

small book on CA (Chartered Accountant)Certificates UNDER REAL ESTATE (REGULATION AND DEVELOPMENT) ACT, 2016



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**CA (CHARTERED ACCOUNTANT) CERTIFICATES UNDER REAL ESTATE
(REGULATION AND DEVELOPMENT) ACT, 2016:**

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1. Introduction and Background -

The Government of India had enacted the Real Estate (Regulation and Development) Act, 2016 on 26/3/2016. The Government of Karnataka had notified Karnataka Real Estate (Regulation and Development) Rules-2017 in the State Gazette on 11/7/2017.

With reference to RERD Act and KA RERA Rules, the last date for registration of ongoing Real Estate project was 31st July 2017.

Many Promoters/ Builders/ CA's are currently having questions/ queries on what's next! having filed application online for registration and approved by authorities. Many Promoters / builders, CA's are calling us and enquiring the next step, process and action required to comply with provisions of RERD Act 2016 / State Rules in relation to procedure, precautions to be followed in Issuance, maintenance and submission of CA Certificates.

In order to educate, guide the Promoters / Builders and to CA's (Chartered Accountants) on matters which may arise in the course of their professional work and on which they may desire assistance in resolving issues which may pose difficulties. Our Consultants have prepared this smallbook on CA Certificates under –RERD Act 2016.

2. Legislative Framework – Reference of CA Certificates in Act and KA Rules

Certificate by a Chartered Accountant is to be issued with set of objects and intentions with an intent to express the professional opinion or state the facts based on the information, explanation, documents received from the promoter.

Proviso to Sec 4(2)(1)(D) of RERD Act having reference and requirement of CA Certificate – which is reproduced below -

*2nd Proviso - Provided further that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect and a **chartered accountant in practice** that the withdrawal is in proportion to the percentage of completion of the project:*

*3rd Proviso - Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by **a chartered accountant in practice**, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project*

Karnataka RERD Rule 4(2) (c) having reference and requirement of CA Certificate – which is reproduced below -

*Status of the project (extent of development carried out till date and the extent of development pending) including the original time period disclosed to the allottee for completion of the project at the time of sale including the delay and the time period within which he undertakes to complete the pending project, which shall be commensurate with the extent of development already completed, and this information **shall be certified** by an engineer, an architect and **a chartered accountant in practice***

3. Various CA (Chartered Accountant) Certificates under RERD Act and KA Rules –

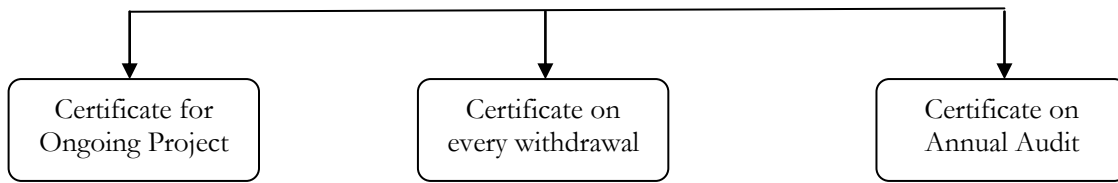
Sl No	Certificate for	Act / Rule Ref	Certifying
1	Ongoing Project – 1 st time	Karnataka RERD Rule- Rule 4(2)(c)	Extent of development carried out, pending – money collected from allottees, spent for project and balance with promoter
2	On every withdrawal from project Bank Account	RERD Act – 2 nd proviso to sec 4(2)(1)(D)	Withdrawal of money from project bank account is in proportion to the % of completion of the project
3	Annual Audit under RERD Act	RERD Act – 3 rd proviso to sec 4(2)(1)(D)	1. Amounts collected from Allottees for a particular project have been utilised for the same project and 2. the withdrawal has been in compliance with the proportion to the % of completion of the project

In case of ongoing project – the following shall be certified with reference to Karnataka RERD Rule 4(2) (c)

1. Status of the project
 - a. extent of development carried out till date and
 - b. the extent of development pending
2. original time period disclosed to the allottee for completion of the project at the time of sale
 - a. the delay and
 - b. the time period within which he undertakes to complete the pending project,
3. shall be commensurate with the extent of development already completed,

and this information **shall be certified** by an engineer, an architect and **a chartered accountant in practice**

4. Formats of Chartered Accountant (CA) Certificate –



Certificate for Ongoing Project

For ongoing project – Chartered Accountant certificate shall be obtained by the promoter while making an application for registration of ongoing real estate project under sec 3 to RERD Act.

