



NORTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



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EDITORIAL BOARD

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Member	CA. Jagjeet Singh Jags	9810825002
Member	CA. Navya Malhotra	7042772801
Member	CA. Dinesh Sharma	9815106014
Member	CA. Vipin Sharma	9810831089

Central Council Members (Northern Region)

CA. Sanjay Kumar Agarwal	Central Council Member	9811080342
CA. Raj Chawla	Central Council Member	9811081083
CA. Hans Raj Chugh	Central Council Member	9811207924
CA. Pramod Jain	Central Council Member	9811073867
CA. Charanjot Singh Nanda	Central Council Member	9212700353
CA. Sanjeev Kumar Singhal	Central Council Member	9811565606

CHAIRMAN'S MESSAGE



**Dear Professional Colleagues,
Greetings from NIRC of ICAI!**

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results." – Andrew Carnegie

Team. On the outside, it looks like a plain, four-lettered word. But it is more than that. It isn't just four letters strung together to form a word; it stands for joint efforts, hard work, and, most importantly, leaning on each other in good and bad times.

Many professional have a firm belief in the myth that team members are usually self-motivated, and they are not looking for attention and feedback. Well, in my opinion, this myth is actually a "myth." People do indeed feel good about themselves. They work hard and are proud of it. They use their work as the driving force and so on. Their attitudes, self-direction, positivity, and result-oriented and hard work push you to believe this. But to say that they don't need any bucking up or pats on their backs is the most incorrect statement I have ever heard.

Let me use an example, we all know what cactuses are. These plants use a minimal amount of water, and they keep growing. But, they do need water to thrive.

Similar to that, every person in our team requires two words of motivation to keep going. They need to know that their efforts are seen, that their hard work is noticed, and they are as crucial to the team as anyone else. When every member of the team feels like they are making a difference, there is no stopping their success.

Success is dependent on teamwork, a professional who keeps his team going, and, of course, communication. As a leader, it is our duty to give them a reason to believe in us. To take inspiration from us, and we are the only one who can help them gain confidence. In the end, it all comes down to the right choice of words because words matter more than you can ever imagine.

**Programmes of NIRC of ICAI for the month of May 2022
Invitation as a Chief Guest**

The Bhiwani branch of NIRC of ICAI organized a seminar on "Intricacies in Scrutiny of GST Returns

CHAIRMAN'S MESSAGE



and Departmental Audit” on 14th May 2022 (Saturday) at Dalchini Greens Bhiwani Haryana-127021, they welcomed me as Chief Guest in the Seminar and I gave a motivational speech to members. They were very excited to hear me and also they were very motivate with my words.

Webinars and Seminars by NIRC

NIRC of ICAI keeps organizing and conducting various events, webinars, meetings, workshops and seminars, on various topics like VCM on Analysis of SC Judgment on Validity of Re-assessment (Sec-148/148A) Notice & Way Ahead and etc. Seminars and workshops on the topics like issue in return E-invoice & ITC under GST, GST & Income Tax implications on Virtual Digital Assets, Tools & Strategics to scale up our professional practice, workshop on Real Estate, etc. for the benefit and interest of its CA members. NIRC of ICAI introduced new speaker and topics, to improve the quality of professional education for our professional members. Such programs are meaningful and informative which add to their knowledge base.

Career Counselling Session

A Career Counselling Programme on opportunities in commerce & CA field for aspirants was organized by NIRC of ICAI in May 2022. This career session was specifically designed to answer questions in the minds of students and their parents with respect to future professional opportunities and growth. Information was given about the role and importance of CAs, the multiple opportunities in different fields after qualifying as CAs and also how to prepare to qualify as a CA.

NIRC of ICAI is recently conducted career counseling session in various Govt. and Private schools through physical and virtual mode with large strength of students on zonal level. This initiative has been taken up to promote and encourage the CA as a career option amongst the students of all streams. We conducted AMCS, Orientation & Advance ITT & ITT batches successfully in our various centers through our eminent CA faculties.

Happy Reading!!!

Date : 31st May, 2022
Place : New Delhi

CA. Naveen Garg
Chairman - NIRC

VICE-CHAIRMAN'S MESSAGE



Dearest CA Professionals,

A warm greeting to all!

"Where there is unity, there is always victory." ~ Publilius Syrus

I firmly believe "Unity and Victory" are synonymous. Great things can be achieved when we all work together as a united group of CA professionals. There is immense power in unity and we all saw that power when we came together as a "one community" to fight the injustice done to the CA members. I, sincerely with all my heart, want to express my gratitude to all the members who have fought together and ensure that **#justiceforCA** is done.

We need to stay united like this forever and bring the change for the betterment of our beloved CA profession.

Please remember, coming together is a beginning, keeping together is progress, and working together is a success. So, we all need to work together to take our beloved CA profession to greater heights.

As the ICAI members, we also need to start leveraging innovative technology and explore the new age domains such as Blockchain audit, Cryptocurrency taxation, forensic audit, fraud detection, and prevention. It would immensely help ICAI members to grow as professionals and help us put up our institute's footprint on the global map.

All the ICAI members need to leverage the networking as well for mutual benefits. To facilitate this, NIRC keeps organizing various sessions, webinars, and meetings from time to time for the benefit and interest of CA members. Such programs help the members to network as well as provide an addition to their knowledge. I sincerely thank all facilitators and speakers of those sessions as well as CA members who have attended the same, without your support these sessions wouldn't be successful.

Lastly, I want to thank the whole NIRC team and CA members who have contributed largely to making the NIRC e-newsletter an enriching one. Thank you all!!

Warmest regards to each one of you.

Date : 31st May, 2022

Place : New Delhi

A handwritten signature in black ink, appearing to read 'Abhinav Aggarwal'.

CA. Abhinav Aggarwal
Vice-Chairman - NIRC



SECRETARY'S MESSAGE

**Respected Professional Colleagues,
Please accept my greetings!!**

"Alone we can do so little; together we can do so much." – Helen Keller

Great things are rarely achieved by just one person. Usually, they are accomplished by a group of people, and when everyone is committed to the overall goal, teams move faster, are more innovative and more successful. Successful teamwork is essential for anyone attempting complete projects successfully.

"Talent wins games, but teamwork and intelligence win championships." – Michael Jordan

Good teamwork structures provide your organization with a diversity of thought, creativity, perspectives, opportunities, and problem-solving approaches. A proper team environment allows individuals to brainstorm collectively, which in turn increases their success to solve problems and arrive at solutions more efficiently and effectively.

ICAI Members should also start focusing on various technology base services like forensic audit and fraud detection/prevention, IBC, Valuation, Block Chain Technology etc. It not only helps to grow professionally but also gave them an edge from other professionals.

