



# The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

## Nagpur Branch of WIRC of ICAI



Newsletter / November 2015



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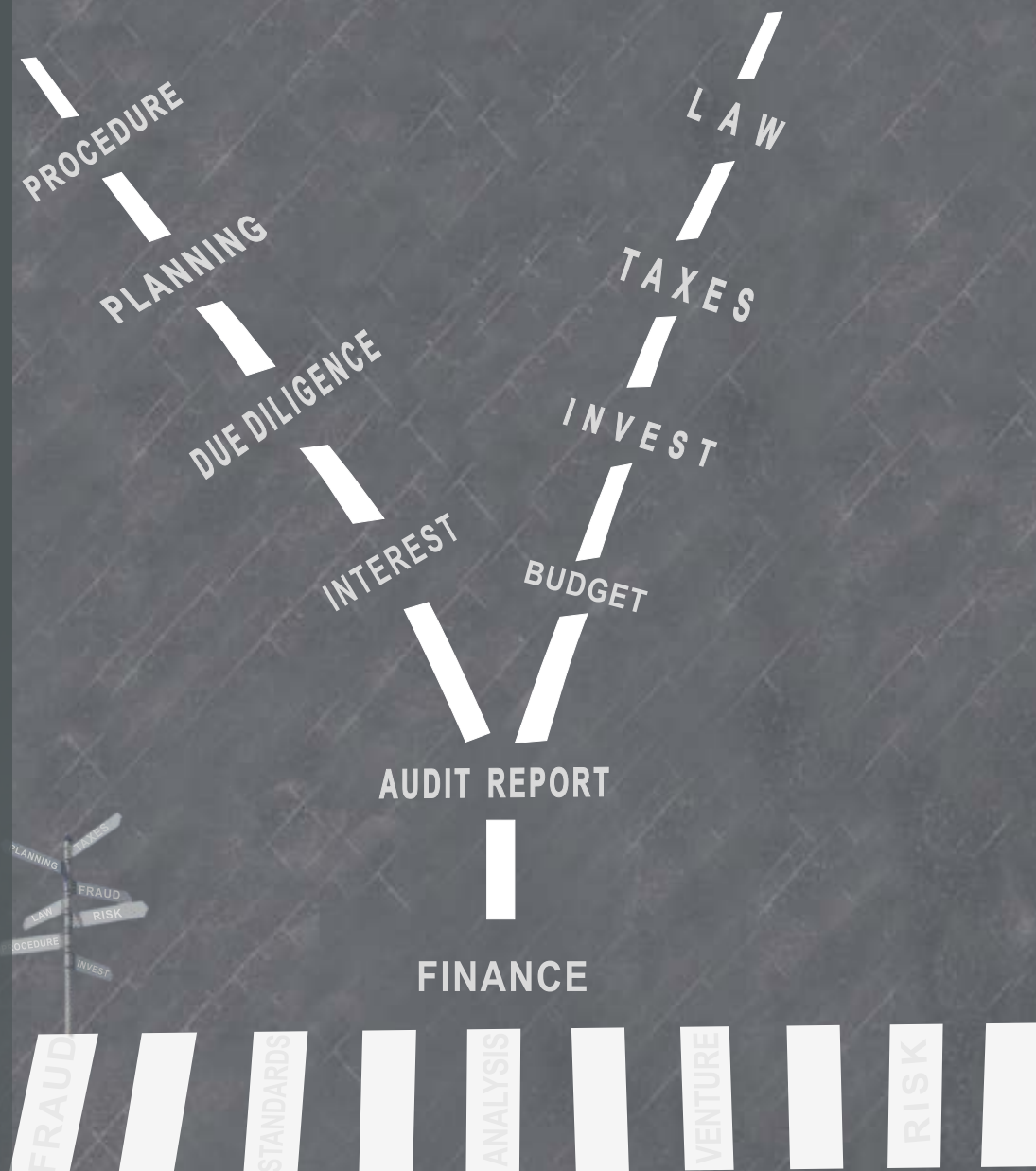
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*Always prepare yourself for a financial emergency,  
even when you don't see a possibility  
of a rainy day in your future."*

*— Edmond Mbiaka*

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## Photoflash November 2015



PHOTOFLASH

### Panel Discussion on Venturing New Paradigm to Practice Development on 05.11.2015



Interacting with Participant

#### Speakers



CA. B. K. Agrawal



CA. Dr. T. S. Rawal



CA. Anil Prakh, Past Chairman



CA. Rajesh Loya, Past Chairman



CA. Samir Bakre, Past Chairman

### Panel Discussion on M-VAT on 21.11.2015



Chief Guest - Shri P. K. Agrawal  
Hon. Jt. Comm. (VAT Admin), Nagpur



Chief Guest - Shri Vinod Gawai  
Dy. Comm. (Appeals, Nagpur)



Chief Guest - Smt. Sangeeta Mahajan  
Dy. Comm. (Business Audit, Nagpur)



#### Speakers



CA. Ajit Gokarn



CA. Radhey Shyam Paliwal



CA. R. K. Ganeriwala



CA. Shailendra Jain



CA. Rajendra Bhutada, Wardha

### Seminar on Real Estate on 07.11.2015



CA. Kailash Jogani



CA. Laxmi Singh



CA. Vinay Singh





## Chairman's Communication



Dear Professional Colleagues,

We live and work in a changing world. New laws are introduced that lead to the introduction of new policies. New ideas and approaches emerge. New problems arise and new solutions are sought. The world of work is, therefore, a constantly moving and evolving one. If we are not constantly learning, then each day we are getting further and further out of touch with the demands of modern working world. Expectations do change over time and, if we do not adapt to the new circumstances, then we will be steadily more out of tune with what is required of us.

Make in India campaign, Simplification of Tax Regime, E-governance, major boost to Infrastructure and Agriculture sector, proposed implementation of GST etc are some of the top listed priorities of Modi Government which opens up gates for rapid development of the economy. Development in any sector of the economy, be it Information Technology or Agriculture or Infrastructure or Transportation, finance is the platform on which the whole structure of the development is erected. And, we Chartered Accountants are the masterminds of finance and related aspects. In view of the upcoming amendments and development oriented procedures, learning new skills and updating ourselves with the existing ones has become the need of the hour.

Keeping aforesaid things in mind, ICAI Nagpur Branch endeavours to organise quality seminars, workshops and training courses for its members. Various seminars and panel discussions were organised in the month of November as well for the benefit of the members.

**Past Events:** Seminar on Real Estate : Understanding Domain, Business, Documentation, Taxation & Compliance was organised. The program was inaugurated at the hands of CA. Kailash Jogani, President, Nagpur Chamber of Commerce Ltd. The learned speakers in the seminar were CA Vinay Singh and CA Laxmi Singh. Seminar on Direct Taxes was another major event during the month. The chief guest for the seminar was CA J.S. Uberoi and the speakers were CA Harish Motiwala, CA Shardul Shah, CA Sudha Bhushan and CA Ketan Mehta.

Good participation of members was witnessed during panel discussion on Venturing New Paradigm to Practice Development, Series I & II. The speakers for the Series I were CA B.K. Agrawal, CA Dr. T.S. Rawal, CA Anil Parakh, CA Rajesh Loya and CA Sameer Bakre. The speakers of the Series II were CA O.S. Bagadia, CA. Milind Patel, CA. Bhagwat Thakre and CA. Mahesh Rathi.

Seminar on MVAT was followed by a panel discussion on MVAT. The speakers for the seminar were CA. Ravindra Ganeriwala, CA. Shailendra Jain and CA. Rajesh Bhutada. The esteemed chief guest for the panel discussion was Shri P.K. Agrawal – Hon. Jt. Commissioner (VAT Admin), Nagpur. Guests of Honour were Shri Vinod Gawai, Dy Commissioner (Appeals) and Smt. Sangeeta Mahajan, Dy Commissioner (Business Audit), Nagpur. The speakers for the discussion were CA Ajit Gokarn, CA Radhey Shyam Paliwal, CA Ravindra Ganeriwala, CA Shailendra Jain and CA Rajendra Bhutada.

One batch for IPCC Orientation Program and 34th batch of GMCS I were also organised during the month. Dhanteras Puja was done with great fervour and enthusiasm in branch premises on the auspicious occasion of Diwali. We were also fortunate to get an opportunity to felicitate Shri Sandeep Tamgade, DIG CBI.

As the year 2015 is packing its bag, I wish everybody a new year rich with blessings of joy, love, laughter and success. I sincerely hope that the new year gives me more opportunities to serve the CA fraternity. May the lights of hope and joyful spirit keeps glowing in our heart forever.

Happy New Year!