Objective of this certificate is to certify –

1. Status of the project
 - a. Extent of development carried out till date and
 - b. The extent of development pending
2. Original time period disclosed to the allottee for completion of the project at the time of sale
 - a. The delay if any
 - b. The time period within which he undertakes to complete the pending project
 - i. shall be commensurate with the extent of development already completed,

In our opinion, as a Chartered Accountant, the financial values as per books of accounts related to the project shall be certified. Chartered Accountant can insist the promoter for Architect and Engineer Certificate for the present status / development of the project.

1. Architect certifies the % of the construction work completed. He may certify based on site visit (onsite physical progress) and using their expert in their field.
2. Engineer certifies the value of material, labour involved in arriving at such % of the construction work completed. He may certify based on site visit (onsite material, labour and overhead usage) and using their expert in their field.

Estimated Cost of the project (Land plus construction) would be certified by based on the information, documents, explanation given by the promoter. A Chartered Accountant should verify the details provided by the promoter relating to Estimated Cost of the project.

As the word states Estimated Cost of the project, hence it is only an estimate. Actual cost may differ considering the various factors throughout the project period.

A Chartered Accountant shall certify Actual cost incurred towards the project based on books of accounts maintained by the promoter. Such information shall be verified and satisfied before issuance of

certificate. As a best practice, a Management Representation Letter (MRL) may also be obtained suitably disclaiming that the certificate is issued basis the best estimates given by the Management of the Promoter.

Sec 2(v) of the RERA Act defines estimated cost of the real estate project means the total cost involved in developing the real estate project and includes land cost, taxes, cess, development and other charges.

Importance and outcome of this certificate – based on this certificate, promoter decides the quantum of money collected from Allottees

1. to be retained or deposit back into designated RERA project bank account and
2. deposit 70% or 100 % further money realization into designated RERA project bank

Note –

1. Ongoing certificate is different than certificates issued for withdrawal of money
2. Ongoing certificate consider and allow promoter retaining the full money spent on the land and development

Note – In case of new project (other than ongoing project) this certificate is not required for the reason that promoter may not have liability to any Allottee in the real estate project (i.e., advance money has not been collected from Allottees)

CHARTERED ACCOUNTANT'S CERTIFICATE ON LETTERHEAD

(Refer to Karnataka RERD Rules - Rule 4(2)(c) – certification on status of real estate project as on the date of application for registration under Sec 3 of RERD Act)

Sl. No	Particulars	Amount INR Estimated	Amount INR Incurred
1	<p>i. Land Cost :</p> <p>a. Acquisition Cost of Land or Development Rights (non-refundable deposit paid to Land owner) lease rent, interest cost incurred or payable on Land Cost and legal cost (Refer Note)</p> <p>b. Amount of Premium payable to obtain development rights, FSI, additional FSI and any other incentive under ZR or from Local Authority or State Government or any Statutory Authority.</p> <p>c. Acquisition cost of TDR (if any)</p> <p>d. Amounts payable to State Government or competent authority or any other statutory authority of the State or Central Government, towards stamp duty, transfer charges, registration fees etc; and</p> <p>e. Conversion Charges, Change of land use charges, betterment charges or improvement charges.</p> <p>f. Cost towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, etc</p> <p>g. Cost of TDR linked premium, fees, charges etc</p> <p>h. All Approval / NOC's/Licenses/ Permissions/Sanction costs etc</p> <p>(as per books of accounts maintained by the promoter)</p> <p align="right">Sub-Total of LAND COST</p>	300	250

Note - (In Case of Joint Development, cost to the owner or guidance value whichever is higher shall be considered to arrive at Land Cost)