Programs by NIRC of ICAI during the month of May 2022

Webinars by NIRC of ICAI

NIRC of ICAI keeps organizing and conducting various events, webinars and meetings

SECRETARY'S MESSAGE



on various topics like VCM on overview on IBC including Emerging Professional Opportunities, UDIN, Taxation of Digital Asset, Digital Economy-A Journey to Fair Taxation, etc. for the benefit and interest of its CA members. NIRC of ICAI introduced new speakers and topics, to improve the quality of professional education for our professional members. Such programs are meaningful and informative which add to their knowledge base.

Seminars and Workshops by NIRC of ICAI

NIRC of ICAI keeps organizing and conducting various events, workshops and seminars, on various topics like issues in return, E-invoice & ITC under GST, Workshop on Real Estate, etc. for the benefit and interest of its CA members. NIRC of ICAI introduced new speakers and topics, to improve the quality of professional education for our professional members. Such programs are meaningful and informative which improved their professional skills.

Career Counselling Session

NIRC of ICAI has recently conducted career counseling session in various Govt. and Private schools through physical and virtual mode with large strength of students. This initiative has been taken up to promote and encourage the CA as a career option amongst the students of all streams. We conducted AMCS, Orientation & Advance ITT & ITT batches successfully in our various centers through our eminent CA faculties.

I sincerely thank all the Team Members for giving their best inputs in making this e-News Letter.

Date : 31st May, 2022
Place : New Delhi

CA. Sangam Kumar Aggarwal
Secretary - NIRC

TEAM NIRC 2022-23

Regional Council Members



CA. Naveen Garg
Chairman- NIRC



CA. Abhinav Aggarwal
Vice-Chairman



CA. Sangam Kumar Aggarwal
Secretary



CA. Shalini Gupta
Treasurer



CA. Pitam Goel
NICASA Chairman



CA. Sandeep Aggarwal
Executive Committee Member



CA. Vijay Kumar Gupta
Executive Committee Member



CA. Gaurav Aggrawal
Member



CA. Gaurav Garg
Member



CA. Jagjeet Singh Jags
Member



CA. Navya Malhotra
Member



CA. Dinesh Sharma
Member



CA. Vipin Sharma
Member



CA. (Dr.) Debashis Mitra
Hon'ble President - ICAI



CA. Aniket Sunil Talati
Hon'ble Vice-President - ICAI

CENTRAL COUNCIL MEMBERS FROM NORTHERN REGION



CA. Sanjay Kumar Agarwal
Central Council Member, ICAI



CA. Raj Chawla
Central Council Member, ICAI



CA. Hans Raj Chugh
Central Council Member, ICAI



CA. Pramod Jain
Central Council Member, ICAI



CA. Charanjot Singh Nanda
Central Council Member, ICAI



CA. Sanjeev Kumar Singhal
Central Council Member, ICAI



CA. Satish Agarwal

COMPOUNDING AGAINST FEMA CONTRAVENTIONS IN INDIA

1. Contraventions and Penalties

(i) Type of the Contraventions under the Section 13 of the FEMA, 1999

(a) Under all provisions of the FEMA, 1999 except under the Section 3(a)

(b) Or under all rules, regulations, notifications, directions, orders or conditions of the FEMA, 1999.

(c) These contraventions are liable for penalty and compounding where these are material in nature. However persecution is not permitted against the contravention under the Section 13.

(d) RBI is also permitted to refer to DOE for taking necessary action where contravener is failed to pay penalty within 15 days from the date of conclusion of compounding proceedings beside the contraventions are under the section 13 of the FEMA, 1999

(ii) Type of the Contraventions under the Section 3(a) of the FEMA, 1999

(a) Where contravener is engaged in hawala transaction, money laundering, national and security concerns or involving in serious infringement of regulatory frame work etc.

(b) Compounding is not permitted by the RBI where the contraventions are under the section 3(a) of the FEMA, 1999. These matters are to be referred by the RBI to the Director of Enforcement (DOE). Hence DOE is permitted to deal against these contraventions where penalty and/or prosecution or both may be levied through Adjudicating Authority for Adjudication (court of DOE)

(iii) Maximum Quantum of the Penalties

(a) Maximum penalty is 300% on sum as involved in contravention where amount is quantifiable

(b) Or maximum penalty of Rs. 2 lac where sum as involved in the contravention is not quantifiable

(c) And also additional maximum penalty is 5 thousand per day till contravention is continued

(iv) Minimum (Actual) quantum of the penalties

RBI has prescribed fixed plus variable amount of penalties for the compounding's which are normally applied by the RBI. However minimum (actual) amount of penalty may be higher as depend on the case and circumstances.

2. Compounding against the Contraventions

(i) Power of the Compounding under the Section 15

Any contravention as specified under the section 13 is to be compounded by the RBI within 180 days from the date of receipt of application from the contravener.

(ii) Process of the Compounding

(a) Compounding is process of voluntarily admitting a contravention by the contravener

(b) And also pleading guilty and seeking redressal (both) to avoid levy of maximum penalty

(iii) Role of the RBI in Compounding

(a) CEFA (Cell for Effective Implementation of the FEMA, 1999) is working in Foreign Exchange Department of the RBI at Central Office, Mumbai who is controlling the matters relating to all compounding's.



<http://femainindia.com/Image/Contraventions%20in%20India.pdf>

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CA. Sachin Sinha

CASE LAWS ON INTERNATIONAL TAXATION

1. Whether provision of interconnect/internet services fall under the term "Royalty"? The revenue treated the said receipt as royalty taxable under Income-tax Act as well as under DTAA.

Where assessee company, a tax resident of Belgium, received certain sum from an Indian company towards provision of interconnect/internet services and revenue treated said receipt as royalty taxable under Income-tax Act as well as under DTAA. The assessee claimed that the said receipt covered under MFN clause in tax treaty since assessee had not filed details regarding transaction before revenue, matter was to be remanded back to AO for a de novo consideration.

Belgacom International Carrier Services SA. [2022] 138 taxmann.com 87 (Bangalore - Trib.)

Facts:

The assessee is a tax resident of Belgium. The assessee is a telecommunication operator headquartered in Belgium. The Ld.AO observed that during the relevant assessment year, the assessee provided services specified to Hutch as specified in CSA from outside India, in lieu of which consideration was received from Hutch without deduction of tax. The Ld.AO noted that assessee did not file return of income in India, on its income that was taxable in India for year under consideration. The Ld.AO thus issued notice u/s.148 of Act after forming a belief that the sum received by the assessee from Hutch was income chargeable to tax in India that escaped assessment. In the draft assessment order passed by the Ld.AO, the assessee was held to be a resident of Belgium and based on the order passed by Coordinate Bench of this Tribunal in TDS proceedings in case of Vodafone South Ltd. vs. DDIT reported in (2015) 44 ITR 330, treated the sums received by the assessee as 'royalty' under the Act as well as the DTAA. The Ld.AO thus

proposed addition in the hands of non-resident assessee at Rs.6,87,13,119/- u/s.143(3) r.w.147 r.w.s. 144C in the Draft Assessment Order.

