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The Companies Act, 2013 has provided various new definitions and new provisions which did not exist in the erstwhile Companies Act, 1956. Such new concepts have been introduced in view of the global corporate governance trends and to make the Companies accountable for their stakeholders.

InSync in this edition aims at explaining the latest notifications relating to EPFO withdrawal and discuss the effect of RERA coming into force .

Simpler EPFO withdrawals

The Ministry of Labour and Employment has vide its notification dated 25.04.2017 brought simpler Employee's Provident Fund Organisation ("EPFO") withdrawal scheme into force. This notification is expected to affect over 4 Crore employee's who are a part of the retirement body EPFO.

The Ministry has amended clause 68-J and 68-N of the Employees Provident Fund Scheme 1952 for enabling members to take non-refundable advances from their account for treatment of illness and buying equipment to minimise the hardship on account of handicap.

Key Take-aways

A) Withdrawal of upto 90% of the EPF amount for housing- This good news comes at a welcome time for the EPFO subscribers with the Real Estate Regulatory Act ("RERA") also coming into force from today i.e. 01.05.2017. EPFO has amended the scheme by inserting a new paragraph – 68 BD – to the Employees' Provident Funds (EPF) Scheme, 1952, to enable a subscriber to make down payment to buy homes and pay EMIs through the EPF account. Under the new provision, an EPF subscriber being a member of a co-operative or housing society with at least 10 members can withdraw up to 90 per cent from the fund for purchase of a dwelling house or flat or construction of a dwelling house and acquisition of site.

B) Withdrawal of EPF money for medical purposes- Withdrawal of EPF money for medical purposes has become simpler than anybody could have imagined. The Labour Ministry has amended the clause 68-J and 68-N of the Employees Provident Fund Scheme 1952 for enabling

The notification shall come into force from 25.04.2017

Withdrawals for medical purposes can now be made without providing any medical certificate

A Loyalty benefit of Rs. 50,000 shall be provided at the time of retirement.

90% of EPF money can be withdrawn for housing needs subject to fulfilling of certain conditions

members to take non-refundable advances from their account for treatment of illness and buying equipment without providing any medical certificate. Now the subscribers can seek fund withdrawal from their EPF account on various grounds by using a composite form along with a self-declaration.

C) Ratification of interest rate on EPF- The Finance Ministry has approved 8.65 % interest rate on EPF for 2016-17, which will enable the retirement fund body EPFO to credit this rate of return into the accounts of its four crore subscribers.

D) Loyalty cum Life Benefit- The EPFO subscribers will now get loyalty-cum-life benefit of up to Rs 50000 at the time of retirement for contributing to the scheme for 20 years or more. The benefit will also be provided in case of permanent disability even if the members have contributed for less than 20 years.

Conclusion

Such simpler rules for a scheme life EPFO are always welcome as it escalates common good. But as they say, the devil lies in the detail, as the withdrawals will be allowed only to those who fulfil the eligibility criteria. How easy would it be to match these criteria's? Only the sands of time can answer that.

The RERA Act comes into force from today i.e. 01.05.2017

13 States and UTs have notified the RERA rules so far, with Delhi coming up with its own rules.

Registration of residential real estate projects with the RERA authorities is now mandatory

Looking forward to the Real Estate Regulation Act

The Real Estate Regulation Act ("**RERA**") is finally coming into force from today i.e. 01.05.2017. RERA aims at ushering the era where the "buyers are kings". However, till now only 13 States and UTs have notified the RERA rules so far. The states that have notified the rules are Uttar Pradesh, Gujarat, Odisha, Andhra Pradesh, Maharashtra, Madhya Pradesh and Bihar. And the UTs in the list are Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, and Lakshadweep.

The Urban Development Ministry came out with such rules for the National Capital Region of Delhi.

70% of the money collected from buyers is to be maintained in a separate account

Salient Features of the Act

(i) It regulates transactions between buyers and promoters of residential real estate projects, through establishment of a state level regulatory authorities called Real Estate Regulatory Authorities.

(ii) Real Estate Projects in the state will have to be registered with the RERA authorities, except certain exceptions. Promoters or builders will not be able to book or offer these projects for sale without registering them. Real Estate Agents dealing in the state, will also have to be registered under RERA.

(iii) Upon the aforesaid registration, the buyer will have to upload the details of the project on the official website of RERA. These details shall include the schedule for completion of the project.

(iv) RERA also directs the builders to maintain a separate account for the money collected from the buyers for a particular project. The Threshold limit has been set to 70% of the total amount collected from the buyers. However, the states government can alter this amount to less than 70%.

(v) The liability for any structural defects arising within 5 years has been fixed on the developers. And Both, developers and buyers, are required to pay the same penal interest of SBI's Marginal Cost of Lending Rate plus 2% in case of delays.

(vi) The Act establishes state level tribunals called Real Estate Appellate Tribunals. Decisions of RERAs can be appealed in these tribunals. It prescribes imprisonment of up to three years for developers and up to one year in case of agents and buyers for violation of orders of Appellate Tribunals and Regulatory Authorities.

Conclusion

Official data suggests that about 10 lakh buyers invest every years with the dream of owning a house. This figure has been on a decline since the past couple of years as the investor confidence in the real estate industry had seen a rapid decline. But with the RERA coming into force,

the Real estate industry bodies CREDAI and NAREDCO believe that the implementation of this law will bring paradigm change in the way Indian real estate functions. They expect property demand to rise but supply may get affected in the near term. The implementation of this law shall serve as a hefty challenge for the state government.

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