CA. Kirti Agrawal





## Message



*Editorial Team Member - CA. Jiten Saglani*

Dear Professional Colleagues,

At the outset, I wish every member a very Happy Ensuing New Calendar Year 2016. While this newsletter reaches you, the counting of recent Council Elections held on 5th Dec 2015 may be underway. As we all await to learn who all will be the new faces of representation at WIRC and Central Council, I feel like sharing a few thoughts that came to my mind when I thought of ideal leadership or call it how our leaders should be.

I was listening to a recorded deliberation by one of the most popular orators of recent times and without naming him; I wish to convey his thoughts on leadership. His idea of a leader is...

- Leaders are those who stay awake while the flock sleeps.
- A leader has to do more.....see more.....be more.
- Leader inspires with his work.....rather than instructs.

I simply realized that how important it is to choose a leader mindfully. In today's time when the state of economy is dismal and we stare at a double dip recession globally; ours is an economy where we see a GDP growth of 7-8%. Although the micro economic factors do sound a little too lull and sluggish yet we are hopeful that things will change and improvise in times to come. But all this is possible because we have a good & stable leadership at the helm of our country.

Similarly, when it comes to our very own profession, the kind of trust and respect that we had enjoyed in the past needs to be regained and we need to flourish from here-on. For all this to happen we need good leaders at the helm of the profession and democracy has definitely given us the liberty to choose the representatives. I hope all my professional brethren had responsibly casted their vote very mindfully to provide us the best of leadership and representation. May the best and most deserving candidates win !!

Best Regards

*Editorial Team Member - CA. Prashant Banthia*



Dear Professional Colleagues, Seniors and Friends...

While writing this first editorial message, I thought about the current state of the CA profession. I feel that the profession is going through a phase where it needs to reinvent itself. We need to find new areas of work for accommodating new members who have joined our CA family. Time has also come wherein we need to specialize in areas and also learn to distribute or share works amongst our members without fear of losing clients. Time has also come where we need to answer some tough question to ourselves like whether the biased canvassing for CA elections based upon factors such as caste or creed is correct and whether we are electing a candidate who will be giving new ideas to expand the professional work areas or will he carry on working on narrow gauge line. We need to realize that we are 2.50 Lakhs members who directly or indirectly deal or have impact on more than 125 Crore people/individuals which is our strength and also opportunity.

It's time to Sit Back and Ponder.....







## DIRECT TAX ANALYSIS OF SEC 50C and 43CA READ WITH SEC 56(2)(vii)

CA. SHAMBHU TEKARIWAL

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The generation of black money is a major problem in India. Various committees were formed and a number of suggestions were given by such committees, and based on these suggestions a number of measures were taken to curb the menace of black money. A parallel economy of black money is in operation. One of the measures introduced by the finance minister was Section 50C in the Income Tax Act vide Finance Act 2002, w.e.f. 01-04-2003.

In addition the Finance Act 2013, has introduced Section 43CA and substituted Clause 'b' Section 56(2)(vii). The impact of these amendments is surely going to be very sharp and in many cases it might result into big agony and big tax to many developers and investors as well. The law as regards to these transactions is so harsh that if one does not act within the framework of the Law, the same income will be taxed twice.

Before starting our discussion, let's start with an explanation of what is circle rate.

**CIRCLE RATE :** Each State government has a pre-decided minimum rate on which stamp duty is to be charged. This pre-decided minimum valuation is called Circle Rate. In common parlance it is also called Stamp Duty Value. The circle rate differs from locality to locality depending on a number of factors.

The article emphasizes the tax treatment in the hands of the seller and in the hands of the buyer in case of transactions below the Stamp Duty Value.

### SECTION 50 C : TAX TREATMENT IN THE HANDS OF THE SELLER (HELD AS CAPITAL ASSET)

As per section 50C, if a property is sold below the Circle Rate, the stamp duty value would be deemed to be the rate at which property has been sold and capital gains tax would be levied assuming that the property has been sold at the Stamp Duty Value.

However, in case where the taxpayer

claims before the Assessing Officer, that the fair market value of the property is genuinely lower than the Circle rate, the assessing officer may request a Valuation Officer to conduct a valuation of the property. In case valuation is conducted by the Valuation officer and

1. Value ascertained by the valuation officer is lower than Stamp Duty Value, the value so ascertained by him shall be deemed to be full value of consideration.

2. Value ascertained by the valuation officer is more than Stamp Duty Value, the Stamp Duty Value shall be deemed to be full value of consideration.

### SECTION 43CA : TAX TREATMENT IN THE HANDS OF THE SELLER (HELD AS STOCK IN TRADE)

As per section 43CA, where the consideration for the transfer of an immovable property being land or building or both, being held as stock in trade; is less than the Circle Rate, the Stamp Duty Value shall be deemed to be the full value of the consideration for the purpose of computing income under the head "Profits and gains of business or profession".

### SECTION 56(2)(vii) : TAX TREATMENT IN THE HANDS OF THE BUYER

As per the amended section 56(2)(vii)(b), if a buyer being an Individual or a HUF, purchases a property at a price below the Circle Rate, and the difference between the "price at which property has been purchased" and the "Circle Rate" is greater than Rs. 50000, such difference would be deemed to be income of the buyer under the head "Income from Other Sources".

Further the circle rate on the date of agreement will be taken to be the sale price. This exception shall apply only in case where part/full consideration has been paid in any mode other than cash, on or before the date of agreement fixing the consideration.

In case a reference has been made to the valuation officer under Section 50C, the same shall be applicable for Section

56(2)(vii) as well.

**SUMMARY POST AMENDMENTS BY THE FINANCE ACT 2013** (See Table no. 1 on, page no. 06)

### SOME IMPORTANT ISSUES AND CASE LAWS :

**1. Assessee sold a building which was a depreciable asset. Can section 50C be applied?**

As held by the special bench *ITO vs United Marine Academy 9 ITR 639 (Mumbai ITAT) (2011)*

The deeming fiction created in Section 50 of the Act modifies the term 'cost of acquisition' used in Section 48 of the Act for the purpose of computing the capital gains arising from transfer of depreciable assets. On the other hand, the deeming fiction created in section 50C modifies the term 'full value of the consideration received or accruing to the taxpayer' used in section 48 for the purpose of computing the capital gains arising from the transfer of capital asset being land or building or both. Therefore, the deeming fiction created in Section 50C operates in a specific field which is different from the field in which Section 50 is applicable.

There is no distinction made between a depreciable asset and a non-depreciable as per Section 50C of the Act and therefore Section 50C of the Act is applicable in a case of transfer of depreciable asset which is covered by Section 50 of the Act.

**2. Does Section 50C apply to transfer of "leasehold rights" as it is not "land or building"?**

As held in *Atul G. Puranik vs ITO [2011] ITAT Mumbai*; lease rights cannot be included within the scope of "Land and Building or Both" and thus, in case of transfer of Leasehold Rights provisions of Section 50C cannot be invoked.

**3. Whether Section 69, 69A and 69B apply in cases where deeming fiction of Section 50C/43CA becomes applicable?**



As held in *Subhash Chandra vs Asstt. CIT* [2012] 49 SOT 732 / 18 taxmann.com 149 (Chd.) the Chandigarh Bench of the Appellate Tribunal in this case has held that the legal fiction created by Section 50C is for the limited purpose of computing capital gains under Section 48. It cannot and does not mean that the consideration has actually been received by the assessee or actually been paid by the transferee to him, so as to be available in his hands for investment or for meeting the expenses. Thus Section 69, 69A and 69B have no applicability.

**4. Assessee becomes a partner of the firm. He gives his house as capital contribution to firm. Value recorded in books of firm is Rs. 30 lacs. Stamp Duty Value is Rs. 45 lacs. Section 45(3) states that full value of consideration for the partner shall be the value recorded in the books. However, section 50C states that the full value of consideration shall be guideline value. Whether section 45(3) or section 50C would be attracted?**

This issue came for consideration in a latest decision in *Carlton Hotel P Ltd.* (2009) 122 TTJ 515 : 35 SOT 26 (Luck.). In that case, it was held that in such situation, section 50C would override section 45(3). Section 45(3) is a general provision and

section 50C is a special provision which would override section 45(3) if the sale deed is sought to be registered by paying stamp duty. Hence, in the given case, the partner transferring his house to the firm would be subjected to capital gain by taking sale consideration at Rs. 45 lacs.

#### 5. Cost of Acquisition to the Buyer?

A question arises as to what would be the cost of acquisition to the buyer/transferee in a case when he has paid tax under this section on the excess of stamp duty valuation over the actual consideration paid by him?