Sl. No	Particulars	Amount INR Estimated	Amount INR Incurred
1	<p>ii. Development Cost/ Cost of Construction:</p> <p>a. Cost of Construction incurred as certified by Engineer</p> <p>b. Actual Cost of construction incurred as per the books of accounts as verified by the CA</p> <p>Note :(for adding to total cost of construction incurred, Minimum of (a) or (b) is to be considered)</p> <p>c. On-site expenditure for development of entire project excluding cost of construction as per (a) or (b) above, i.e. salaries, consultants fees, site overheads, Development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.)</p> <p>d. Cost of machineries and equipment including its hire and maintenance costs, consumables etc.</p> <p>e. All costs directly incurred to complete the construction of the entire phase of the project registered.</p> <p>f. Payment of Taxes, cess, fees, charges, premiums, interest etc to any statutory Authority.</p> <p>g. Interest payable to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money lenders on construction funding or money borrowed for construction</p> <p>h. Off-site expenditure Admin, Marketing, Commission, Royalty etc</p> <p>Sub-Total of Development Cost</p>	200	100

Sl. No	Particulars	Amount INR Estimated	Amount INR Incurred
2	i. Sub-Total of Land Cost ii. Sub-Total of Development Cost Total Cost of Real Estate Project	300 200 500	250 100 350
3	Proportion of the Cost incurred on Land Cost and % Construction Cost to the Total Estimated Cost	$350 / 500 = 70\%$	
4	Amount Which can be used / withdrawn from the Designated Bank Account	350	
5	Consider total Amount Collected from Allottee till date Total money Collected 600 30% as free withdrawal and usage $600 * 30\% = 180$ Net $600 - 180 = 420$	600	
6	Promoter shall deposit back to project bank account	$420 - 350 = 70$	

This certificate is being issued for RERA compliance for the Company [Promoter's Name] and is based on the records and documents produced before me and explanations provided to me by the management of the Company.

For XYZ & Co
Chartered Accountant

Signature of Chartered Accountant / Designation
(ICAI Membership Number.....)
Firm Name and ICAI Reg No

Name
Address

Scenarios, where in Architect certificate % of completion differs compare to CA Certificate

Sl No	% of Completion as of <i>development as per CA calculation as above</i>	% of Completion as per Architect Certificate	Issue certificate (prudence)
1	100/200 = 50 %	45 %	Lower of books of accounts or based on Architect Certificate – i.e., Land (250) + development (200*45%) = 340. Hence CA should issue certificate for Rs.340 against as per books of Rs.350
2	100/200 = 50 %	52 %	Lower of books of accounts or based on Architect Certificate – i.e., Land (250) + development (200*52%) = 354. Hence CA should issue certificate for Rs.350 as per books
<i>Architect issues certificate on extent of development / construction – say 45% However CA consider and issue certificate considering the quantum on investment made towards Land and development / construction</i>			

Further CA may also require to certify the total amount realized from allottees on sold units in relation to project, balance receivables and value of unsold inventory / units as on the date of application for registration of real estate project.

(ADDITIONAL INFORMATION FOR ONGOING PROJECTS)

(Refer to Karnataka RERD Rules - Rule 5 and proviso)

Sl.No	Particulars	Amount Rs.
1	Estimated Balance Cost to Complete the Real Estate Project (Difference of Total Estimated Project cost less Cost incurred) i.e., 500-350	150
2	Balance amount of receivables from sold apartments as per Annexure A to this certificate (as certified by Chartered Accountant as verified from the records and books of Accounts)	
3	(i) Balance Unsold area (to be certified by Management and to be verified by CA from the records and books of accounts) (ii) Estimated amount of sales proceeds in respect of unsold apartments (calculated as per ASR (Guidance Value) multiplied to unsold area as on the date of certificate, to be calculated and certified by CA) as per Annexure A to this certificate	
4	Estimated receivables of ongoing project- Sum of 2 + 3(ii)	
5	Amount to be deposited in Designated Account is 70% or 100% IF 4 is greater than 1, then 70 % of the balance receivables of ongoing project will be deposited in designated Account. IF 4 is lesser than 1, then 100% of the of the balance receivables of ongoing project will be deposited in designated Account	%

This certificate is being issued for RERA compliance for the Company [Promoter's Name] and is based on the records and documents produced before me and explanations provided to me by the management of the Company.