The DRP upheld the sums received by the assessee from Hutch as royalty and taxable in India, u/s.9(1)(vi) of the Act as well as under Article 12 of the India Belgium DTAA relying on Explanation 5 and 6 to section 9(1)(vi) of the Act which has retrospective effect.

Discussion involved:

The Ld. Counsel submitted that assessee in the present appeal is a tax resident of Belgium, and amount received by the assessee from Hutch (Vodafone South) was towards provision of Internet Services. He submitted that the authorities below held the payments received are taxable in India under section 9(1)(vi) of the Act, as well as Article 12(3) of India Belgium DTAA. He summarised his arguments and submitted that the payment received by assessee is not taxable in India.

Held:

We have carefully considered the rival submissions and perused the facts on record. Article 12(4)(b) of the India-USA DTAA. The services are centralized services which are being provided to all group entities in order to maintain uniformity and rationalize and standardize the practices across global location. No element of profit is earned by the assessee in course of rendering these services. We agree with the contention of the assessee that managerial services are outside the scope of the meaning of FIS under Article 12(4) of the India-USA DTAA. Wherever the intention of the legislature is to include managerial services within the scope of FTS/ FIS, the same has been expressly mentioned therein. This contention of the assessee finds support by the jurisdictional Delhi Court judgment in the case of Steria.



https://docs.google.com/document/d/1N_oMuk4Kvolfe0sdG_3ZM_XNPVCq2duT/edit

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CA. Himanshu Khurana

FILING OF RETURN OF INCOME, SLAB RATES, DUE DATES & RELEVANT ITR FORMS: -

Who need to file Income Tax Return?

As Per Section 139 of Income Tax Act, It is mandatory to file an ITR in the following circumstances: -

- **In case of Individuals**, if your Gross Total Income (i.e., Income before allowing any deductions under Section 80C to 80U) exceeds

Age of the Assessee	Tax Slab
Aged upto 60 years	2.5 Lakh
Aged above 60 but less than 80 years (Senior Citizen)	3 Lakh
Aged above 80 years (Super Senior Citizen)	5 Lakh

- **In case of HUFs/AOPs/BOIs & Artificial Judicial Persons** if your gross total income (i.e. Income before allowing any deductions under Section 80C to 80U) exceeds Rs 2.5 lakh in FY 2021-22 (AY 22-23)

- **In Case of Company or a Firm**, irrespective of whether you have income or loss during the financial year, you need to file return of Income.

- You want to claim an **income tax refund**.
- You want to **carry forward** a loss under a head of income.
- If you are a **resident individual and have an asset or financial interest in an entity located outside India**. (Not applicable to NRIs or RNORs).
- If you are a **resident and a signing authority in a foreign account**. (Not applicable to NRIs or RNORs).
- In case you are in **receipt of income derived from property** held under a trust for charitable or religious purposes, or a political party or a research association, news agency, educational or medical institution, trade union, a not-for-profit university or educational institution, a hospital, infrastructure debt fund, any authority, body, or trust.
- If you are a **foreign company taking treaty benefits on a transaction in India**.

As per Seventh Proviso to Section 139-Inserted by the Finance Act, 2019, under following Scenarios it is Mandatory to File ITR: -

Any person other than a Company or Firm, who is not required to furnish a return under section 139(1), would have to file income-tax return in the prescribed form & manner on or before the due date, if, during the previous year, such person-

- Has deposited an amount, or the aggregate of the amounts exceeding Rs 1 crore in one or more current account maintained with a bank or a co-operative bank.
- Has incurred aggregate expenditure of an amount or aggregate of the amounts exceeding Rs 2 lakh for himself or for any other person travelling to a foreign country, or
- Has incurred expenditure of an amount or aggregate of the amounts exceeding Rs 1 lakh towards consumption of electricity.

As per Rule 12AB notified by CBDT vide Notification No. 37/2022 dated April 21, 2022, Filing of ITR is mandatory under following circumstances

- Total business sales/turnover/gross receipts during the financial year exceeds Rs 60 lakh.
- Total professional gross receipts exceed Rs 10 lakh during the financial year.
- Aggregate TDS and TCS during the financial year is Rs 25,000 or more (In the case of senior citizens an increased limit of Rs 50,000 shall be applicable).
- Total deposits in one or more savings bank accounts is Rs 50 lakh or more during the financial year.

INCOME TAX SLAB RATES APPLICABLE FOR AY 2022-23 / FY 2021-22:-

From AY 21-22, Government has given option to tax payers to file their return of Income as per Old Tax Regime (i.e., claiming the deductions) or New Regime



<https://taxguru.in/income-tax/income-tax-return-filing-ay-22-23-slab-rates-due-dates-relevant-itr-forms.html>

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CA. Kapil Malhotra

“AUDITECH” - TECHNOLOGY AND THE FUTURE OF THE AUDIT PROFESSION

Audit in the traditional sense

Auditing has traditionally always been an exercise in the assurance and assessment of risk of the existing system using various substantive procedures such as sample testing and analysis of controls to form an opinion on the underlying financial statements with a historical perspective, i.e. looking at what has already transpired- a post-mortem. Add to this limitation, the vast hordes of data collected and stored by the audited entity in the course of the year under audit.

One of the inherent limitation of auditing in a large data set is the need to select a sample population. The risks associated with the selection of sample to the risks related to the decisions based upon such limited sample always leave auditors questioning their judgements.

Moreover, conventional audits have largely been reactive in nature. They provide a delayed response to a problem that may have arisen or an event, which may have taken place a long time in the past. Not only is the result subject to a huge latency, but this is likely to allow the risk to continue and cause financial loss till such time it is finally processed and the situation remedied.

Evolution of technology has the potential of enabling a shift away from how auditors traditionally provide assurances to a more real-time and forward-looking audit where the focus would be on prevention rather than detection.

Evolving technologies having an impact on the audit landscape

Technology has been regularly disrupting audit practices by changing the landscape of the audit function. In the current times, it is vital that auditors keep abreast of the latest developments in technology affecting how to achieve assurance involving large data, without compromising on the risk of whether the sample chosen was indicative of the

entire population. Technology is now capable of allowing the auditor to examine a large sample and at times the entire data to form an opinion, which can then be more reliable and thus enhance the quality of the audit.

In the following paragraphs, the endeavor is to introduce several technologies that can assist an auditor in gaining greater assurance and consequently forming a more clear opinion.

Artificial Intelligence

Artificial intelligence refers to machines undertaking tasks requiring some kind of knowledge and a sense of reasoning and which typically mandate the technology to be able to achieve goals by sensing, knowing and reasoning while creating and generating an understanding of the requirements.

Auditors are encountering big data more frequently as large clients are and public companies generate a vast quantity of electronic and digital data in the private as well as public domain. The requirement of an audit includes the examining, on a test basis, evidences which support the disclosures in the financial statements, which was traditionally done using a sample population. With recent developments in technology, auditors can now analyze and interpret vast quantities of data, both structured and unstructured, internal as well as external data. They no longer need to limit their analysis to small sample, and can even conduct a 100% validation of the entire data-set. Robotic Process Automation (RPA) is already widely used in audit requiring repetitive tasks such as a review of payroll and revenue functions.