The legislature has provided Section 49(4) prescribing cost of acquisition with reference to certain modes of acquisition. It states that where the capital gain arises from the transfer of a property, the value of which has been subject to income tax under Section 56(2)(vii) or 56(2)(viia); the cost of acquisition shall be taken as the value adopted for Section 56(2)(vii) or Section 56(2)(viia).

This would mean that cost step up is available only in cases where such property is transferred on a later date as a capital asset.

Thus if assessee being Individual or HUF has acquired the property as a Fixed Asset and since the provisions of Section 49(4)

cannot be extended to Section 32, assess cannot account for such asset at higher value in books of accounts and cannot claim depreciation on the enhanced value of the asset.

Further, in case of assessee being Individual or HUF has acquired the immovable property as a trading asset, the enhanced value of such property cannot be accounted for in the books of account as no such provision corresponding to Section 49(4) has been brought under the head "Profits and Gains of Business or Profession".

However this controversy has limited applicability as the provisions of Section 56(2)(vii) is applicable to only individual and HUF and the cases where individual and HUF acquire immovable property as trading asset are not very common.

Thus as a measure of tax planning one may opt to do business of real estate in the form of business entities other than proprietorship.

**6. Assessee sold the immovable property by way of transfer u/s. 53A of Transfer of Property Act, 1882, on 10.03.2010. At that time the stamp duty value was Rs. 40 lacs. Subsequently, the property is registered on 12.05.2013. On that date, the stamp duty value becomes Rs. 150 lacs. Whether**

Table no. 01

CASE	NATURE OF IMMOVABLE PROPERTY IN THE HANDS OF SELLER	NATURE OF IMMOVABLE PROPERTY IN THE HANDS OF BUYER	APPLICABLE SECTION	TAXABILITY IN THE HANDS OF SELLER	TAXABILITY IN THE HANDS OF BUYER
I	Capital Asset	Capital Asset	50C & 56(2)(vii)	Circle rate deemed to be Full Value of Consideration	Diff. between Circle rate and Purchase Value deemed to be Income from Other Sources
II	Capital Asset	Stock In Trade	50C	Circle rate deemed to be Full Value of Consideration	NIL
III	Stock In Trade	Capital Asset	43CA & 56(2)(vii)	Diff. between Circle rate and Purchase Value deemed to be Profits and Gains from Business	Diff. between Circle rate and Purchase Value deemed to be Income from Other Sources
IV	Stock In Trade	Stock In Trade	43CA	Diff. between Circle rate and Purchase Value deemed to be Profits and Gains from Business	NIL





### sale consideration shall be Rs. 40 lacs or Rs. 150 lacs?

One may note that transfer of a capital asset is taxable under the head Capital Gains on the date of transfer. Section 50C is merely a computation provision and therefore applies only at the time of transfer. Therefore, in my view, stamp duty value on the date of transfer shall be applicable. Registry is a post-transaction event. The same should not have value for computation of capital gains u/s. 50C.

One may note that such an issue was for consideration in one of the cases in *Smt. Meera Somasekaran (2010) 4 ITR (Trib) 271 (Chennai)*. In this case, it was held that assessee should bring evidence on record to show that all the conditions of section 53A of Transfer of Property Act are

satisfied at the time of agreement.

Further, in *Kaushik Sureshbhai Reshamwala 39 SOT 357 (Ahd.)*, assessee transferred agricultural land in March 2006 u/s. 53A of Transfer of Property Act, but the registration could be done only in F.Y. 2007-08. AO adopted the market value instead of stamp value u/s. 50C. It was held that section 50C applies only to computation of capital gains in real estate transaction. Therefore, even on the date of transfer u/s. 53A, section 50C would apply and AO cannot adopt a higher figure on the plea that registry was done belatedly. It was further held that AO had no evidence otherwise to adopt a higher value than the stamp duty value.

#### Conclusion:-

Thus, the provisions of the Section 50C,

43CA and 56(2)(vii) and the amendments brought about by the Finance Act 2013 will prove to be very effective in controlling the menace of black money in the real estate sector. But at the same time, the harsh provisions of these sections might in some cases punish assesses entering into genuine transactions. To avoid this, changes are required to make the process of referring transactions to the valuation officer more assessee friendly. There should be separate rules for valuation in cases where the market value of a property is genuinely lower than the circle rate. The state governments should also be more proactive in fixing the circle rates. These changes will go leaps and bounds in making these legislations more effective.

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## TAX COMPLIANCE CHART NOVEMBER 2015

Contributed by - CA. Haresh Sarda

S. No.	Due Date	Tax Compliance
1	6th Dec	Payment of <b>Excise</b> for the Month of Nov 2015 By <b>NON-SSI</b>
2	6th Dec	Payment of <b>Service Tax</b> for the Month of Nov 2015 By <b>Companies</b>
3	7th Dec	Payment of <b>TDS/TCS</b> for the Month of Nov 2015
4	10th Dec	Filing of <b>Excise Return</b> for the Month of Nov 2015 for <b>NON-SSI</b>
5	15th Dec	Filing of <b>Advance Income Tax Installment</b> (Second/Third) for AY 2016-17
6	15th Dec	Payment of <b>Provident Fund</b> for the Month of Nov 2015
7	21st Dec	Payment of <b>Employees State Insurance Act (ESIC)</b> for the Month of Nov 2015
8	21st Dec	Payment of <b>MVAT/CST</b> for the Month of Nov 2015
9	25th Dec	Filing of <b>Provident Fund Return</b> for the Month of Nov 2015
10	31st Dec	Filing of <b>MVAT/CST</b> Return for the Month of Nov 2015
11	31st Dec	Payment/Filing of <b>Professional Tax</b> for the Month of Nov 2015

## SAG STEEL PRIVATE LIMITED

(Solar Division)

CIN No. U74999DL2009PTC190509

## WANTED

### Experienced Accountant (B.Com/M.Com/CA-Inter or CMA)

required at our office address  
J-17, Hingna MIDC Nagpur.

He must be well versed in routing accounting of sales, purchase, Bank reconciliation, Journal Vouchers, Cash and Bank vouchers, Inter-unit transactions, preparation and compliance of VAT, TDS and service tax return, hands on experience in finalisation of the accounts of private limited Company. Computer literacy is must Command over MS-Excel and working with Busy Accounting software will an added advantage.

**Please contact as per details here under :-**

Name - Rajesh Ahuja  
Contact No. 9312875490  
Email ID - hr@sagsteel.com  
cc - rahuja2007@yahoo.com





## Indirect Tax Updates

Amit S. Agrawal, FCA  
 amitindirecttax@gmail.com



### GST ROUND UP

With the winter session of Parliament scheduled to begin during third week of November, the Political equations have further tilted inviting more uncertainty to fate of GST Constitutional amendment bill in Rajya sabha. The bill is to be passed by two third majority in Rajya sabha. As of now Congress, apart from opposition on account of Lalit Modi scam, is still adamant about seven amendments proposed by them to GST Bill and is keen on government acceding to amendments as proposed by them before passage of bill in present form. Assuming Left and AIADMK continue to oppose the bill, and all other parties in opposition Vote for the bill, NDA is said to be still short of members required for obtaining majority. The stand likely to be adopted by Janata Dal (U) and Rashtriya Janata Dal is crucial at this juncture. The Finance Minister is however optimistic that talks with Bihar Chief Minister designate Nitish Kumar would yield positive results and bill would be passed in winter session of Parliament. With the committee of State Finance Minister is scheduled to meet by third week of November for discussing model GST law framed by sub panel of Empowered Committee, the resignation of Chairman of Empowered Committee also poses a problem. K.M. Mani, finance Minister of Kerala, who was the chairman of Committee had to resign the post of Finance minister due to corruption charges resulting in consequent resignation from Chairmanship of Empowered Committee. The new Chairman will have to be ideally from Non NDA group for meeting object of bringing more consensus and confidence from Opposition Camp.

Going by the news reports, no body is willing to take up Chairmanship of Empowered Committee because of superstition that the post is jinxed and past records show most of the leaders who adorned the post have either faced electoral defeat or have had to quit the

Cabinet. A look at the history would justify the fear as Ashim Das Gupta, who was finance minister of West Bengal, ceased to be Chairman of Committee after electoral defeat of Marxist in West Bengal (2011). The successor Sushil Modi, who was Deputy Chief Minister, Bihar had to abandon the post following his resignation from ministership due to fall out between NDA and JD (U) (2013). Next incumbent Abdul Rahim Rather, who was Finance Minister of Jammu Kashmir had to quit after he lost the election from his seat Charar-i-sharief and his party, the National Conference was also voted out of power (2014). Leave alone the superstitions surrounding the post of Empowered Committee Chairman, stars are not in favour of the birth of GST by April 1, 2016 as even if the bill is passed in winter session of Parliament, atleast fifteen States should given their assent to the bill. As of now, NDA is having only 11 States in its kitty which would unanimously support the bill. As far as model legislations are concerned, the CGST and IGST will have to be approved by Centre and SGST and IGST by State Assemblies. Also on front of GST Rate, the panel led by Chief Economic Advisor Arvind Subramanian responsible for recommending possible tax rates under the proposed national goods and service tax (GST) is yet to submit its report. Since rate of GST is going to be the pivotal point, recommendation of a rate above 20% is likely to face opposition from all fronts. Also the rate will have to be approved by GST Council, which will be constituted only after passage of GST Amendment bill in Rajyasabha.