For XYZ & Co
Chartered Accountant

Signature of Chartered Accountant / Designation
(ICAI Membership Number.....)
Firm Name and ICAI Reg No

Name
Address

Annexure A

Statement for calculation of Receivables from the Sales of the Ongoing Real Estate Project

Sold Inventory

Sl.No.	Flat No.	Carpet Area (in sq mts.)	Unit Consideration as per Agreement/Letter of Allotment	Received Amount	Balance Receivable

(Unsold Inventory Valuation)

Ready Recknor Rate as on the date of Certificate

of the Residential /commercial premises Rs _____ per sqm.

Sl.No	Flat No.	Carpet Area (in sq.mts.)	Unit Consideration as per Read Reckoner Rate (ASR) / Guidance Value

CA Certificate on every withdrawal

Chartered Accountant certificate shall be obtained by the promoter on (every) **withdrawal of sums deposited in separate bank accounts** sec 4(2)(l)(D) of RERD Act and Karnataka RERD Rules - Rule 5

Objective of this certificate is to certify –

1. Status of the project
 - c. Extent of development carried out till date and
 - d. The extent of money spent on project till date
 - e. % of completion work based on initial estimated cost / escalated cost
2. Monies have been collected from Allottees towards project
 - a. Total Money collected from Allottees
 - b. Of collected 70 %, whether deposited into separate bank account
3. Quantum of money Eligible to withdraw from separate bank account

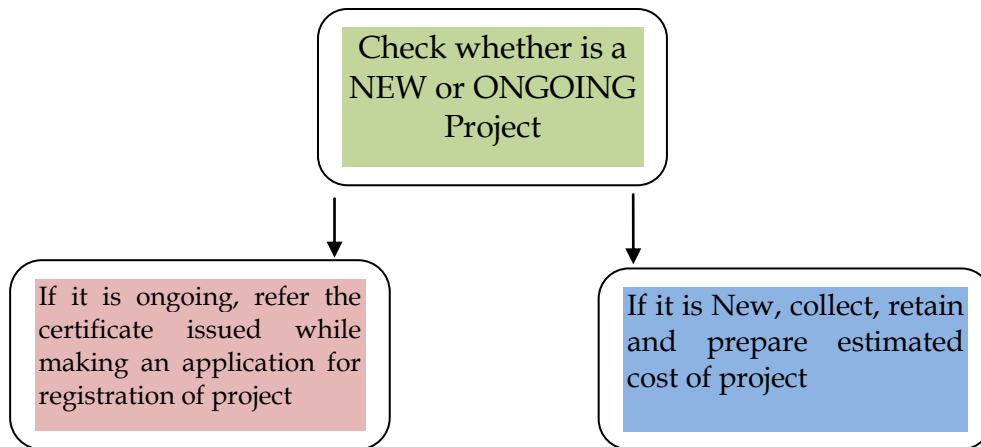
In our opinion, as a Chartered Accountant, the financial values as per books of accounts related to the project shall be certified to arrive at % of completion. Chartered Accountant can insist the promoter for Architect and Engineer Certificate for the present status / development of the project.

1. Architect certifies the % of the construction work completed. He may certify based on site visit and using their expert knowledge in their field.
2. Engineer certifies the value of material, labour involved in arriving at such % of the construction work completed. He may certify based on site visit and using their expert knowledge in their field.

Chartered Accountant shall certify Actual cost incurred towards the project based on books of accounts maintained by the promoter. Such information shall be verified and satisfied before issuance of certificate.

1. In case of new project, a Chartered Accountant should collect the details of project, estimated cost on real estate project and retain the workings etc for the reference to issue periodical certificate for withdrawal of money from separate project bank account.
2. In case of ongoing project, a Chartered Accountant should consider the CA certificate issued during registration of real estate project under Rule 4(2)(c) Karnataka RERD rule. If the certificate was issued by different CA, then copy of such certificate shall be obtained, satisfied before issuance of this certificate. (nevertheless, CA should collect, retain workings of estimated cost of real estate project for his/her reference before issuance)

3.



