

GUIDELINES FOR PERMISSIBLE EXPENSES THAT CAN BE CHARGED TO THE DESIGNATED ACCOUNT

Basic Principles:

- Broadly speaking, the cost of land and the cost of on-site construction can be charged to the designated account.
- The basic principle is that **only** actual out-flows can be charged to the account, **not** notional values or future payments.
- Marketing/Advertising costs and loan repayment/interest payments to financial institutions are **not** permissible to be charged against the 70% of the designated account.

(A) Land:

Actual amount paid for land at the time of purchase (not current notional value, even though this may be used for fixing the price of apartments);

If land is ancestral or received as inheritance or gift, then the permissible charge to the designated account will be nil.

In case of JV when landowner is someone other than the promoter, amounts actually paid to the owner of the land are permissible. If payments are made in

instalments, then the charge to the designated account can be made as and when the payments are actually made. They cannot be frontloaded.

Stamp duty, registration costs and legal fees actually paid for such transactions can also be charged.

Amount paid for diversion and/or additional FAR is permissible.

(B) Fees:

Fees paid to any statutory authority to obtain project approval or registration (such as fees paid to RERA, Town & Country Planning Deptt., Municipal/Local Authority or Panchayat) may be charged to the account

Fees paid to Architect/ Structural Engineer/ Technical Consultant are permissible, provided these are specifically for this project, and these experts are not salaried employees of the Promoter. Only such fees as are directly attributable to the project are permissible.

(C) On-site Construction:

Only such payments as are directly related to construction are permissible.

Cost of bringing water and electricity to project site is permissible.

Depreciation cost of machinery and equipment used on a project site or hire and maintenance charges for the same is permissible. Consumables, such as diesel,

lubricants etc. and electricity to run the equipment is also permissible.

Cost of material actually purchased.

Cost of project-related labour actually paid (excluding cost of salaries of employees of the company) is permissible to be charged to designated account.