In the meanwhile, in addition to reports already published on returns, registration, payment and refund, the government is scheduling for regional workshops in Delhi, Bombay, Kolkotta and Chennai involving members of trade and industry. Also views of industry and experts have been solicited on Place of Supply Rules in five sectors

including e commerce and banking . The model GST laws are supposed to be available in public domain by third week of November following meeting of State Finance Ministers. A major tax reform impacting future of indirect taxation in India shall not be rushed through and remaining four months left for meeting deadline of April 1, 2016 is hardly enough time to have a fool proof legislation, familiarize the trade and industry with new system, providing training to administrative wing of new tax and educate the consumer .

### NEWS

The President of India has promulgated two ordinances - one for constitution of commercial courts and another to amend the Arbitration and Conciliation Act 1996.

SC rules in favour of prevailing Collegium System; strikes down NJAC Act.

Najib Shah appointed as CBEC Chairman.

Report issued of the Joint Committee on Business Process for GST on GST Return.

The Regional Bench of CESTAT, Chandigarh to start functioning by accepting filing of appeals w.e.f. 01.12.2015.

The Regional Bench of CESTAT, Hyderabad to start functioning by accepting filing of appeals w.e.f. 14.12.2015.

SWACHH BHARAT CESS notified. To be levied on all taxable services@ 0.5% on the value effective from 15.11.2015.

Guidelines for launching of prosecution in relation to offences punishable under Customs Act, 1962 issued

Revised Guidelines for Arrest and Bail in relation to offences punishable under Customs Act, 1962 issued

Central Excise Guidelines for launching of Prosecution under the Central Excise Act, 1944 & Finance Act, 1994 regarding Service tax issued

Revised monetary limits for arrest in





Central Excise & Service Tax notified  
Clarification regarding Self - Sealing and  
Self - Examination of Bulk cargo issued

Speedy disbursal of pending refund claims  
of exporters of services under Rule 5 of the  
CENVAT Credit Rules, 2004 issued.

#### RECENT CIRCULARS, CLARIFICATIONS & NOTIFICATIONS :

Taxability of services provided in relation to  
remittance of money to India from  
overseas clarified.

Notification No. 25/2012 – ST entry No 29  
amended

Notification No. 12/2012 - CE amended to  
insert S.No 113A

Cenvat Credit Rules, 2004 amended, so  
as to allow credit of Education Cess and  
Secondary and Higher Education Cess to  
be utilized for payment of service tax in  
specified circumstances.

Notification No.42/2001-CE (N.T) dated  
26.06.2001 amended to include procedure  
for export of bulk cargo.

Notification No. 27/2011-Customs dated  
01.03.2011 amended.

Tariff Notification in respect of fixation of  
TV of Edible oil, Brass, Poppy seed, Areca  
nuts, gold and Silver.

Rate of exchange of conversion of the  
foreign currency with effect from 16th  
October, 2015.

Services Exports from India Scheme  
(SEIS) notified vide Public Notice No.  
3/2015-20 dated 1st April, 2015 extended  
upto 31.03.2016.

#### RECENT JUDICIAL PRONOUNCEMENTS :

The "place of removal" under Section 4 of  
the Central Excise Act, 1944 could only be  
the places of the manufacturer and can  
never be the buyers' place - **CCE Vs Ispat  
Industries Ltd - 2015 TIOL 238 SC CX -  
Click to read a detailed impact analysis  
by G. Natarajan, Advocate.**

If there is a doubt or two interpretations are  
possible, one which favours the  
Department is to be resorted to while

construing an exemption notification - **M/s  
Meridian Industries Ltd Vs CCE - 2015  
TIOL 262 SC CX.**

Conversion of free shipping bills into  
drawback shipping bills is permissible only  
when the exporter is able to satisfy the  
Commissioner that "for reasons beyond  
his control" drawback was not claimed -  
**Cargill India Pvt Ltd Vs Commissioner  
of Customs & CE, Visakhapatnam - II –  
2015 TIOL 263 SC CUS.**

A SSI manufacturer can simultaneously  
avail the exemption for his own branded  
goods without availing CENVAT and also  
avail CENVAT credit on third party branded  
goods on which full duty is paid -  
**Commissioner of Central Excise,  
Chennai Vs. Nebulae Health Care Ltd -  
2015 TIOL 261 SC CX.**

Ready Mix Concrete (RMC) is not the  
same as Concrete Mix and accordingly  
RMC manufactured and used at site will  
not be entitled to benefit of exemption  
Notification No. 4/97-C.E – **Larsen &  
Toubro Ltd. Vs. Commissioner of  
Central Excise, Hyderabad – 2015 324  
E.L.T. 646 (S.C.).**

In the absence of Revenue establishing,  
under what circumstances, price  
escalation was given and whether that was  
a factor contributing to the depression of  
price at the time of clearance of the goods,  
the aforesaid additional amount received  
at a subsequent stage cannot be added  
for the purpose of arriving at the  
transaction value – **Commissioner of  
Central Excise, Delhi-III Vs. M/s Hitkari  
Fibres Ltd. – 2015 TIOL 248 SC CX.**

When amount advanced as loan by  
principal to job worker for purchasing  
machinery has not influenced trading  
relationship between them, normal price  
declared by job worker to be taken as  
transaction value - **CCE Vs. Campco -  
2015 324 ELT 27 S.C.**

Provision of Rule 18 of Central Excise  
Rules entitles Manufacturer/exporter to  
rebate of excise duties paid both on inputs

as wells manufactured product when such  
finished products are exported on  
payment of duty - **Spentex Industries Ltd  
Vs. CCE - 2015 TIOL 239 SC CX.**

Exemption from payment of SAD is  
available even in cases where sales tax  
payment is deferred on sale of such goods  
in India - **Commr of Customs Vs. Seiko  
Brushware India 2015 323 ELT 641 S.C.**

Refund of duty paid on goods received  
back for repair and remaking is not barred  
by limitation of one year from date of  
receipt of goods for repair as per Rule 173  
L when Section 11B prescribes limitation of  
one year from date of payment of excess  
duty as time limit for filing refund - **Delphi  
TVS Diesel Systems Private Ltd Vs.  
CESTAT - 2015 324 ELT 270 Mad.**

If there is no dispute about the fact that the  
manufacturing process would result in  
some kind of a loss such as evaporation,  
creation of by-products, etc., CENVAT  
credit shall be allowed on the total quantity  
of inputs that went into the making of the  
finished product including such process  
loss – **Rupa & Co. Ltd. Vs. CESTAT,  
Chennai – 2015 (324) E.L.T. 295 (Mad.).**

Interest on delayed refund is applicable to  
SAD refund and that Circular No.06/08-  
Cus to the extent it denies such interest to  
applicant is ultravires of Section 27A of  
Customs Act. - **Principal Commissioner  
of Customs Vs. Riso India Pvt Ltd - 2015  
TIOL 2384 HC DEL CUS.**

It is held that 'non-excisable' word used in  
second proviso to Clause 6 of Notification  
No.22/2003-C.E., dated 31.3.2003 and  
proviso to Clause 3 of Notification  
No.52/2003-Cus., dated 31.3.2003 will  
embrace in its expression all 'zero' rated  
finished goods whether on account of full  
exemption, or 'Nil'/'Free' rates, or where  
no rate is specified under the relevant  
tariffs – **Green Brilliance Energy P. Ltd.  
Vs. Commr. of C.Ex. & S.T., Vadodara-I –  
2015 325 E.L.T. 351 (Tri.-LB).**

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## AS Applicable to Coop

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### Accounting Standards Applicable to Cooperative Sector and Role & Responsibility of Statutory Auditors

#### Background of Cooperative Sector & AS

- As compared to other areas of our practice; Audit of Co-operative societies has been the domain of few professional brethren.
- It has also received comparatively less attention in the wake of recent developments that has taken place in the field of auditing.
- The cooperative sector is largely regulated by the respective states and the regulators of this sector have shown less dynamism vis-à-vis the corporate and other sectors.
- Another reason that could be is the co-existence of co-operative departments own auditors and the members of ICAI. The members of ICAI are bound by the stipulations and guidance announced by the Institute; whereas the Departments' auditors are not bound by such things as announced by institute.
- There is definitely a gap between the conceptual understanding between both these auditors though the object of both of them is one and the same.

