PA to the affected person and copy of the same can be given to any applicant under 2(f) of RTI Act.

The PA should be forced to function and create information strictly as per under 4(1) (a) (b) (c) on the applications and request of public and provide it under 2(f) of RTI Act and information should not be incomplete misleading and false and public is free to check accountability under 4(1) (d) RTI Act 2005. The Right to Information (RTI) Act is one of the most important tools that can empower the common man, it had become imperative to fight against corruption for the effective functioning of the three pillars of democracy — legislature, executive and judiciary. The three pillars of democracy had been included in the ambit of the RTI Act and people should make use of the provisions of the Act to bring down corruption. There was a need to create awareness among people on the wide range of powers enshrined in the RTI Act. The educated sections of society must take active part in the fight against injustice and use the provisions of the RTI Act to protect the rights of the people. THE RIGHT TO INFORMATION ACT, 2005 is an Act to provide for setting out the practical regime of right to information for citizens to secure access to information under the control of public authorities, in order to promote transparency and accountability in the working of every public authority. RTI Act provides transparency under Section 3 and 4(1) (a) (b) (c) and 2(f) of RTI Act 2005 and accountability under 4(1) (d) RTI Act 2005 as the PA will create information; or to interpret information; or to solve the problems raised by the applicants under the system and procedure as per listed Acts and rules regulations listed under 4(1) (a) (b) (c) every day and that can be cross checked by applicant by asking reasons under 4(1) (d) by the affected person and copy of the same can be given to any applicant under 2(f) of RTI Act. RTI is a total problem solving mechanism and not just record providing tool. RTI will provide transparency under 4(1) (a) (b) (c) and 2(f) of RTI Act 2005 every day and Accountability can be ensured under 4(1) (a) (b) (c) (d) and 2(f) of RTI Act 2005 and this will reduce the corruption in every public authority.

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material held in any electronic form and information relating to any private body which can be accessed by a public authority under any other law for the time being in force;". This act can be called as the "law of transparency and accountability" which acts as the citizen's weapon to question and get information related to the government's functioning so that they can analyze its performance, and act accordingly. Every PA must understand that "information" is not created in "Paraloka" or "Swargaloka" or in "CIC" or "SIC" which will be given by PA under Section 2(f) of the RTI Act. It is PA which creates the information every day 4(1) (a) (b) (c) and the "information" in any form, including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, logbooks, contracts, reports, papers, samples, models, data material held in any electronic form need to be created as per 4(1) (a) (b) (c) reasons under 4(1) (a) (b) (c) (d) need to be given by PA to the affected person and copy of the same can be given to any applicant under 2(f) of RTI Act. The PA should be forced to function and create information strictly as per under 4(1) (a) (b) (c) on the applications and request of public and provide it under 2(f) of RTI Act and information should not be incomplete misleading and false and public is free to check accountability under 4(1) (d) RTI Act 2005. The Accountability is checked by public under 4 (1) (d): The citizens who are affected by decisions made under RTI ACT 4(1) (a) (b) (c) can seek reasons for their administrative and quasi judicial decisions. PA can provide reasons to affected person and copy of such reasons can be provided to anybody under 2(f) of RTI Act. Public is fully authorized to ask how and why and under what rules and regulations such decision is arrived at under 4(1) (a) (b) (c) of RTI ACT 2005 using 4 (1) (d). An RTI application can force the PA to create information on his application to PA under 4(1) (a) (b) (c) of RTI ACT 2005 and at the same time he can check the information whether it is provided as per 4(1) (a) (b) (c) of RTI ACT 2005 by invoking 4 (1) (d) of RTI Act 2005. And whereas democracy requires an informed citizenry and transparency of information which are vital to its functioning and also to contain corruption and to hold Government and their instrumentalities accountable to the governed.

In the last month of the financial year, you need to review and ensure all your tax deductions have been claimed. Here are some deductions against a home loan that you are eligible for. The Income Tax Act offers certain tax deductions against the purchase of a house. The interest paid on a home loan is eligible for tax deduction. It is to be noted that there are some pre-conditions that need to be met in order to claim this deduction. You can claim this deduction only if you are the owner of the property. You can claim the deduction against the interest paid even if you are not staying in the house, and the house is either vacant or has been let-out. Also, it does not matter if you are staying in a rented property. You can claim the deduction against the rent paid with your house rent allowance (HRA), and also the deduction allowed against the interest paid on a home loan taken to purchase the house. Of course, in the case of a self occupied property, only the deduction against interest paid is allowed and not the HRA deduction. Under the Income Tax Act, you can claim a tax benefit of up to Rs 1.50 lakhs against the repayment of the home loan principal component under Section 80C. And, a tax benefit of up to Rs 2 lakhs is available against the interest paid on a housing loan for a self occupied house. In case the house is let out, there was no maximum limit on the tax benefit against the interest paid. The rule has now changed in this year's Union Budget. The maximum 'loss' under the head 'Income from House Property' that can be set off against any other income is restricted to Rs 2 lakhs. The balance 'loss' can be carried forward and set off against 'Income from House Property' over the next eight years. In order to claim this deduction against interest paid, possession of the house should have been obtained within five years from the end of the financial year in which the loan was taken. Otherwise, this tax benefit will be restricted to Rs 30,000 per financial year. You can even borrow from a personal source and claim the tax benefit against the interest paid. However, you will not get the tax benefit against the principal repayment on such a loan. For the benefit against the principal repayment under Section 80C, the loan must have been taken from a bank, central State government authority, or any other specified institution only. In case you have purchased a property with a coowner and taken a home loan with the same person as co-borrower, both of you are eligible to claim the income tax benefits. Co-owners can claim the tax deductions provided they are also co-borrowers. In order to be eligible for the tax benefits, the construction of the house should be completed or you should have taken possession of the property. You cannot claim tax benefits before that. This is despite the fact that you may already be paying EMIs, including interest on the home loan, prior to taking possession of the property. In case some interest has been paid prior to taking possession of the property, you need to add up the total interest paid before you got possession and claim it as a deduction under Section 24 in five equal installments (including the financial year in which you got possession). This applies to interest only and not the principal repaid before taking possession of the house. It is to be kept in mind that this tax benefit is available only against the purchase or construction of a residential property. In case you have taken a loan for the repair or reconstruction of an existing property, there is no tax deduction available against the principal repayment made under Section 80C. You can claim only the interest paid on such a loan subject to a maximum of Rs 30,000 per year.

The amount paid as stamp duty and registration fee can also be claimed as a deduction under Section 80C. It is to be noted that there is a lock-in period in case you claim a deduction under Section 80C. You cannot sell the property for five years. In case you sell the property within five years from the end of financial year in which you get possession of the property or the construction is completed, the tax deduction already availed under Section 80C will be reversed. If you sell the house, you will be liable for capital gains tax on the profits earned.

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