Cognitive Technology

Cognitive technology is a field of AI that attempts to imitate the functioning of a human brain through ways that include pattern recognition and data mining.



<https://drive.google.com/drive/folders/1A41TD770TS2gpAS2687BPkMcHWz3l5XC?usp=sharing>

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CA. Lalit Kumar

PPF ACCOUNT OPENING, INTEREST RATE, WITHDRAWAL & TAX BENEFITS

INTRODUCTION – PPF Stands for Public Provident fund. Objective of PPF is mobilized small saving into investment with good returns. It can also be called a saving cum tax saving investment. We can also avail tax benefits.

WHO CAN OPEN - Any resident Indian adult can open a PPF account. In the case of a minor or a person with an unsound mind, a legal guardian can open the account on their behalf.

FEATURES OF PPF ACCOUNT

- The minimum and maximum deposits that can be made in a year are Rs.500 and Rs.1.5 lakh, respectively.
- The deposits can be made in a lump-sum or by a maximum of 12 installments in a year.
- The duration of the scheme is 15 years.
- Under Section 80C of the Income Tax Act, tax benefits up to Rs.1.5 lakh is provided for any contributions towards the account.
- Individuals will be able to access various PPF details as well as view the statement by using the net banking facility.
- After certain duration, loans can be availed against the PPF account.

INTEREST RATE ON PPF - The current interest rate is 7.1% p.a. that is compounded annually.

HOW TO OPEN A PPF ACCOUNT – A PPF Account can be opened with either a post office or with any nationalized bank.

Step 1: Log into your bank account on the internet

banking or mobile banking platform.

Step 2: Select the 'Open a PPF Account' option.

Step 3: If the account is for self, click on the 'Self Account' option. If you are opening the account on behalf of a minor, select the 'Minor Account' option.

Step 4: Enter the relevant details in the application form.

Step 5: Key in the total amount you want to deposit in the account per financial year.

Step 6: Submit the application. An OTP will be sent to the registered mobile number. Enter it in the relevant field.

Step 7: Your PPF account will get created in an instant! Your PPF account number will be displayed on the screen. An email will be sent to your registered email address with all the details confirming the same.

PPF WITHDRAWAL - one can fully withdraw the PPF account balance only upon maturity i.e. after the completion of 15 years.

However, if account holders are in need of funds, and wish to withdraw before 15 years, the scheme permits partial withdrawals from year 7 i.e. on completing 6 years.

TAX BENEFITS - All deposits made in the PPF are deductible under Section 80C of the Income Tax Act. However, it should be noted that the maximum contribution in PPF cannot exceed Rs.1.5 lakh in one financial year.

HOW TO CHECK PF BALANCE-

Step 1: Log in to your internet banking account.

Step 2: Open the PPF account details to check the latest PPF balance and the recent transaction details.

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CA. Palak Tyagi

"MANDATORY FILING OF ITR"

CBDT vide Notification No. 37/2022 dated 21st April, 2022 has inserted Rule 12AB broadening the conditions for furnishing return of income by persons referred to in clause (b) of sub-section (1) of section 139.

Rule 12AB

The conditions for furnishing return of income in respect of persons referred to in clause (b) of sub-section (1) of section 139 in terms of clause (iv) of the seventh proviso to sub-section (1) of section 139 shall be the following, namely: -

i. if his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year; or

ii. if his total gross receipts in profession exceeds ten lakh rupees during the previous year; or

iii. if the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is twenty-five thousand rupees or more; or

iv. the deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year:

Provided that in the case of an individual resident in India who is of the age of sixty years or more, at any time during the relevant previous year, the provision of clause (iii) shall have effect as if for the words "twenty-five thousand", the words "fifty thousand" had been substituted.

Extract of Section 139(1)(b)

Section 139(1) states as follows;

1. "Every person, -

a) being a company or a firm; or

b) being a person other than a company or a firm, if his total income or the total income of any other person in respect of

which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax.

shall, on or before the due date, furnish a return of his income or the income of such other person during the previous year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed."

ANALYSIS

Thus, as per Rule 12AB, if any person falls in any of the following condition, then he is mandatorily required to file his Income Tax Return (ITR);

a. Business Turnover > INR 60 Lakh

If the total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year.

b. Profession Receipts > INR 10 Lakh

If the total gross receipts in the profession exceeds ten lakh rupees during the previous year.

c. TDS/TCS > INR 25K (Age less than 60 years)

If the aggregate of tax deducted at source (TDS) and tax collected at source (TCS) during the previous year, is twenty-five thousand rupees or more for person of the age of less than sixty years; or

d. TDS/TCS > INR 50K (Age less than 60 years)

If the aggregate of tax deducted at source (TDS) and tax collected at source (TCS) during the previous year, is fifty thousand rupees or more for person of the age of sixty years or more.

e. Deposit in Saving Bank > INR 50 Lakh

If deposit in one or more savings bank account, in aggregate, is rupees fifty lakh or more during the previous year.



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CA. Rishabh Aggarwal

LET'S RESOLVE THE PUZZLE OF REVERSE CHARGE MECHANISM!!!!!!

Supply

GST is destination-based tax and GST was implemented with effect from July 01st 2017. Destination means revenue will be credited to the account of those State Government in which state that goods/services will get consumed. So, GST is also called consumption-based tax.

Chargeability of GST is governed by Section 7 of CGST Act 2017, Which says GST will be applicable on Supply. If it's a supply then we have to pay GST otherwise there is no requirement to pay GST.

Further, Schedule I of CGST Act 2017 also says that GST will also be applicable even if there is no consideration and list of activities also specified in same schedule.

Our discussion is not on supply but our discussion on its next step that once we known that any activity is a supply. Now question come to our mind that now who will liable to pay GST on it.

Levy & Collection (Section 9 of CGST Act 2017 & Section 5 of IGST Act, 2017):-

Section 9 of CGST Act 2017 and Section 5 of IGST Act 2017 deals with levy of GST. Levy means who will liable to GST on any supply.

Provisions of Section 9 of CGST Act 2017 is exactly mentioned in each of SGST Act 2017 and UTGST Act 2017 as this provision are applicable in case of Intra State (Local) supply. So, if it a local supply then CGST and GST will be applicable.

Provision of IGST Act 2017 is applicable for Inter State supply. So, if it an Interstate supply then IGST will be applicable.

If we combinedly study the levy provision then we can summarise as follows:-

1. CGST and SGST /IGST will be levied and collected on all intra-State / Inter- State supplies of goods or services or

both, except on the supply of alcoholic liquor for human consumption.

As of now, Alcoholic liquor for human consumption is outside the preview of GST and still VAT and state exercise duty will be applicable on it and it will be governed by respective state law acts.