Preface to the statement of Accounting Standards. The exact wordings of the preface are ....

*Accounting Standards are designed to apply to the general purpose financial statements and other financial reporting, which are subject to the attest function of the members of the ICAI. Accounting Standards apply in respect of any enterprise (whether organised in corporate, cooperative or other forms) engaged in commercial, industrial or business activities, irrespective of whether it is profit oriented or it is established for charitable or religious purposes. Accounting Standards will not, however, apply to enterprises only carrying on the*

*activities which are not of commercial, industrial or business nature, (e.g., an activity of collecting donations and giving them to flood affected people). Exclusion of an enterprise from the applicability of the Accounting Standards would be permissible only if no part of the activity of such enterprise is commercial, industrial or business in nature. Even if a very small proportion of the activities of an enterprise are considered to be commercial, industrial or business in nature, the Accounting Standards would apply to all its activities including those which are not commercial, industrial or business in nature.*

Thus it is amply clear that co-operative societies are not an exception to the applicability of accounting standards. As the financial statements prepared by co-operative societies are General Purpose Financial Statements.

**The term 'General Purpose Financial Statements' includes balance sheet, statement of profit and loss, a cash flow statement (wherever applicable) and statements and explanatory notes which form part thereof, issued for the use of various stakeholders, Governments and their agencies and the public.**

The financial statements prepared by the co-operative society includes balance sheet, statement of profit and loss, statements and explanatory notes which form part of financial statements. Thus it is amply clear that Accounting Standards pronounced by ICAI are squarely applicable to the Cooperative societies.

Now the question arises that who is to ensure that Accounting Standards are followed in its proper spirit while preparing the financial statements?

It is the responsibility of the management of the society who has to ensure that relevant accounting standards are followed while recoding the transactions in the books of account of the society and the

spirit is followed at the time of making the financial statements.

#### Applicability of Accounting Standards formulated by the ICAI

- Apply only when the activity or even a part of such activity of Cooperatives is commercial, industrial or business in nature.
- Since the Accounting Standards contain wholesome principles of accounting, these principles provide the most appropriate guidance even in case of those organizations to which Accounting Standards do not apply.
- For the purpose of applicability of Accounting Standards enterprises are classified into three categories, viz., Level I, Level II and Level III.
- Level II and Level III enterprises are considered as SMEs. The criteria for different levels are given below.

#### Level I Enterprises

Enterprises which fall in any one or more of the following categories, at any time during the accounting period, are classified as Level I enterprises:

- Enterprises whose equity or debt securities are listed whether in India or outside India.
- Enterprises which are in the process of listing their equity or debt securities as evidenced by the board of directors' resolution in this regard.
- **Banks including co-operative banks.**
- Financial institutions.
- Enterprises carrying on insurance business.
- All commercial, industrial and business reporting enterprises, whose turnover for the immediately preceding accounting period on the basis of audited financial statements exceeds Rs. 50 crore. Turnover does not include 'other income'.
- All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs.10 crore at any time during the accounting period.





- Holding and subsidiary enterprises of any one of the above at any time during the accounting period.

### Level II Enterprises

Enterprises which are not Level I enterprises but fall in any one or more of the following categories are classified as Level II enterprises:

- All commercial, industrial and business reporting enterprises, whose turnover for the immediately preceding accounting period on the basis of audited financial statements exceeds Rs. 40 lakhs but does not exceed Rs. 50 crore. Turnover does not include 'other income'.
- All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs. 1 crore but not in excess of Rs. 10 crore at any time during the accounting period.
- Holding and subsidiary enterprises of any one of the above at any time during the accounting period.

### Level III Enterprises

Enterprises which are not covered under Level I and Level II are considered as Level III enterprises.

Accounting Standards are applicable to the Co-operative Societies –

- Their recognition, measurement and disclosure criteria will depend on, the level to which the society belongs.
- Following are some of the accounting standards along with some of the essential points that must be considered while conducting audit of a co-operative society (see table no. 1.1)

### Role of auditors

We at the time of expressing our opinion on the financial statements of the society

Table No. 1.1

Sr. No	AS Ref.	Title
1	AS – 1	Disclosure of Accounting Policies
2	AS – 4	Contingencies and Events occurring after the Balance Sheet Date
3	AS – 5	Prior period items and changes in Accounting Estimates
4	AS – 6	Depreciation Accounting
5	AS – 9	Revenue Recognition
6	AS – 10	Accounting for Fixed Assets
7	AS – 13	Accounting for Investments
8	AS – 14	Accounting for Amalgamation
9	AS – 15	Employee Benefits
10	AS – 16	Borrowing Costs
11	AS – 17	Segment Reporting
12	AS – 18	Related Party Transactions
13	AS – 20	Earnings Per Share
14	AS – 22	Accounting for Taxes on Incomes
15	AS – 26	Intangible Assets
16	AS – 28	Impairment of Assets

have to see that the management has followed the relevant accounting standards applicable to the society. If in case such standards are not followed then a suitable expression should be included in the opinion expressed by the auditors.

There is one more angle to this and that is regarding the audit report to be given by the auditor. The format of Audit Report under SA 700, the following relevant para reads as under.

- An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statement.

When we state the above matter in to our

expression of opinion it is presupposed that the accounting standards are taken in to consideration while assessing the financial statements. Thus it is crystal clear that we have to ensure that accounting standards are followed by the co-operative society.

In majority of the cases the auditor of the co-operative society is changed every year and it is very likely that the previous years audit may not have been conducted by the fellow member of the institute. In such situation it is all the more necessary for the auditor to see whether earlier years financial statements comply with the accounting standards before giving the audit report.

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**Faculty Empanelment** – Members interested in being empanelled as faculty for ITT, Advanced ITT, OT, GMCS I & II and other certificate courses, are requested to submit their resume at Nagpur Branch Office. To register as faculty, please visit [www.icaionlineregistration.org](http://www.icaionlineregistration.org)

**Tree Plantation Drive** – ICAI Nagpur branch has launched a tree plantation drive in association with NMC, Nagpur to make our city greener and contribute our bit to save environment. An appeal is hereby made to all the members and students to come forward and donate generously for the noble cause. For details please contact branch office.

## ACCOUNTS MANAGER

Required for group of companies acting as leading builders and developers at Nagpur.

Chartered Accountant preferably with 2 years experience well versed in Accounts, MIS and day to day taxation should send their Resume to [vkumbarkar.co@gmail.com](mailto:vkumbarkar.co@gmail.com) within 7 days.



## INCOME COMPUTATION

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### INCOME COMPUTATION AND DISCLOSURE STANDARDS (ICDS) IS A WAY TOWARDS PRACTICE IMPLEMENTATION OF ACCOUNTING STANDARDS:-

**Key Features of ICDS :-** CBDT vide its Notification no: 32/2015 dated 31.03.2015 notified 10 Income Computation and Disclosure Standards. This notification shall come into force with effect from 1st day of April, 2015 and shall accordingly apply to the assessment year 2016-17 and subsequent assessment years and these standards are applicable for computation of income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" and not for the purpose of maintenance of books of accounts. In the case of conflict between the provisions of Income Tax Act, 1961 and this Income Computation and Disclosure Standard, the provisions of the Act shall prevail to that extent. Taxable Profit would now be calculated after making relevant adjustment to the financial statements to bring them in conformity with the ICDS. ICDS shall not be applicable to computation of book profit u/s 115JB of the Act.

#### List of ICDS Notified :-

ICDS No	Name	Equivalent As No
I	Accounting Policies	1
II	Valuation of Inventories	2
III	Construction Contract	7
IV	Revenue Recognition	9
V	Tangible Fixed Assets	10
VI	Effect of Changes in Foreign Exchange Rates	11
VII	Government Grants	12
VIII	Securities	13
IX	Borrowing Costs	16
X	Provisions, Contingent Liabilities and Contingent Assets	29

#### Key Impact Area (Difference Between As And ICDS):-

**ICDS I : Relating To Accounting Policies (AS-1)-** ICDS recognizes three accounting concept:-Going Concern, Consistency and accrual. It does not recognize the concept of Prudence. Expected loss or Mark to Market loss shall not be recognized. Accounting Policies shall not be changed unlike AS.

**ICDS II : Relating to Valuation of Inventories(AS-2)-** Method of valuation of Inventories shall not be changed without reasonable cause. Use of Standard Cost as a method of Valuation of Inventory is not permitted. Now service providers are required to record inventory.

