Leasehold Land Lease treatment

Hi,

My company was taken a land from the government on 99 years lease basis by paying 1 crore for 99 years. At the end of it we don't get this money back. Please let me know how to amortise this amount in P & L?

1. By way of depreciation.
2. Do I need to show separately.

Please through some light on this?

Balu
My friend!

In case this lease is non-cancellable and lease rentals are payable as consideration, you may first create a leasehold asset under the head - "Fixed Asset", from the sum payable as minimum lease rentals payable over the lease term.

Fixed annual charge may be recognized as an expense over the lease term in Income statement.

Originally posted by: Rishubh Mathur

Hi
After completion of 99 Years this amount is not refundable. So, I have to amortise this amount in 99 Years. What is the Profit & Loss account treatment.

To depreciate or To show as annual rent 1 Lakh per annum

I did not clear on the P & L aspect.

Balu

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(Guest)

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Tushar Agarwal (TRAINEE)  02 February 2009

Originally posted by: Guest

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I have a question with respect to accounting for leasehold land because AS-19 specifically excludes "lease agreements with respect to land" and AS-10 does not deal with "accounting for Leases". Under which standard do we capitalise and amortise?

Is there any update under INDAS atleast to understand under which standard we can show 99 years land lease as Fixed asset and depreciate?

Require clarification which got missed out in all earlier responses.