Rule 5 of Karnataka Real Estate (Regulation and Development) Rules 2017 deals with the aspect of withdrawal from 70 percent account. While the Rules define the cost of land (to mean higher of acquisition cost or guidance value) and construction cost (to mean costs incurred by the promoter towards onsite and offsite expenditure for development of real estate project), no guidance is available with respect to the question whether the quantum of withdrawal would be determined by applying the percentage of completion so determined with the balance in the 70 percent (project designated) account or by applying the percentage of completion with the total estimated cost of the project.

However, regulators in few states such as Madhya Pradesh have prescribed a method which suggests an approach to apply the percentage of completion (as determined by the proportion of land and construction cost incurred to the total estimated cost of the project) with the balance available in the 70 percent separate/ designated account. However, in case where the milestone agreed with customers based on onsite physical progress does not coincide (or significantly varies) with the percentage of completion as determined above, resorting to this approach may not enable the developer to withdraw the amount incurred on the project as the costs incurred may be higher than the money received as progress payments.

Also, based on the intent of Section 4(2)(1)(D) of RERA, it appears that the reason for creating the rule that 70 percent of the receipts from customers will be pooled into a separate bank account is to ensure that the same is used only for project cost purposes. The certification mechanism (project architect/engineer/CA) also aims at safeguarding this aspect that the withdrawals will be allowed only for meeting the project costs. Therefore, if based on the certifications provided, if the project costs incurred till date based on the certified project completion justifies a higher withdrawal from the pooling a/c, then that should be allowed since it is in line with the intent of the 70 percent account mechanism.

However, the absence of any guidance from the regulators in Karnataka, the possibility of a divergent view (i.e., multiplying percentage of completion to 70 percent of project receipts and receivables and not to total estimated cost of the project) cannot be ruled out. A Chartered Accountant should bring this to the notice of the Promoter and adequately document this before issuance of the certificate.

CHARTERED ACCOUNTANT'S CERTIFICATE ON LETTERHEAD

(Refer to sec 4(2)(l)(D) of RERD Act and Karnataka RERD Rules - Rule 5 – certificate from CA on withdrawal of sums deposited in separate bank accounts)

Sl. No	Particulars	Amount INR Estimated	Amount Incurred	
			Till Last Certificate	Now
1	<p>i. Land Cost :</p> <p>i. Acquisition Cost of Land or Development Rights (non-refundable deposit paid to Land owner) lease rent, interest cost incurred or payable on Land Cost and legal cost</p> <p>j. Amount of Premium payable to obtain development rights, FSI, additional FSI and any other incentive under ZR or from Local Authority or State Government or any Statutory Authority.</p> <p>k. Acquisition cost of TDR (if any)</p> <p>l. Amounts payable to State Government or competent authority or any other statutory authority of the State or Central Government, towards stamp duty, transfer charges, registration fees etc; and</p> <p>m. Conversion Charges, Change of land use charges, betterment charges or improvement charges.</p> <p>n. Cost towards clearance of land of all or any encumbrances including cost of removal of legal/illegal occupants, etc</p> <p>o. Cost of TDR linked premium, fees, charges etc</p> <p>p. All Approval / NOC's/Licenses/ Permissions/Sanction costs etc</p> <p>(as per books of accounts maintained by the promoter)</p> <p>Sub-Total of LAND COST</p>	300	250	270

(In Case of Joint Development, cost to the owner or guidance value whichever is higher shall be considered to arrive at Land Cost)

Sl. No	Particulars	Amount INR Estimated	Amount Incurred	
			Till Last Certificate	Now
1	<p>ii. Development Cost/ Cost of Construction:</p> <p>i. Estimated Cost of Construction as certified by Engineer</p> <p>j. Actual Cost of construction incurred as per the books of accounts as verified by the CA</p> <p>Note :(for adding to total cost of construction incurred, Minimum of (a) or (b) is to be considered)</p> <p>k. On-site expenditure for development of entire project excluding cost of construction as per (a) or (b) above, i.e. salaries, consultants fees, site overheads, Development works, cost of services (including water, electricity, sewerage, drainage, layout roads etc.)</p> <p>l. Cost of machineries and equipment including its hire and maintenance costs, consumables etc.</p> <p>m. All costs directly incurred to complete the construction of the entire phase of the project registered.</p> <p>n. Payment of Taxes, cess, fees, charges, premiums, interest etc to any statutory Authority.</p> <p>o. Interest payable to financial institutions, scheduled banks, non-banking financial institution (NBFC) or money lenders on construction funding or money borrowed for construction</p> <p>p. Off-site expenditure Admin, Marketing, Commission, Royalty etc</p> <p>Sub-Total of Development Cost</p>	200	100	150