**ICDS III : Relating To Construction Contract (AS-7)-** Under ICDS During the early stages of a contract, where the outcome of the contract cannot be estimated reliably contract revenue is recognized only to the extent of costs incurred. The early stage of a contract shall not extend beyond 25 % of the stage of completion. This can be done only up to the extent of 25% of stage of completion after that proportionate method will apply. Profit recognition will start compulsorily once 25% stage is completed. Retention money shall be recognized for computing revenue based on percentage of completion. Pre-construction Income in the nature of Interest, dividend and capital gains shall not be deducted from the construction cost. They shall be taxed as per the applicable provisions on them.

**ICDS IV : Relating To Revenue Recognition (AS-9)-** Revenue from service contract can only be recognized on percentage completion method alone, where both 'completed service contract method' and 'percentage completion method' is permitted for recognition of revenue under AS. Disclosure requirement similar to construction contract have been prescribed for service contract.

**ICDS V : Relating To Tangible Fixed Assets (AS-10) -** In case of acquisition of Tangible Fixed Assets in exchange for another asset, shares or securities, the fair value of tangible fixed assets so acquired shall be its actual cost. There is no concept of revaluation of assets in ICDS. ICDS required disclosure requirement similar to tax audit report even if assessee is not liable to tax audit.

**ICDS VI : Relating To Effect of Changes In Foreign Exchange Rates (AS-11)-** Exchange Difference in respect of monetary items, exchange differences arising on the settlement thereof or on conversion thereof at last day of the previous year shall be recognized as income or as expense in that previous year. Marked to market gains or losses are unrealized in nature. All gains or losses on forward exchange or similar contracts entered into for trading or speculation contracts shall be recognized only on settlement.

**ICDS VII : Relating To Government Grants (AS-12) -** As per ICDS govt. grants should either be treated as revenue receipts or should be reduced from the cost of fixed assets based on the purpose. It should not be capitalized. Further the recognition of govt. grants cannot be beyond the actual date of receipt.

**ICDS VIII : Relating To Securities (AS-13) -** This ICDS deals with securities held as stock-in-trade and not for securities held as investment. Where a security is acquired in exchange for another security, cost shall be fair value of the security acquired. Securities listed on a recognized stock exchange shall be valued at actual cost as initially recognized or net realizable value, whichever is lower. Securities not listed on a recognized stock exchange shall be valued at actual cost as initially recognized.

**ICDS IX : Relating To Borrowing Costs (AS-16) -** The definition of borrowing cost as per ICDS does not provide for

*Continued on Page no. 14*





## GOING PAPERLESS IN A CHARTERED ACCOUNTANTS OFFICE

CA. PRATEEK GUPTA

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YOUNG MEMBER

If you've ever spent too long hunting through stacks of paper for an invoice or searching through paper files, you may have wished for a paperless office. Accounting firms are often overwhelmed with incoming paper and electronic documents – particularly at tax time. Clients send e-mails with tons of disorganized attachments or else come in with disorderly stacks of paper, hoping you can make sense of it all and file their return. Since the last 4-5 years most tax compliances have moved online, like e-filing of Income Tax, VAT, Excise and Service Tax returns. At the same time accounting has moved to the Cloud with accounting softwares like Quickbooks and Tally ERP. Further the Information Technology Act, 2000 has given recognition to e-documents and e-records; which was the most significant hurdle in moving to a paperless office. But despite all the time that's passed, most CA firms are far from operating without paper.

### ADVANTAGES OF A PAPERLESS OFFICE :

Document management software can make your firm's operations less taxing by putting important documents at your fingertips and helping you stay organized all through tax season and beyond. Accounting firms that go paperless are more productive and effective. Some of the advantages of a paperless office are :

**1. REDUCED COSTS :** Paperless offices can save a lot on printing, paper, storage space and staff wages involved in fetching files and papers.

**2. DOCUMENT SECURITY AND EASY INFORMATION SHARING :** Switching to an electronic document management system reduces finding time. Password protection at different levels limits the access that office staff have to the client information.

**3. ANYWHERE ANYTIME ACCESS :** Client records can be accessed anytime and anywhere via cloud storage.

But the process of going paperless can be daunting. There are the costs of new equipment and software to consider, as well as that of converting paper records into electronic files. And there are decisions about how to make the move and when, how much existing paper to convert, how to handle paper that continues to flow in from vendors and customers, how to get employees onboard with the idea and trained in new systems, and how to simply keep doing business as usual during the conversion.

Add to that the fact that, no matter what, a CA's office probably can't be completely paperless. Some papers -- like signed, sealed deeds and legally binding contracts, or paper records for audits and IRS tax filings -- need to exist in their original form for legal or financial reasons or, particularly in the financial services industry, to show regulatory compliance.

**TRANSITIONING TO A PAPERLESS OFFICE :** Many companies offer document management systems, hardware, software and consulting services to help improve electronic communication on the road to having no paper. We'll look at some of those later in this article. For now, let's explore the process.

Here are some decisions for you to consider before you start the transition to a more paperless office:

1. How much of your paper do you want to convert ?
2. How far back do you want to go in converting paper files ?
3. How will you handle the paper that still comes in from clients? Or, that you can't convert, like legal or tax-related documents ?
4. Which new equipment or software you need and how does that fit your budget ?
5. How will you handle paper reduction on an ongoing basis ? For instance, whose job will it be to scan and electronically file incoming paper ?

### DOCUMENT MANAGEMENT SYSTEMS

Superior document management solutions these days offers functionality like scanning, digital signatures, audit trails, drag and drop filing, instant search and retrieval, automatic inbound/outbound email filing and more. But true paperless practice occurs when document management software integrates with a client portal – this is where the real magic happens. Centrally managed practice documents can be securely shared at the click of a button to the cloud, where clients can access the documents remotely, review, edit, digitally sign and return – all within minutes. Some important features of document management systems for a CA's office are :

**1. EASY SCANNING :** The scanning process has been the chief obstacle to a paperless firm because many CA's are convinced that it's time-consuming and cumbersome. But scanning technology has evolved since the early days of paperless, so it's easier to scan and store client files than ever before.

You can scan documents in just seconds, and with the right technology package, you can also create keyword-searchable files that you can edit in a universal format like PDF. A quality scanning solution can even make volume scanning easy, recognizing where one document begins and another ends in a stack and sending them to the right client folder.

**2. SIMPLE ORGANISATION :** Another reason some CA's are less enthusiastic about going paperless is that they worry about the way their clients' files will be organized online. Some document management systems have a complex interface, and since most smaller accounting firms don't have onsite tech support, using a complicated system isn't feasible. A system built around a simple, intuitive structure that anyone in your network can access is a better alternative. A system which stores documents

*Continued on Page no. 14.....*





YOUNG MEMBER

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chronologically and with integrated search features can conduct a keyword search to pull up client documents easily.

**3. EDITABLE DOCUMENTS :** CA's need to be able to make changes to electronic documents and convert printed pages into editable electronic files. With a document management system that has full PDF functionality, you can combine files by dropping them on each other and scan new pages into existing documents. The right document management system makes it easy to manage all of your client files.

**4. SECURITY :** Document management softwares offer password and encryption

for data security. This helps in securing client data which is not possible in paper environment.

Some good softwares that you can use for your transition to a paperless office are :

**Google Documents :** A free service from Google that you can use for working simultaneously with clients on documents and spreadsheets.

**Quickbooks :** This accounting software from Intuit helps in paperless billing. With this you can email receipts to clients instead of printing them.

**DropBox :** This software offers free space on the cloud for document sharing and storage.

**CamScanner :** This is a software that helps you in using your camera as a scanner and quickly converts captured images into PDF's.

Technology provides a host of smart tools to help your office reduce paper waste. Every step towards a paperless environment will save you time, money, storage space and clutter. And don't forget to recycle any paper you still use and don't need anymore. For an accounting firm, going paperless is an excellent way to end the costly paper chase and promote greener operations. Once you find the right solution, you'll find that a paperless office makes accounting operations much less taxing.

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WOMEN MEMBER

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exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Unlike AS -16, suspension of capitalization of borrowing cost is not covered in the ICDS. Borrowing Cost in respect of borrowings partly used for acquisition of the qualifying asset to be capitalized in accordance with the following formula: (A)\*(B)/(C)

(A) Borrowing cost except directly relatable to specific purpose

(B) Average cost of qualifying asset at the first day and last day of the previous year

and

(C) Average cost of asset at the first day and last day of the previous year.

**ICDS X: RELATING TO PROVISIONS, CONTINGENT LIABILITIES AND ASSETS (AS-29):-** AS-29 requires the recognition of a provision when it is 'probable' that there will be outflow of resource. However, under ICDS provision is to be recognized when there is 'reasonable certainty' (more likely than not) for the outflow of resources.