2. GST will be levied on the supply of following Shall be levied with effect from such date as may be notified by the Government of India on the recommendation of the GST Council:-

- Petroleum crude
- High speed diesel
- Motor spirit (commonly known as petrol)
- Natural gas and
- Aviation turbine fuel

As of now, above 5 petroleum product is also outside the preview of GST. So, Central excise duty will be applicable on it manufacturing and respective State VAT laws will be applicable on its trading.

3. Section 9(3) of CGST Act, 2017 / Section 5(3) of IGST Act, 2017 the Government may, on the recommendation of the GST Council, may notify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis.

4. Section 9(4) of CGST Act, 2017 / section 5(4) of IGST Act, 2017 deals with supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient.



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CA. Rupinder Kaur

BSE, THE FIRST EVER STOCK EXCHANGE IN ASIA ESTABLISHED IN 1875

BSE Limited, also known as the **Bombay Stock Exchange (BSE)**, is an Indian stock exchange located on Dalal Street in Mumbai. BSE is the first ever stock exchange in Asia established in 1875 by cotton merchant **Premchand Roychand**, a Rajasthani Jain businessman, founder of the Bank of Bombay and was also known as the "Cottonking".

The share brokers who first started conducting their business under a banyan tree in front of Mumbai Town Hall, where Horniman Circle is now situated. With a rapid increase in the number of brokers, they had to shift places repeatedly. At last, in 1874, the brokers found a permanent location, the one that they could call their own. Twenty-five brokers formed an association in 1875, each contributing Re 1, and called it The **Native Share and Stock Brokers' Association**.

Construction of the current towers began in the late 1970s, with the building completed and occupied by the BSE in 1980. It was initially called BSE Towers. Following the death of Sir Phiroze Jamshedji Jeejeebhoy, chairman of the BSE since 1966, the building was renamed in his memory as **Phiroze Jeejeebhoy Towers**. The street on which the site is located came to be called Dalal Street in Hindi (meaning "Broker Street") due to the location of the exchange.

The journey of BSE is as eventful and interesting as the history of India's securities market. Following are some of the key milestones and achievements

- **Jul 9, 1875:** The Native Share and Stock Brokers' Association formed
- **Dec 3, 1887:** Execution of indenture constituting the articles of association on the exchange
- **Feb 2, 1921:** Clearing House started by Bank of India
- **Oct 29, 1925:** The Bombay Securities Contracts Control Act, 1925, enacted.
- **January 2, 1986:** Sensex, country's first equity index, launched
- **May 1, 1992:** Sebi Act implemented (an Act to protect, develop and regulate the securities market)
- **1992:** Securities Appellate Tribunal (SAT) established
- **Mar 14, 1995:** BSE on-line trading (BOLT) system introduced
- **Mar 22, 1999:** CDSL set up with other financial institutions
- **Mar 1, 2001:** Corporatisation of exchanges proposed by the govt
- **Apr 1, 2003:** T+2 settlement introduced
- **Feb 14, 2007:** Deutsche Börse enters into an agreement to invest in five per cent stake in BSE
- **Jul 8, 2011:** Name changed from 'Bombay Stock Exchange Ltd' to 'BSE Ltd'.
- **Nov 28, 2014:** BSE-listed companies' market cap crosses Rs 100 lakh crore

BSE has had an interesting rise to prominence over the past 147 years. Sensex which was launched in 1986 with base price of 100 is today trading around 50000 in 36 years. Today around 5300 companies are listed on Sensex.

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CA. Ajay Kumar Gupta

ANALYSIS OF CORPORATE TAX UNDER SECTION 115BAA

Section 115BAA is introduced in finance act 2019 w.e.f. 1/4/2020 which allow to compute tax @ 22% in respect of the total income of a person, being a domestic company, other than those mentioned under section 115BA (@ 25% for those company which has been set up and registered on or after the 1st day of April 2016 and engaged in the manufacturing and production of any article or thing) and section 115BAB (@ 15% for those company which has been set up and registered on or after the 1st day of April 2019 and engaged in the manufacturing and production of any article or thing)

Such companies should not avail any exemptions/ incentives under different provisions of income tax. Therefore, the total income of such company shall be computed without:

- Section 10AA (Special provision in respect of newly established unit in SEZ between 1/4/2006 to 31/03/2021),
- Section 32 (1)(ia): (additional depreciation)
- Section 32AD (investment in new plant or machinery in notified backward areas in certain states between 1/04/2015 to 31/03/2020),
- Section 33AB (deduction if Deposited in Tea/coffee/ rubber development Account who is carrying of business of growing and manufacturing of tea, coffee or rubber),
- Section 33ABA (Deduction if deposited site restoration fund by an assessee carrying on business consisting of prospecting or extracting or production of petroleum or natural gas or both in India),
- Section 35 (Expenditure on scientific research),
- Section 35AD (Deduction in respect of expenditure on specified business)
- Section 35CCC (Expenditure in agricultural extension project)
- Section 35CCD (Expenditure on skill development project)

- Chapter VIA (Deduction u/s 80)

However under chapter VIA, Section 80JAA (deduction in respect of employment of new employee) and 80 M (Deduction in respect of certain intercorporate dividends) is allowed as deduction even if company opt for reduced rate of tax under this section

- The companies can not claim a set off of any loss carried forward or depreciation from earlier years, if such losses were incurred in respect of the aforementioned deductions.
- A claim by an amalgamated company for set off of carried forward loss or unabsorbed depreciation belonging to an amalgamating company if such loss or unabsorbed depreciation is on account of the above deductions claiming a deduction for additional /accelerated depreciation. The normal depreciation can however be claimed
- MAT provision shall not be applicable and consequently no MAT credit shall be utilised or carried forward.

Other Important Points

- where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.
- However, upon exercising the option in a particular assessment year, it cannot be subsequently withdrawn and shall be continually applied in subsequent assessment years



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CA. Ajaz Ahmad Dar

“FACELESS ASSESSMENT AND FACELESS APPEAL SCHEME” UNDER INCOME TAX ACT

Income Tax Department is placing thrust and importance upon the usage of modern & advanced technology in the tax administration systems by bringing in this scheme “Faceless Assessment & Faceless Appeals” so as to achieve greater Efficiency, Transparency and Accountability in the Systems.

A new Taxation platform” Honoring the Honest” was launched by Honorable PM Shri Narendra Modi on 13th August, 2020 and major thrust of this platform is on “Faceless Assessment & Faceless Appeals” scheme. Earlier in September 2019, E-assessment Scheme 2019 was launched with the setting up of National e-assessment Centre (NeAC) on a pilot basis. However with effect from 13th August, 2020, this E-assessment Scheme 2019 has been replaced by the Faceless Assessment scheme.

Objective of the Scheme:

Objective of the scheme is that End to End functions should be online, Transparent, Jurisdiction- less & faceless so that Transparency, Efficiency & accountability should be achieved.

1. Key Features of Faceless Assessment & Faceless Appeal Scheme :

As the name suggests, this assessment scheme is referred to as faceless because the Income tax authorities and Tax Payers/Authorized Representatives will not be able to see faces of each other in Layman terms.