Sl. No	Particulars	Amount INR Estimated	Amount Incurred	
			Till Last Certificate	Now DD/MM/YYYY
2	iii. Sub-Total of Land Cost iv. Sub-Total of Development Cost Total Cost of Real Estate Project	300 200 500	250 100 350	270 150 420
3	% of Completion of Works / Development as per Engineer and Architect Certificates	50 %		75 %
4	Consider total Amount Collected from Allottee till date Total money Collected 700 30% as free withdrawal and usage $700 \times 30\% = 210$ Net $700 - 210 = 490$	600		700
3	Maximum Withdrawal of money based on % of completion of project – i.e., 75 % is POC of project (withdrawal from project bank out of 70% money deposited i.e., 490)			$490 * 75\% = 367.50$
4	Total Money can be utilized (out of 700) a) 30% of 700 = 210 b) 75% of 490 = 367.50			577.50
5	Balance money in Project Bank Account ($490 - 367.50 = 122.50$)			122.50
6	Promoter shall deposit back to project / retain in bank account - a) Retained in project account till last certificate – 70/- b) Collection from Allottees from last certificate to now $700 - 600 = 100$ c) Of 100/- only 52.50 should be retained in 70% account (i.e., $122.50 - 70 = 52.50$) d) Balance 47.50 i.e., 30 free money and 17.50 from project account can be withdrawn by promoter	$420 - 350 = 70$		122.50

This certificate is being issued for RERA compliance for the Company [Promoter's Name] and is based on the records and documents produced before me and explanations provided to me by the management of the Company.

For XYZ & Co
Chartered Accountant

Signature of Chartered Accountant / Designation
(ICAI Membership Number.....)
Firm Name and ICAI Reg No

Name
Address

ON THE LETTER HEAD OF CHARTERED ACCOUNTANT

ANNUAL REPORT ON STATEMENT OF ACCOUNTS under RERD Act
(refer 3rd proviso to sec 4(2)(l)(D) of RERD Act)

To
NAME of the Project &
ADDRESS OF PROMOTER

SUBJECT: Report on Statement of Accounts on project fund utilization and withdrawal by [Project/ Promoter] for the period from DD/MM/YYYY to 31/03/2018 with respect to RERA Regn. Number PR/KN/YMMDD/000XXX

1. This certificate is issued in accordance with the provisions of the Real Estate (Regulation and Development) Act, 2016 read along with the XXXX State Real Estate (Regulation and Development) Rules, 2017.
2. I/We have obtained all necessary information and explanation from the Promoter, during the course of our audit, which in my/our opinion are necessary for the purpose of this certificate.
3. I/We hereby confirm that I/We have examined the prescribed registers, Books of Accounts and documents and the relevant records of [Project / Promoter] for the period ended 31st March 2018 and hereby certify that:
 - i. M/s. _____ (Promoter of the Project) have completed _____% of the project titled _____ (Name of the Project) RERA Regn.No. _____ dated DD/MM/YYYY located at _____(full address)
 - ii. Amount collected from Allottees during the year ended 31/03/20XX for this project is Rs. _____ and amounts collected from Allottees from inception of project to till date (i.e., 31/03/20XX) is Rs. _____

- iii. Amount withdrawn during the year for this project from Project Bank Account is Rs. _____ and total amount withdrawn from inception to till date from Project Bank Account is Rs. _____
4. I/We certify that, I/we have considered the various professional certificates i.e., Chartered Accountant Certificates, Engineer Certificate, Architect Certificates issued from time to time for withdrawal of money based on % of completion of work.
5. I/We certify that the *[Name of Project and Promoter]* has utilized the amounts collected for _____ project only for this project and the withdrawal from the designated bank account(s) of the said project has been in accordance with the proportion to the percentage of completion of the project.

