The Accounting Times

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New law on accounting and financial reporting

On 23 December 2011, the Swiss Parliament enacted the new law on accounting and financial reporting (Accounting Law), which became effective on 1 January 2013. It will be applicable to financial statements as of and for the financial year 2015, and for consolidated accounts as of 2016, respectively. This KPMG publication aims to support companies in their first application of the new legislation as far as the presentation of the annual financial statements (of a single entity) is concerned.

By using three examples, it is shown how the provisions of art. 959 – 961b CO could be implemented in practice. These illustrative financial statements present the possible financial reporting for the year 2016, i.e. the first business year after the first application of the new Accounting Law. For illustrations of the first application of the new law for business year 2015, please refer to our separate brochure entitled «The New Law on Accounting and Financial Reporting – Transitional Provisions art. 2 Para. 4: Effects on the Presentation of the Annual Financial Statements at the Time of the First application», which is available in German and French. The following illustrative financial statements are purely fictional and meant for illustrative purposes only (no claim for completeness). Any similarities with existing companies are purely coincidental.

Therefore, the information contained in these illustrative financial statements cannot necessarily be applied to the circumstances of a specific company. In individual cases, the complete text of the new Accounting Law should be consulted. The following assumptions apply to the illustrative financial statements.

Most important income-tax changes which will apply from April 1

1. With a decrease in tax rate from 10 per cent to 5 per cent for total income between Rs 2.5 lakh and Rs 5 lakh, there is tax saving of up to Rs 12,500 per year and Rs 14,806 (including surcharge and cess) for those with income above Rs 1 crore.

2. Tax rebate is reduced to Rs 2,500 from Rs 5,000 per year for taxpayers with income up to Rs 3.5 lakh (earlier Rs 5 lakh). Due to the combined effect of change in tax rate and rebate, an individual with taxable income of Rs 3.5 lakh will now pay tax of 2,575 instead of 5,150 earlier.

3. Surcharge at 10 per cent of tax levied on rich taxpayers, with income between Rs 50 lakh and Rs 1 crore. The rate of surcharge for the super rich, with income above Rs 1 crore, will remain 15 per cent.

4. Holding period for immovable property to be considered "long term" reduced to 2 years from. This will ensure immovable property held beyond 2 years is taxed at reduced rate of 20 per cent and eligible for various exemptions on reinvestment.

5Further, tax exemption will be available on reinvestment of capital gains in notified redeemable bonds (in addition to investment in NHAI and REC bonds).

6. A simple one-page tax return form is to be introduced for individuals with taxable income up to Rs 5 lakh (excluding business income). Those filing returns for the first time in this category will generally not be subject to scrutiny.

7. Delay in filing tax return for 2017-18 will attract penalty of Rs 5,000.

8. Deduction for first-time investors in listed equity shares or listed units of equity oriented fund under the Rajiv Gandhi Equity Savings Scheme is withdrawn from 2017-18. If an individual has already claimed deduction under this scheme before April 1, 2017, he/she shall be allowed to avail a deduction for the next two years.

9. Time period for revision of tax return cut to one year (from 2 years) from the end of the relevant FY or before completion of assessment, whichever is less. **CS Weekly Magazine**

Real Estate Regulation Act (RERA)

The Real Estate (Regulation and Development) Act, 2016 (RERA) will finally give India's real estate sector its first regulator from Monday, May 1, 2016. The act was passed by parliament last year and the Union Ministry of Housing and Urban Poverty Alleviation had given time till May 1, 2017, to formulate and notify rules for the functioning of the regulator. RERA seeks to bring clarity and fair practices that would protect the interests of buyers and also impose penalties on errant builders.

So what is RERA? Here is a look at the real estate regulator and how it will impact the real estate market.

According to RERA, each state and Union territory will have its own regulator and set of rules to govern the functioning of the regulator. Centre has drafted the rules for Union territories including the national Capital. While many states are still behind on schedule for notification of RERA rules, many have notified rules and a regulator will start functioning. Some of these states are Haryana, Uttar Pradesh and Maharashtra.

Despite seeing a slump in the past three years, the ticket prices are relatively high and inventories are piling up. Low demand is also contributing to the reduced recovery of investment by developers. These reasons have deterred developers from reducing the ticket prices.

RERA seeks to address issues like delays, price, quality of construction, title and other changes. Delays in projects are the biggest issue faced by buyers. The reasons are many and the impact is huge. Since the last 10 years, many projects have seen delays of up to 7 years. Projects launched after the turn of this decade have faced delays as well. Some have run into obstacles even before a brick was laid. The reasons include diversion of funds to other projects, changes in regulations by authorities, the environment ministry, national green tribunal etc and other bodies like those involved in infrastructure development and governing transport. In many places, land acquisition becomes an issue. Errant builders often sell projects to investors without the approval of plans, unauthorized increase in FAR, bad quality of construction, projects stuck in litigation etc.

All India Legal Association

GST on property

Real estate will be taxed at 18%:

Under revised order from the government, under-construction properties will be taxed at 18% which includes 9% SGST plus 9% CGST. The government has also allowed deduction of land value equivalent to one-third of the total amount charged by a developer, thus, making the effective tax rate as 12%. "However, in the new regime the quantum of ITC will be higher though overflow of credit is restricted.

Unregistered vendors will be a headache:

Unlike in the past, the liability to pay taxes has been shifted from the provider of goods and services to the receiver, if he happens to be a registered person. Salish adds that any purchase from an unregistered dealer will attract a reverse charge on the recipient which adds to the compliance cost of the purchaser. "Post-GST rollout, many corporate may not prefer purchases from unregistered dealers," **Pratiyogita Darpan**

Will Parliament pass Motor Vehicle Act (Amendment) Bill 2017 this monsoon session?

1) It makes Aadhaar mandatory for getting a driving licence and vehicle registration.

2) For deaths in hit-and-run cases, the government will provide a compensation of Rs 2 lakh or more to the victim's family. Currently, the amount is just Rs 25,000.

3) In traffic violations by juveniles, the guardians or owner of the vehicle would be held responsibile unless they prove the offence was committed without their knowledge or they tried to prevent it. The registration of th ..

4) The bill has provision for protection of Good Samaritans. Those who come forward to help accident victims will be protected from civil or criminal liability. It will be optional for them to disclose their identity to the police or medical personnel.

5) The minimum fine for drunk driving has been increased from Rs 2,000 to Rs 10,000.

6) The fine for rash driving has been increased from Rs 1,000 to Rs 5,000.

7) Driving without a license will attract a minimum fine of Rs 5,000 as against Rs 500 at present.

8) The fine for over-speeding will go up from Rs 400 to Rs 1,000-2,000.

9) Not wearing seatbelt would attract a fine of Rs 1,000 as against Rs 100 at present.

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