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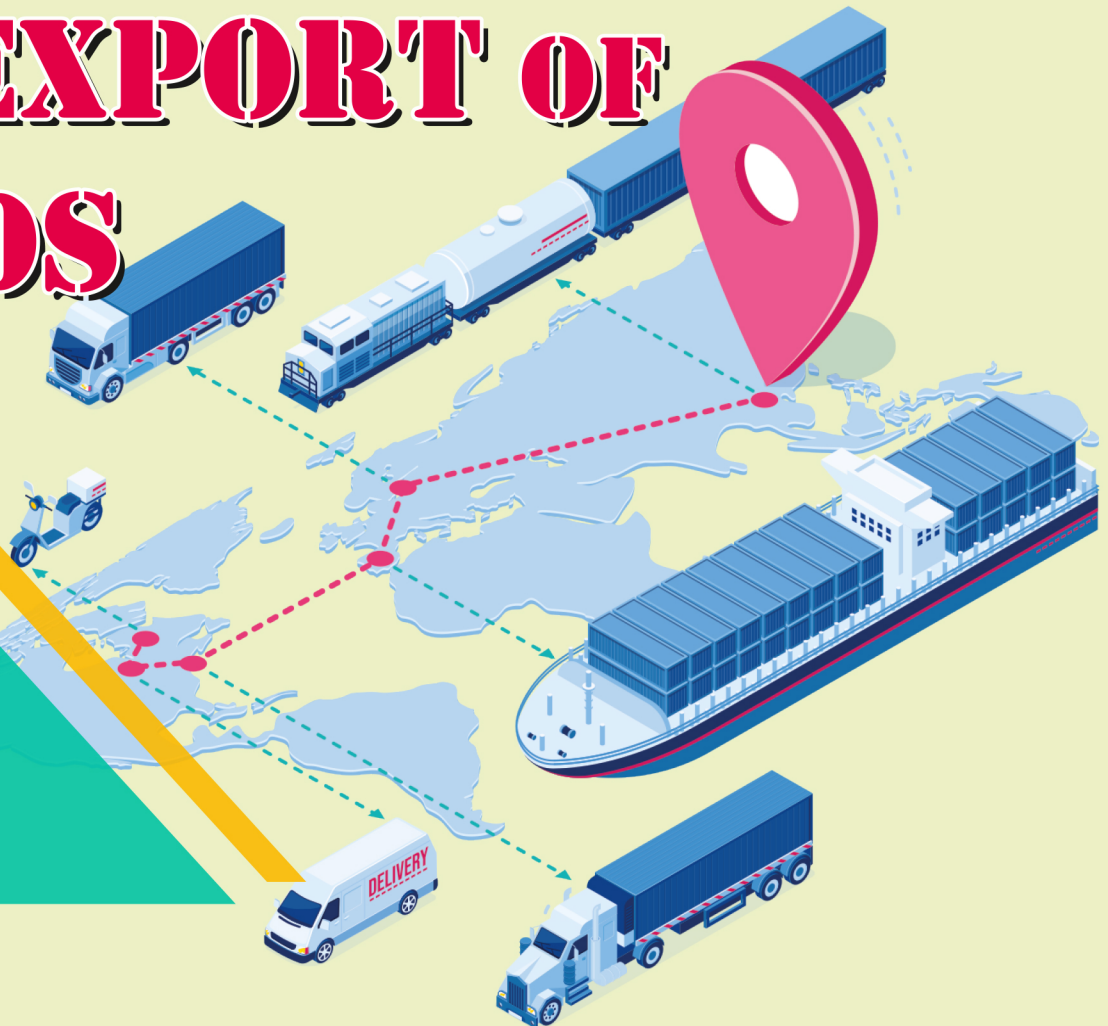
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# PROCEDURES FOR EXPORT OF GOODS



March 2022

**RERA – The Importance of Providing  
Uniform Data across All Stakeholders  
(Part - 10 of RERA Series)**

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# RERA – THE IMPORTANCE OF PROVIDING UNIFORM DATA ACROSS ALL STAKEHOLDERS

(PART - X OF RERA SERIES)

One of the Objectives of RERA is to bring, enhance Transparency in the Real Estate Industry. Transparency has become the new paradigm of economic activities and no exception to real estate, it has a special significance due to the regulatory, economic, social, and environmental importance of properties. Although significant progress has been made in recent years, further action is needed to increase the transparency of real estate markets/entities.

Digitalisation has a considerable role in increasing transparency, but real estate organisation has generally been slow in adapting to the new technologies to automate manual procedures. The data available is abstract and varies from one department to another department inside the organisation.

Considering that transparency is a quality of communication of sustainability information, as well as the role of digitalisation in ensuring the transparency, there are various studies available on the perception of real estate entities related to promoting transparency in the relationship with stakeholders (regulators, investors, lenders, customers, market, tax authorities) and the integration of information and communication technology in their business models.

- Applying a qualitative approach, various groups analysed the sustainability reports published by real estate companies, which represent important non-financial information sources for stakeholders. Transparency is mainly reflected in corporate governance, as real estate entities are increasingly concerned with maintaining open

relationships with stakeholders and knowing their expectations to integrate them into the business strategy. The research reports have noticed a broader approach of transparency in entities and in reports that include an assurance statement.