Assessment Functions have been taken from Assessing Officers and given to National e-assessment centres (NeAC). Now the assessments will not be conducted by territorial Jurisdictional officers but by a dynamic team of Income tax officials comprised in the National e-assessment Centre’s (NeAC), Assessment Units (AU) in the

Regional e-assessment centre’s (ReAC) with the technical assistance from the Technical units, verification units and Review units. However residuary functions such as Demand & Tax recovery, Rectification proceedings, Giving Appeal effect to appellate orders, follow up of cases in appeal etc still lies with the jurisdictional Assessing officers but these residuary functions may become online & faceless in future as well.

Scrutiny cases will be picked on risk parameters and mismatch and will be assigned on random allocation basis by NeAC to any particular Assessment Units (AU) in Regional e-assessment centre’s (ReAC). In this scheme one particular case of North India can even go to the assessment unit (AU) of South India or vice versa and it will not be the discretion of officers posted in NeAC to decide which case will go to which officer. Everything has been designed in such a manner that any kind of physical interface/discretion of officers in selecting the cases is eliminated and this will happen automatically through central computer in a transparent manner.

Faceless Appeal Scheme has also been launched with effect from 25th September, 2020 and for the purpose of conducting appeals in faceless manner, the National faceless Appeal centres (NFAC) & Regional faceless appeal centres (RFAC) and appeal units comprising of one or more Commissioner of Income Tax appeals CIT (A) are in the process of being set up. Now the appeals of the assessee’s will not be adjudicated by the jurisdictional CIT (A) but will be disposed off by the dynamic team of income tax officials in the NFAC & RFAC.

These two bold reforms in Income Tax will play an important role in tax compliance systems.



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CA. Asvini Krishnan

RBI'S MONETARY POLICY – ANALYSIS

In a surprising, sudden out of cycle move, the Monetary Policy committee on 4 May 2022 announced the below measures

1. Increase in repo rate by 40 basis points.
2. Cash Reserve Ratio (CRR) has been increased by 50 bps effective from May 21, 2022.

Though the rate hike was expected but in the June MPC announcement, this change took everyone by surprise. The RBI governor reasoned the following factors towards such a move.

1. High Inflation prompted by various Geopolitical factors like the Russia Ukraine war, Increase in edible oil prices (Inflation) due to crisis in Indonesia causing an increase in prices of food products, energy (Oil and gas), Fertilizer production etc
2. US Fed was expected to raise the rates, which would have caused a big differential in the interest rates between US and India. With the dollar strengthening, this big gap in the interest rates would have caused a huge swing in the Rupee value and thus there was felt a need to increase the rates in India as well.

Impact of such measures

1. Increase in CRR will withdraw about ~ Rs 87,000

crores from the system. This will have a pricing impact as the banks would have to look for alternate ways to earn on the funds blocked due to CRR hike.

2. A lot of retail lending is based on the repo rates and therefore the Cost of lending will undergo a reset over a period of next 2-3 months.

3. MCLR will also go up over a period of time and consequently MCLR dependent lending rates will also reprice.

4. Interest on savings bank /fixed deposit will increase.

5. The interest rate hike might also impact the rates on PPF and other long-term savings in an upward direction.

6. Profitability of companies will be impacted due to higher interest costs and will impact the stock prices which we are already.

7. Interest rate increase will negatively impact the bond prices and NAV of debt funds.

While these changes will have a sharp impact in the short term, over the long term these will even out and are expected to be beneficial for the economy.

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CA. Monica

‘BOOSTING MSME EXPORTS: AN INSIGHT INTO ECGC’S SPECIAL INSURANCE SCHEME FOR EXPORT-FACTORING’

Background

ECGC Ltd. (formerly known as Export Credit Guarantee Corporation of India Ltd.) is a wholly owned company of Government of India (GoI) setup with the objective of boosting exports from Indian Exporters by providing credit risk insurance to their banks/financiers through various credit insurance schemes and covers. ECGC functions under administrative control of Ministry of Commerce & Industry, GoI and is regulated by IRDAI (Insurance Regulatory & Development Authority of India).

The Scheme

ECGC has a special scheme for Factors/Banks/Financial Institutions ('Insured') providing export factoring services to Micro, Small & Medium Enterprises ('Client'). The Client exports goods/services to Overseas Buyers ('Debtors') and export receivables arising out of the transaction are purchased by the Insured. Under the scheme, ECGC extends risk cover to Insured in case the finance extended by Insured to the Client by way of 'Factoring' the bill remains unpaid from the Debtor. A certain loss percentage, generally 90% on the unpaid/unrealized portion of insured receivables is paid by ECGC to the Insured.

Export Receivables Insurance Agreement

To avail the scheme by the Insured, a bipartite agreement ('Agreement') between the Insured and ECGC is entered and this Agreement governs the terms, warranties and provisions of the risk cover. The period of the risk cover is the extant period of the validity of Agreement (generally twelve months and renewed thereafter with the mutual consent of both the parties). The agreement includes a schedule of 'Approved Countries' and a list of Debtors provided by Insured and as approved by ECGC ('Approved Debtors'). Upon execution of the agreement; the risk cover becomes effective on the receivables equivalent to the

aggregate amount of the Gross Invoice Value pertaining to all the shipments dispatched to any of the Approved Debtor(s) during the period of Cover. For providing this risk cover, ECGC charges an initial premium at the time of the execution of the Agreement calculated on the basis of the projected amount of insured receivables as provided by the Insured, to arise from dispatches during the period of cover. Further, there is a provision to charge additional premium in a month in case the aggregate insured receivables purchased by the Insured during a month exceeds the projected pro-rata amount of insured receivables provided for calculating the initial premium.

ECGC based on its due diligence & risk assessment assigns a credit limit on every Approved Debtor and mentions in the same in the Agreement. ECGC's liability to indemnify the Insured for defaults/losses of Insured Receivables is lower of this Credit Limit assigned to a Debtor or percentage of loss to be paid as specified in the agreement.

Risks Covered

As for risks covered under this scheme, it encompasses country specific risks (w.r.t. country of Approved Debtor) & credit risks associated with Debtor. A brief description of key insured risks are:-

- i. Default on the part of the Debtor to pay the due amount after having accepted delivery of the goods or services from Client,
- ii. Debtor becoming a) a subject of insolvency or bankruptcy proceedings in his host country or b) receiver, liquidator or trustee appointed for the assets of the Debtor according to local laws of the country of Debtor c) entering into a compromise or arrangement with its creditors,
- iii. Cancellation of the export contract by the Government of the Country of Approved Debtor after dispatch of goods from India thus preventing payment of insured receivables,



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CA. Ved Mittal

LEGAL POSITION UNDER VARIOUS LAWS OF CA STUDY CIRCLE

INCOME TAX

The status of this study circle to be AOP.

Section 4 is the charging section under the Income Tax Act, 1961, and it imposes a tax on the income earned by a person in the previous year. Person has been defined in section 2(31) of the Act to include an association of persons or a body of individuals, whether incorporated or not.