**CONCLUSION :-** ICDS is now a reality, and certainly a step in the right direction to enable smooth implementation of IndAS,

and reduce tax litigation in the medium term. As with any new framework, its implementation is expected to throw up challenges. With the extent of changes in financial, corporate and tax reporting regulations, corporates in India, certainly have their task cut out for 2015. Though the ICDS does not required to maintain separate books of accounts for tax purposes, but it has a pervasive impact on tax payers as it would require system and document to capture relevant information as required by ICDS, So it would increase the burden on Tax Payer and scope of work for Professionals.

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*Green is the predominant color in nature, and today it's often associated with environmentally-friendly choices and lifestyles. A green choice promoted by ICAI Nagpur branch is to shift from printed newsletter to e-newsletter, in order to make a green impact. Members desirous of getting only e-newsletter, should send a mail at nagpur@icai.org with the details – Name, Membership no. and subject line as Only E- Newsletter.*

*We could become more environment friendly by slowly implementing paper less office. Simple actions like switching off all electrical appliances such as computer, printer, fan, light etc when not required, checking documents before printing and printing them double sided makes a huge impact on environment.*

*Since, green is the way of life,*

**So, Live Green.....Think Green .....Go Green.**







## Cloud Computing

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### Cloud Computing and the Future of Accounting Profession

(Based on a speech delivered by the author on the same topic on 5th Nov 2015)

The next decade will see industries transition to a Cloud-enabled world where work can be accomplished anywhere, anytime. This will especially be true of the accounting profession, according to Intuit, as such tools as Cloud-connected smart phones and tablets will enable firms to provide clients with an "accountant in their pocket" at all times.

Over the last two decades the accounting profession has seen changes like never before. The profession has remained proactive to the new developments, and has been able to steer its course to the desired direction. The future seems to offer endless possibilities for the enterprising professional who plans to make his career in the new areas.

One area which is likely to offer limitless growth opportunities to members is Cloud Computing. So far big businesses enjoyed economies of scale in the utilisation of high end accounting and decision making software. Cloud computing is seen as trend reversal in that it is offering top-end solution at reduced cost to small and medium business enterprises.

Cloud computing may be defined as the service which is delivered through the internet on any computer or smart phone without the need for installing the software on the local machine. Since the use requires only access to internet – with no software to be installed- the data can be accessed and manipulated while travelling, on vacations, at the beach, in short, any time of the day. It is on the tip of your fingers the way your Facebook and

Whatsapp accounts are. The idea is not new, it has existed since 1960's. However it was only in 1999 with the formation of [www.salesforce.com](http://www.salesforce.com) that the idea really took shape.

In cloud computing companies that would normally require an enormous amount of start up capital can get going at the fraction of the cost. The past of cloud computing has been glorious, the future is going to be more glorious than the past. Proactive application monitoring software are currently available, but soon there will be predictive technology which will foresee disaster and will subvert it before it actually occurs.

In cloud environment downtime is near zero, which means the data is accessible 24X7 with zero downtime. This makes decision making quick, accurate and reliable. Centralised data is going to be the key feature of cloud computing of the future. This will allow companies to create huge database. Better patient care will be possible, better stock market decisions will be possible, better government policy decisions will be possible.

The scope of work of a Chartered Accountant changes to a great extent in cloud computing environment. With complete computerisation of Income Tax, and other taxes, we foresee the commoditisation of tax preparation services into low fee services. This will free the resources of the CA to move upscale into high-margin value added areas, such as consulting, information analysis, providing real time inputs to the management, helping management take effective and timely decisions based on key inputs that are not retrievable at the push of a button, and so on. Technology will deliver real time information to the CA,

who will have to support real time decision making.

With cloud computing gradually the term 'software' will go away, the user will instead pay for access to data, applications, and other resources. With all stake-holders recording their part of the transactions, formal accounting will go away. The traditional accountant will become extinct. As the recording of transactions becomes automated, the focus of accounting software will shift to analysing trends and improving reporting.

The website of the CA will become very important, as it will act as portal for the clients. The CA will have to move from static web-site to more dynamic, content driven websites, with up-to-date contents, including videos and blogs. The website shall have to be mobile friendly, and will need to have strategy to involve the clients, using email, blogs, social media, and text messages to phone. In short the CA of the cloud era will see the difference between his personal life and professional life blurring.

The CA of the future will have to have better knowledge of technology and IT security. He will have to provide greater value to the client. A strong work ethic, intelligence, good writing and communication skills, and competence to handle newer media channels will be a prerequisite for the professional of the future.

To sum up, cloud computing will open endless opportunities for the Chartered Accountant. If you are not constantly thinking of how internet can improve your practice, you will be missing out something important.

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An initiative by Nagpur ICAI to cover a write up on Information & Technology in the branch bulletin for the general benefit of members. CA members interested to contribute write up on above subject are requested to mail to [nagpur@icai.org](mailto:nagpur@icai.org) under the subject **IT Corner – NGPICAI Newsletter**.











## MEET THE ENTREPRENEUR

**Shri Ashok Goyal**

**Director of Goyal Iron & Steel (Nagpur) Pvt. Ltd.  
Goyal Dhatu Udyog Pvt. Ltd.**

A fine day indeed, when Shri Ashok Goyalji fondly agreed to meet us and invited us to his residence. We were welcomed to a friendly ambience with heart-warming hospitality.

Shri Ashok Goyalji is a pragmatic person with a very cool temperament and loads of patience. He started his career at a very young age of 17 years. He developed his business from the grass root level. Smilingly, he told us that his first financing was of meagre Rs. 50,000/- from Allahabad Bank. Fighting all odds, he strived hard to build his reputation. He

quotes that establishing a new business is a challenging and difficult task, where you are constantly needed to prove yourself. Rightly quoting Dhirubhai Ambani, he stated that once these initial hurdles are crossed, your brand image makes your road to success relatively easier.

As a result of hard work and persistence of Shri Ashok Goyalji, Goyal group is presently at an enviable level

in coal trading and iron and steel manufacturing and trading. The annual turnover of Goyal group runs in hundreds of crores. Goyal group is a pioneer in supplying consentience quality material to customers with a focus on PQRS policy that is:

- Price – Competitive
- Quality – Reliable
- Range – Complete
- Service – Consistent

Shri Ashok Goyalji is a techno savvy person, who firmly believes that one should always keep oneself updated with the latest technology. Whether it is manufacturing sector, trading sector, service sector or for that matter any sector,

keeping abreast of latest inventions and innovations surely help us to make it big in the particular field. He emphasised that education coupled with vision is the best combination which is capable of creating wonders.

He opined that CAs play a crucial role in the growth of a business unit. A business is hard to succeed without the help of a CA doing financial and tax planning. He also stated that the knowledge of a businessman is limited, it is only a CA which could apprise him of various compliances and latest amendments



thereby saving him from future complications and hassles. Comparing CAs to Doctors, he quoted that with proper planning CAs could very well revive an ailing business unit. But, for that matter CAs should be vigilant and should have in depth knowledge of their respective fields.

On being asked about why CAs in Nagpur are paid less as compared to the CAs in bigger cities, he honestly replied that surely local CAs are equally competent and efficient but still there is a communication gap existing somewhere between the client and the CA. He emphasised that CAs should exert extra efforts on marketing their services. Attention to minute details, building a

relationship of mutual trust, providing quality service and continuous follow up with client are some of the techniques which CAs should follow to get the desired result. Being in the governing body of various organisations, he assured that local businessman always likes to hire a local professional provided he is confident of the quality of services delivered by the concerned professional. On being told about the span of services a CA could provide to his client, he agreed that a change in the mindset of businessman is required for which it is very important to

spread awareness via various forums. He also insisted upon the urgent requirement of bridging the said gap between aCA and the client.

Shri Ashok Goyalji always gives the credit of his success to the “sanskars”, he inherited from his family. He is an ardent supporter of the philosophy of earning through fair means. His “Mantra of Success” are right behaviour, assurance of

quality, honouring commitments (at any cost), mutual trust and honest dealings. He also highlighted that honesty, trust and truthfulness are the basic core values on which the foundation of long term success could be very well laid upon.

The meeting ended on a delightful note with the hot tea and delicious munchings served by Mrs Poornima Ashok Goyal. CA Shambhu Tekriwal (who kindly consented to accompany us) made the meeting more interesting with his anecdotes and quotes, for which he deserves a special thanks.