Observation and Qualification of CA –

NIL

Or

- 1) Promoter of the project has withdrawn in excess of eligible amount from Project Bank Account Rs. _____
- 2) Promoter of the project has not utilized (diverted) the monies drawn from Project Bank Account Rs. _____

For XYZ & Co
Chartered Accountant

Signature of Chartered Accountant / Designation
(ICAI Membership Number.....)
Firm Name and ICAI Reg No

Name
Address

Place:

Date:

Objective of RERA Audit Certificate by a CA -

1. Amounts collected from Allottees for a particular project have been utilised for the same project and
2. the withdrawal has been in compliance with the proportion to the % of completion of the project

Note –

- 1) Different states may prescribe different format of certificate. Currently, the regulators in Karnataka have not prescribed any format.
- 2) This certificate shall be issued by a CA holding COP
- 3) CA to collect project financial information from the promoter.
- 4) Collect estimated cost of project, escalation if any and details there on
- 5) CA to collect and consider all professional certificates issued from time to time for withdrawal of project.
- 6) This certificate shall be submitted to authorities and is a public document. It could be made available for viewing at the portal of the regulators in the state of Karnataka (<http://rera.karnataka.gov.in/>) The comments in this note are purely a matter of interpretation and not binding on any regulatory authorities. Therefore, there can be no assurance that the regulatory authorities will not take a position contrary to our comments or views.

7)

4 Responsibility of the promoters -

- 1) Promoter to maintain the complete financial and other information relating to project
- 2) Provide such information to professionals to obtain certificates from time to time
- 3) Submit or utilize those certificate to withdraw money from project bank account
- 4) Reconcile the receivables, received, utilized and balance money in bank account periodically
- 5) Follow best practices
- 6) The cost of the project as per RERA has to be reconciled as per books for Audit and compliance under other statutes like GST, Income Tax, ROC etc
- 7) Maintain and update books of accounts from time to time

5 Documentation and verification of records for issuance of certificate related to cost of the project and percentage of completion

- 1) Accounting records – updated books of accounts
- 2) Copy of application filed for registration of project under RERD Act
- 3) Details of calculations considered to arrive at estimated cost of project.
- 4) All project related documents like land documents, sanctions, clearances, NOC's
- 5) Amount incurred towards acquisition of land or TDR etc
- 6) All bank statements of RERA project account and other bank accounts
- 7) Statement of customers, list of agreement of sales entered, advances received, balance receivables etc
- 8) Money collected from allottees, 70 % deposit made to RERA project bank account
- 9) All government fees challahs for all clearances etc
- 10) All development expenses bills, vouchers, invoices for both onsite and offsite expenditures
- 11) Advance paid for supply of materials or services vouchers, references etc
- 12) Certificates from Engineer, Architect and CA for withdrawal of money based on % of completion of construction
- 13) Project Loan or other loan statements
- 14) Interest calculation / attribution towards the project.
- 15) Indirect taxes / GST paid from time to time

6 Abbreviation / Definitions -

Sec Ref	Header	Definition / Explanation
Sec 2(h) of RERD Act	Architect	Architect means a person registered as an architect under the provisions of the Architects Act, 1972
Sec 2(s) of RERD Act	Development	Development with its grammatical variations and cognate expressions, means carrying out the development of immovable property, engineering or other operations in, on, over or under the land or the making of any material change in any immovable property or land and includes re-development;
Sec 2(t) of RERD Act	development works	Development works means the external development works and internal development works on immovable property
Sec 2(u) of RERD Act	Engineer	Engineer means a person who possesses a bachelor's degree or equivalent from an institution recognised by the All India Council of Technical Education or any University or any institution recognised under a law or is registered as an engineer under any law for the time being in force
Sec 2(v) of RERD Act	estimated cost of real estate project	estimated cost of real estate project means the total cost involved in developing the real estate project and includes the land cost, taxes, cess, development and other charges