- New digital technologies serve the purpose of improving transparency, which, although still poorly explored in real estate, offer new solutions to increase the efficiency and productivity of real estate activities. Property technology can improve real estate market transparency and liquidity, bringing lower transaction costs, which should positively impact the value of investment assets.
- Let us understand the various information or data of the Real Estate Industry and the importance of reconciliation and matching with various stakeholders.

Who are the stakeholders interested in the data and information from time to time – let me list down and start explaining it –

1. Management of the Business houses – in case of a large organisation, management/board of directors to know the various critical numbers/data of the organisation/business
2. Regulatory Body – Real Estate Regulatory Authority – is the custodian of all information related to the real estate project. Act as a bridge between the promoter entity and the public at large

3. Lenders – to ensure the funds so released/lent is utilized for the purpose of project development or intended use
4. Prospective Customers – Customers will look into the project details, business house, or organisation before they make a decision in the selection of the property and more so, the performance & delivery of the earlier projects to the customers.
5. Government Agencies – planning authorities and other statutory authorities, grant permission to construct or develop the real estate project
6. Tax Authorities – wanting to collect the applicable taxes based on the transactions
7. Research Agencies – Research Agencies to prepare the Analytical report to publish
8. Investors
9. Stock Exchanges

The report and analysis made by the few leading agencies revealed that the lenders aggressively lent money to the few real estate businesses / projects, which are beyond the requirement for the cost of development of the particular project. The lending or loans granted were not effectively used in the construction of the real estate project, payment to the suppliers or vendors of the project. The money so borrowed was used for a purpose other than intended. Having lent money and not utilised appropriately, the recovery of loans from the business/real estate project has been impacted and results in nonperforming assets to the bankers/lenders. We have seen various lenders have compromised for one-time settlement to conclude and to eliminate the bad assets in their books of accounts. This resulted in a loss to shareholders.

- o The real estate industry attracts everyone's attention and economic interest differently compared to any other industry. The smart, shrewd, ingenious can deceive in a large way by raising funds from known friends and family members, private investors, customers, financial institutions, supplier credits, etc.

The promoters of the project are mandated to submit the details to each of the stakeholders. Prior to RERA, there was minimal scope to cross verify the data provided by the promoters to various stakeholders viz., -

1. Complete details of the scheme of the project, plans, approvals, etc
2. Details of the status of booking (sold) to the prospective customers
3. Details of sold or unsold units to the lenders / financial institutions
4. Details of the amount collected from the allottees to the lenders/financial institutions
5. Details of the amount collected from the allottees to the tax authorities to discharge the GST
6. Details of the status of % completion of work in the project for the purpose of revenue recognition to Income Tax
7. Details of the Estimated cost of the project to the tax authorities, investors, lenders, etc
8. Details of the project profitability to investors
9. Details of litigation on the project land to the allottees
10. Details of borrowing/mortgage of project land to the allottees
11. Details of modification of sanctioned plan to the allottees
12. Details provided for the purpose of Audit under various statutes – Company's Act, Co-operative Housing Society, etc

As these details are available and can be accessed by everyone, now it is the responsibility of each stakeholder to ensure the data provided by the promoter is matching with the details and data submitted to the RERA Authorities.

If so, what data the promoters are mandated to submit with RERA Authorities and available to access by the public at large –

1. Details of the scheme of the project – sanctioned plan, approvals, NOCs, KYC, etc
2. Details of the promoters of the project, Land Owners, etc
3. Details of the Estimated Cost of the Project
4. Details of the Total inventory in the project – available, sold, balance unsold
5. Details of Area (measurement) of each unit in the project – Carpet Area, Common Area, Saleable Area, etc
6. Total number of car parking available in the project
7. Details of litigation on project land
8. Details of schedule of development in the project including end date to complete the development in the project
9. During the quarterly updates and annual audits, the promoters mandatorily submit the following information, details, documents, etc –
  - a. Total Sold units / unsold units
  - b. The total amount realised from the allottees and balance receivables
  - c. Total amount incurred towards development works in the project
  - d. % Of completion of development works in the project
  - e. Details of pending development work in the project
  - f. Copies of professional certificates like CA's, Architect and Engineer's
  - g. Details of fresh litigations on project land.

Recently, on 25<sup>th</sup> Jan 2022, MahaRERA has issued a circular stating that bankers shall collect the 3 professional certificates (CA, Engineer, Architect) for every withdrawal of money from the RERA Designated project Bank account.

Based on our experience the following are the gaps or differences –

1. The Estimated costs submitted with RERA are different from that of cost details submitted to the lenders/financial institutions
2. Details of Amount realised from the allottees as per RERA and as per Books of Accounts. The amount realised is classified under various heads (like sales, current liabilities, taxes, etc)
3. % of completion is more in RERA and less with Income Tax or GST
4. Number of units booked/sold is more with RERA compared to Income Tax or GST
5. Amount incurred as per RERA is more compared with the Purchases in GST R
6. Amount incurred as per RERA is more compared to the Books of Accounts audited
7. Sold/unsold inventory or receivables as per RERA compared to the certificate submitted to the banker as stock or receivable statements.

We agree that there may be a difference, if so, we recommend to the promoters to keep the reconciliation statement to protect themselves in the future from any inadvertent notices from any of the tax authorities.

Conclusion - We recommend to the promoters of the project to submit uniform data to all the stakeholders to achieve the objectives of the RERA Act and also to comply with different statutes failing which there are chances of penal action or penalty for such non-compliance. Also, it is the responsibility of the professionals to advise their clients appropriately/in accordance with the RERA Act, Rules, Notifications, Circulars.

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