For the purpose of this clause, an association of persons, or a body of individuals or a local authority, or an artificial juridical person, shall be deemed to be a person whether or not such person or body or authority or juridical person was formed or established or incorporated with the object of deriving income, or profits, or gains.

As legislative history bears, there has been an amendment in section 2(31); inasmuch as prior to 1939, the phrase used in the 1922 Act was association of individuals. The amendment seems to have been made to remove any doubt as to the assessability as a taxable unit of an association of which the members might not, strictly speaking, be called individuals. The phrase association of persons is of very comprehensive import. Under section 3(42) of the General Clauses Act, person includes any company or association or body of individuals, whether incorporated or not.

Therefore, an association of persons (AOP) may have as its members, companies, firms, joint families and associations (MMI poha CIT (67 ITR 106)). Evidently, the companies entering into a joint venture can also be an assessable unit as an AOP, as held in Ganga Metal Refining CoPte Ltd v CIT (67 ITR 771). In various judicial pronouncements, the courts have enunciated the essential ingredients, which constitute an AOP. In fact, the words association of persons have not been used in any technical sense but have to be construed

in their plain ordinary meaning.

Analysing its plain ordinary meaning, the Supreme Court observed in the case of CIT v Indira Balkrishna (39 ITR 546) that the word 'associate' means according to the 'Oxford Dictionary', to join in common purpose, or to join in an action'. Therefore, an 'association of persons', must be one in which two or more persons join in a common purpose or common action, and as the words occur in a section, which imposes a tax on income, the association must be one the object of which is to produce income, profits or gains.

The Andhra Pradesh High Court, after considering previous decisions has, in the case of Deccan Wine and General Stores v CIT (106 ITR 111), laid down the principles governing an AOP by stating that it is clear that an association of persons does not mean any and every combination of persons; it is only when they associate themselves in income-producing activity that they become an association of persons.

They must combine to engage in such an activity, the engagement must be pursuant to the combined will of the persons constituting the association. There must be a meeting of the minds, so to speak. In a nutshell, there must be a common design to produce income, if there is no common design, there is no association. Common interest is not enough. Production of income is not enough.

The explanation inserted in clause (31) to section 2 of the Act with effect from April 1, 2002, provides that an association of persons will be deemed to be a person whether or not it is formed with the object of deriving income. In other words, it is not essential that an AOP should necessarily produce income.



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CA. Shivam Kansal

"ANALYSIS OF SECTION 194Q AND 206C(1H) OF INCOME TAX ACT, 1961"

Whether TDS u/s 194Q to be deducted by Buyer or TCS u/s 206C(1H) to be collected by Seller?

Finance Act, 2020 has introduced provisions relating to TCS u/s 206C(1H) on sale of goods. On the contrary, Finance Act, 2021 has introduced provisions relating to TDS u/s 194Q on purchase of goods to cover those transactions which remain uncovered by Section 206C(1H).

Implications of Section 206C(1H)-

This provision has come into force w.e.f. 1st October, 2020, till date TCS was applicable on certain items like sale of tendu leaves, timber wood, scraps, minerals, etc. But with insertion of 206C(1H), it covers all the goods within the purview of TCS provisions. Let us pen down the provisions to enlighten the implications practically-

This section deals where any seller having turnover in the immediately preceding financial year exceeding ₹10 Crores and receives consideration for sale of goods exceeding ₹50 Lacs in current financial year, he is liable to collect TCS @ 0.10% of such consideration exceeding ₹50 Lacs at the time of receipt of such amount from Buyer.

According to first proviso, tax shall be collected at a higher rate of 1% under section 206CC in case the buyer fails to provide his valid PAN or Aadhar Number.

The Second proviso simply states that both the provisions of TCS and TDS shall not apply to same transaction, only if both the conditions are satisfied- First, buyer is liable to deduct TDS under any other provision of the Act and the second, buyer has actually deducted such amount.

Section 206C(1H) of Income Tax Act, 1961

"Every person, being a seller, who receives any amount as

consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation. For the purposes of this sub-section,

- (a) "buyer" means a person who purchases any goods, but does not include,
 - (A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or
 - (B) a local authority as defined in the Explanation to clause (20) of section 10; or
 - (C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein."



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CA. Deepanshu Goel

SECTION 115 BBH - TAX ON INCOME FROMS VIRTUAL DIGITAL ASSETS (THE CRYPTO TAX)

Finance Act 2022, brought Profit /Loss on the sale of various Virtual Digital Assets (VDA) in the ambit of Income tax by introducing section 115BBH in the Income Tax Act, 1961. Previously there was a lot of obscurity regarding the taxation of various Virtual Digital Assets (VDA) as there was no clear law under which it was taxable. So introduction of Section 115BBH is definitely a breath of fresh air for Tax consultants but not for the people who are avid Crypto traders or investors. Why?

I will Cover it in this article.

Before we begin, newly inserted section 115BBH has been reproduced below:-

- (1) Where the total income of an assessee includes any income from the transfer of any virtual digital asset, the income-tax payable shall be the aggregate of—
 - (a) the amount of income-tax calculated on the income from transfer of such virtual digital asset at the rate of thirty per cent.; and
 - (b) the amount of income-tax with which the assessee would have been chargeable, had the total income of the assessee been reduced by the income referred to in clause (a).
- (2) Notwithstanding anything contained in any other provision of this Act,—
 - (a) no deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in clause (a) of sub-section (1); and
 - (b) no set off of loss from transfer of the virtual digital asset computed under clause (a) of sub-section (1) shall be allowed against income computed under any provision of this Act to the assessee and such loss shall not be allowed to be carried forward to succeeding assessment years.

Further, a new clause (47A) has been inserted to section 2 of the act to define the term “Virtual Digital Assets” which is also reproduced below:-

“virtual digital asset” means—

- (a) any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;
- (b) a non-fungible token or any other token of similar nature, by whatever name called;
- © any other digital asset, as the Central Government may, by notification in the Official Gazette specify:

From the above definition of virtual digital asset, it is certainly clear that the government views Cryptocurrencies and non-fungible token (NFT) as assets just like equity shares or units of mutual funds and not as currency.

Prior to introduction of section there was some relief available to the tax payer on the income of VDA whether through benefit of indexation or taxability of gain on slab rate basis, but section 115BBH clearly states that any income arising through VDA will be taxed at flat rate of 30% with only cost of acquisition to be considered in calculating gain. Therefore, benefit of indexation and any selling expenses incurred in connection with transfer of VDA is not available.



<https://docs.google.com/document/d/1F5pJ-7F6-v5qtMFL2acs--LBPaKMbp04/edit?usp=sharing&ouid=115643877237557833046&rtpof=true&sd=true>

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CA. Nikunj Gupta

ANALYSIS OF SUPREME COURT DECISION ON REASSESSMENT NOTICES

The recent supreme court judgement on Section 148 of the Income tax act, 1961 ("Act") seems to be a Pandora box opening up another round of litigative issues and uncertainties for future. Before discussing these issues in detail, here is a quick recap of the legal aspects and decision made.