Rule – 5 of KA RERD Rule	land cost means	<p>i. the costs incurred by the promoter for acquisition of ownership and title of the land parcels for the real estate project as an outright purchase lease etc., or the Guidance Value in accordance with section 45-B of the Karnataka Stamp Act 1957 relevant on the date of registration of the real estate project <u>whichever is higher</u></p> <p>ii. amount paid for acquisition/ purchase of TDR etc</p> <p>iii. amount paid to the competent Authority for project approval, No objection certificates, stamps duty, transfer charges, registration charges, conversion charges, change, taxes, statutory payments to state and central Government</p>
Rule – 5 of KA RERD Rule	Cost of Construction” means	<p>The cost of construction shall include all such costs, incurred by the promoter towards</p> <p>i. on-site and</p> <p>ii. off-site expenditure</p> <p>for the development of the real estate project including payment of Taxes, Fees, charges, premiums, interests etc., to any competent Authority, or statutory Authority of the Central or State Government, including interest, paid or payable to any Financial Institutions including scheduled banks or non – banking financial companies etc</p>
	on-site expenditure	All expenditure incurred by promoter at site for development of project
	off-site expenditure	All expenditure incurred by promoter other than site expenditure for the project, includes marketing, admin, interest on borrowing costs, professional fees, advances for material supplied, R & D costs, insurance costs etc
	Costs, not to be considered as estimated cost of project	Income Tax, taxes on profits,

CONCLUSION:

7 Best Practices –

1. The Promoter may have appointed external professionals to obtain certificates from time to time, consult the same professional who had issued the earlier certificate.
2. All the CA certificates has to be in conformity with assurance standards issued by the ICAI.
3. All the certificates to be backed up with adequate documentation by way of Management Representation letter and the basis of preparing such certificates. In case the regulators suggest a format at a later date or issue any clarification in this regard, the above-suggested template may suitably be aligned.

8 Reference Materials and disclaimer –

*Visit and download materials / forms / certificates / procedure under RERD Act @
www.reraconsultants.in*

References -

- 1) RERD Act 2016
- 2) KA RERD Rules
- 3) MH RERD Rules
- 4) Gujarat RERD Rules

Our views expressed herein are based on our understandings of the RERD Act, Rules, Press Release, Online information at RERA websites. The views in this note are the personal views of the Authors. The information contained is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although, the overall endeavor is to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. This note is meant for general guidance only and no responsibility for loss arising to any person/ entity acting or refraining from acting as a result of any material contained in this note will be accepted. It is recommended that professional advice be sought based on the specific facts and circumstances. This note does not substitute the need to refer to the original pronouncements. The comments in this note are purely a matter of interpretation and not binding on any regulatory authorities. Therefore, there can be no assurance that the regulatory authorities will not take a position contrary to our comments or views. The views are exclusively for educational purpose and any correction you feel necessary please write to consult@reraconsultants.in

9 About RERA CONSULTANTS LLP

Being a pioneer in the field of providing consultancy services in all matters related to The Real Estate (Regulation and Development) Act, 2016, RERA CONSULTANTS LLP is a one stop consulting firm backed by seasoned professionals having expertise in the fields of Real Estate, Legal, Accounts, Taxation, Construction, Information Technology, providing consultancy services to Promoters for registration of Projects, Agents, Allottees and all other matters related and ancillary to the registration of the Projects.

RERA CONSULTANTS LLP aims at providing all services under The Real Estate (Regulation and Development) Act, 2016 to the Promoters, Agents as well as the Allottees/Purchasers of Apartments and Plots.

1. Legal and financial Consultation on RERD Act and Rules
2. Real Estate project registration
3. Real Estate agent registration
4. First time update of project on RERA authority website
5. Quarterly update of project on RERA authority website
6. CA's, Engineer & Architect certificates
7. Land title search report
8. Financial evaluation of project
9. Formation of Association of Allottees
10. Allottees dispute redressal assistance
11. Promoter dispute redressal assistance
12. Preparation/drafting of booking form, allotment letter, Agreement of Sale and Sale Deed to suit requirement of RERD Act, 2016.
13. Seminar & Workshops on RERD Act 2016.
14. Other legal and financial services.