*Interviewed by CA Aastha Agrawal*

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## Win Health this Winter

**Dr. Rani Bhutada**

Homoeopath & Nutritionist

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Winter is here, the time for hot cups of coffee, woollies and snuggle-ins with your little ones. It's also the time to win back your health. Scorching summer and rattling rains leave a dampened digestion and depleted body. The rosy winter is the time to put one in the pink of our health.

After the 'chaturmasa' (four months) fasting and festival feasting, the body is ready for a balanced indulging. While body gears up with accelerated metabolism, the nature is ready with abundant, crisp and green offerings. It's the season for 'Annakut Mahotsav' celebrated a day after Dipawali in honour of Lord Krishna; he's offered 'chhappan bhog' made from grains and vegetables.

"Diet in early winter, (September to November), in the Sharad ritu, needs to be sweet (madhur) and fatty (snigdha) which are pittashamak", says Ayurvedacharya Dr Sonali Mandhane. "In the latter months (November to January) or the Hemant ritu, diet should be heavy. The body is thus ready for heavy exercise too." Ideally heavy meals should be consumed in the first half of the day, tapering as the day passes.

This is a good time to put right fuel into our body engines which speed up on the way to good health. Good health can be adjudged

primarily by one's appetite, sleep, bowels and work efficiency.

Try out all the foods and classic recipes rich in basic ingredients like proteins, carbohydrates, fats, vitamins and minerals. Meals should be warm, moist and heavy. We need fats, the good ones, to generate heat to keep warm and lubricated. This is the ideal time to savour cheese, ghee and butter without feeling guilty. The calories-conscious should use virgin olive oil, mustard oil and other oils. These help to avoid dry winter skin and keep joints supple.

Use grains like bajra and rajgira (kin of super grain- quinoa) that are hot in nature. Replace lentils and pulses with fresh green peas (matar), fresh pigeon peas (tur) and chickpeas (chana) to make 'aamti'. Use plenty of vegetables for delicious soups and stews.

Extra serving of almonds, walnuts, cashews, dried coconut and peanuts is welcome. Use them in rich gravies and curries. Enhance the goodness of these recipes with a splash of spices that add not only heat and flavour but are rich in antioxidants and improve immunity. Garlic, ginger, pepper, cinnamon, bay leaves, saffron and cloves can be used.

There's nothing like a piping hot cup of tea

to uncurl those frozen toes. Zing up your herbal and green teas with fenugreek and cinnamon. Or use honey-ginger-turmeric and tulsi mix.

Pep up the traditional paan with seeds of carom (ajwain), sesame (til), poppy (khus khus), fennel (saunf) and dried coconut to whip up appetite. Ajwain halwa, gaund methi pak and chyawanprash are winter specialities that help digestion and keep you healthy.

Avoid salads, fruit juices, cold drinks, ice cream and refrigerated food and water though, for they are cold in nature.

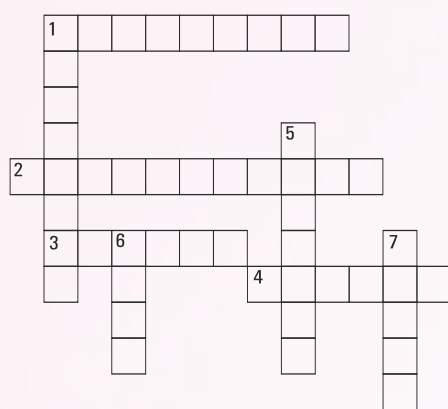
Before we set out on the journey to foodie paradise, a detoxification regime is advised. Ayurvedic panchkarma, Homoeopathic detox, Acupuncture organ attunement with herbal preparations are ways to detox. This strengthens the digestive system, always a starting point for any health endeavour.

Sun bathing in early morning sun is strongly advised. Sleeping in daytime is to be discouraged.

Winter is the time to repair, recover, rejuvenate our health and replenish our body reserves for rest of the year. This increases our immunity that is our resistance against diseases. Don't miss a chance to win health this winter.

\*\*\*\*\*

## ICAI Crossword



## Brainstorming

- Across -**
- Accounting firms that go \_\_\_\_\_ are more productive and effective.
  - There is no concept of \_\_\_\_\_ of assets in ICDS.
  - True paperless practice occurs when document management software integrates with a \_\_\_\_\_ portal.
  - In common parlance \_\_\_\_\_ Rate is also known as Stamp Duty Value.
- Down -**
- ICDS does not recognize the concept of \_\_\_\_\_.
  - Quickbooks accounting software from Intuit helps in paperless \_\_\_\_\_.
  - Under \_\_\_\_\_ provision is to be recognized when there is 'reasonable certainty' (more likely than not) for the outflow of resources.
  - \_\_\_\_\_ computing will open endless opportunities for Chartered Accountants.

### Solution to Crossword October, 2015

**Across -** 1. Flip kart 2. Ecommerce 3. IDBI

**Down -** 1. Federal 4. Snap deal 5. GST 6. Tornado 7. ICICI

The clues for the crossword have been taken from the articles of the newsletter. Members successful in solving the crossword are required to mail their answers along with their names to [nagpur@icai.org](mailto:nagpur@icai.org) Name of winner will be published in the next news bulletin.





## Photoflash November 2015



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### Seminar on Direct Taxes on 28.11.2015



Chief Guest

Speakers



CA. J. S. Uberoi



CA. Harish Motiwala, Ex CCM



CA. Shardul Shah, RCM



CA. Sudha Bhushan



CA. Ketan Mehta

### Seminar on Venturing New Paradigm to Practice Development on 25.11.2015



CA. O. S. Bagdia, Past Chairman

CA. Milind Patel, Past Chairman

CA. Bhagwat Thakre

CA. Mahesh Rathi, Past Chairman

### Laxmi Poojan at Branch on 09.11.2015



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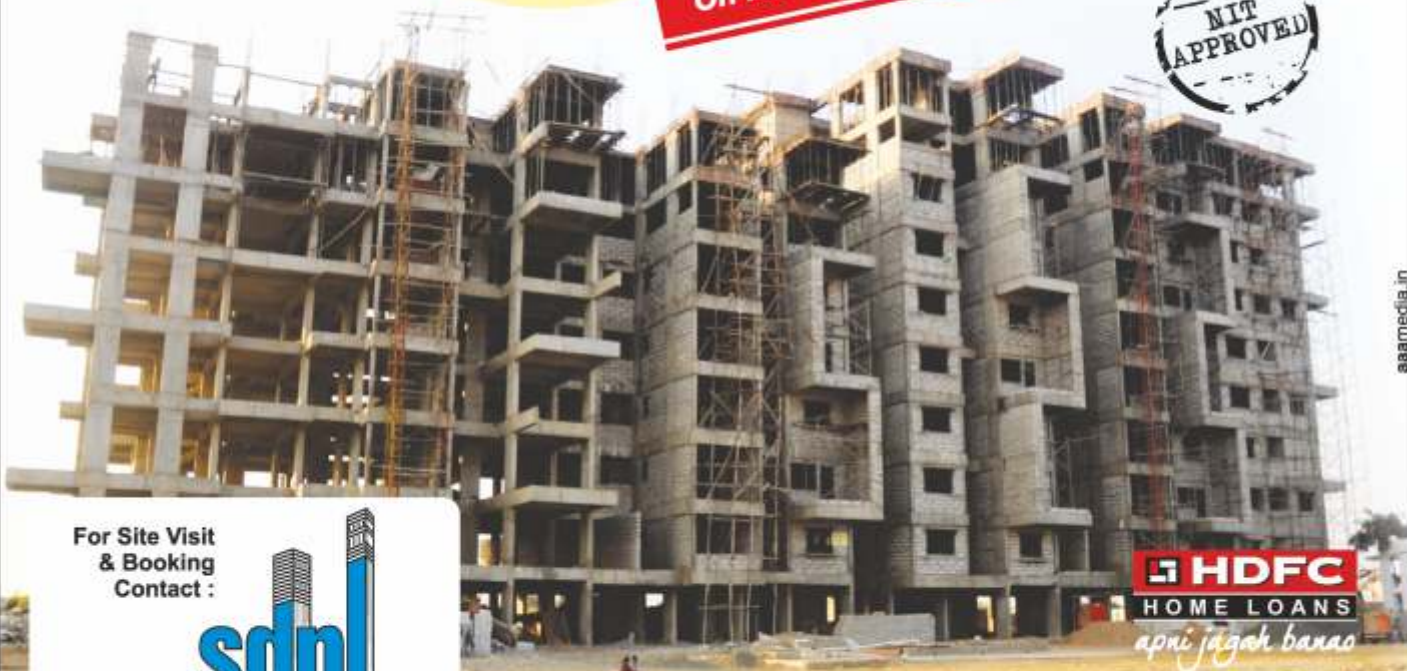
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