CONTROVERSY SO FAR

To ease and provide relaxation in complying with the Statutory timelines, various notifications were issued under The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 ("TOLA"), which extended the time limit for issuance of notices under section 148 of the Act up till June 30, 2021, under the regime existing prior to Finance Act 2021.

Thereafter, with introduction of Finance Act, 2021 ("FA 2021"), Section 147 to 151 were revamped with an object of simplifying the tax administration, ease compliance and reduce litigation.

Section 147 was amended to dispense off the condition of forming "reasons to believe" by the Assessing Officer ("AO").

Section 148 was amended to specify that notice can be issued only on the basis of "specified information" available with AO.

According to the newly inserted section 148A, before issuing any notice under income escaping assessments, AO was then required to follow four steps i.e.,

- (i) conduct any enquiry, if required, with the approval of specified authority, with respect to the information which suggests that the income chargeable to tax has escaped assessment;
- (ii) provide an opportunity of being heard to the assessee, with the prior approval of specified authority;
- (iii) consider the reply of assessee furnished, if any, in

response to the show-cause notice referred to in clause (b); and

(iv) decide, on basis of material available on record including reply of the assessee, as to whether or not it is a fit case to issue a notice under section 148 and pass a specific order within the time stipulated.

Section 149 was also revised and the new time limits for issuing notice were:

(i) within three years from the end of the relevant assessment year

(ii) If escaped amount is Rs fifty lakh or more, not more than ten years from the end of relevant AY if the AO has in possession books of accounts or other documents or evidence which reveal income chargeable to tax, represented in form of an asset, has escaped assessment.

The scope was further limited by adding the first proviso, which gave benefit to the assessee if time limits of re-opening under earlier regime had expired as on the date of issuing the notice.

Under section 151 of the act, specified authorities for purpose of section 148 and 148A were also amended specifically for section 149(a) and 149(b).

However, even after these amendments, notices were issued by the AO under the earlier regime during the period April 1, 2021 to June 30, 2021 which became a subject matter of writ to various High Courts mainly on the ground that the leeway granted by Revenue to issue notices under prior regime even after the onset of FA 2021 is ultra-vires the TOLA, which only sought date extension not to extend a repealed provision. And concurring to this view, there was a unanimous decision by all High Courts ("HC") except Chhattisgarh HC to quash all such notices to the benefit of the assessee.



<https://docs.google.com/document/d/1XzTSiXN0X7KJYuHptxCSADCwHoriOabt/edit?usp=sharing&oid=110745776810296163381&rtpof=true&sd=true>

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CA. Surinder Kumar Gujral

LAST IN FIRST OUT

Last in first out (LIFO) is one of the method of valuation of inventory. In 2003, International Accounting Standard-2 (IAS 2) on inventories was revised which had explicitly prohibited LIFO to be used by the entities following IAS in preparing and presenting future financial statements.

The basic difference between Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) is that GAAP permits the use of any of the cost formulae—weighted-average cost method; first in, first out (FIFO); and last in, first out (LIFO)—while the IFRS forbids the use of the LIFO method.

The argument was that LIFO caused reduction in tax burden under inflationary economies i.e. in times of rising prices. As LIFO assumed that inventory which were bought latest (last) would be sent to production for consumption in the production processes and thus higher value inventory would be included in cost of sales, thus resulting in larger cost and ultimately lesser profits leading to lesser tax.

IFRSs is focused on balance sheet (statement of financial position) instead of income statement, which is also known as the balance sheet approach. The LIFO method treats the newest items of inventory as being sold first, and consequently the items remaining in inventory are recognised as if they were the oldest. This is generally not a reliable representation of actual inventory flows. (Basis of conclusion-BC-10 of IAS 2). The use of LIFO results in inventories being recognised in the balance sheet at amounts that bear little relationship to recent cost levels of inventories. (BC-12). Balance sheet requires that the amounts therein should be according to present market conditions i.e. it should provide the most relevant information with respect to time showing financial position with ascertained reliably.

The shift of focus to statement of financial position required that the numbers should be according to present market conditions i.e. it should provide the most relevant information with respect to time. When the statement of financial position items are measured according to up to date information, only then financial position can be ascertained reliably.

Now under LIFO as Last-in inventory is expensed out as cost of sales and old inventory is kept in the store therefore, the figure that will be reported in the SoFP, which will be according to the inventory in store, might be too old to be relevant for the users of financial statements. That was the main reason for abandoning the LIFO inventory valuation method as it was causing outdated information in the statement of financial position.

Exxon Mobil Corporation is a US based Company, their principal business is energy, involving exploration for, and production of, crude oil and natural gas, manufacture of petroleum products and transportation and sale of crude oil, natural gas and petroleum products. The financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

The financial statements as at 31 December 2010 as filed with the US SEC states at Note 3 to the financial statement states: "Crude oil, products and merchandise as of year-end 2010 and 2009 consist of the following:

	2010 (billions of dollars)	2009 (billions of dollars)
Petroleum products	3.5	3.2
Crude oil	3.8	3.2
Chemical products	2.1	2.0
Gas/other	0.5	0.3
Total(billions of dollars)	9.9	8.7

The aggregate replacement cost of inventories was estimated to exceed their LIFO carrying values by \$21.3 billion and \$17.1 billion at December 31, 2010, and 2009, respectively".

This under-reporting an asset's value by \$21.3 billion could raise serious questions about LIFO's validity.

In nutshell, people may argue that LIFO method better reflects actual existing costs to purchase inventory, it is evident that LIFO has several shortcomings. LIFO understates profits for the purposes of minimizing taxable income, results in outdated and obsolete inventory numbers, and can create opportunities for management to manipulate earnings through a LIFO liquidation. Due to these concerns, LIFO was prohibited under IFRS.

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CA. Sidheshwar Bhalla

ASTROLOGICALLY – ARTIFICIAL INTELLIGENCE

Sidheshwar Bhalla qualified 'Jyotish Acharya' from Bhartiya Vidya Bhavan Delhi

Dictionary meaning of Human Intelligence and Artificial Intelligence is as below:

Human Intelligence(HI) is the intellectual capability of humans, which is marked by complex cognitive feats and high levels of motivation and self-awareness.

There are conflicting ideas about how intelligence is measured, ranging from the idea that intelligence is fixed upon birth, or that it is malleable and can change depending on an individual's mindset and efforts.

Artificial Intelligence(AI) is intelligence demonstrated by machines as opposed to natural intelligence displayed by animals including humans. Artificial Intelligence provides a computer program the ability to think and learn on its own.

This article covers following three aspects:

1. Astrological difference between Human Intelligence and Artificial Intelligence.
2. To what extent Artificial Intelligence can be applied to Astrology.
3. Astrologically role of Artificial Intelligence in Future.

1. Astrological difference between Human Intelligence and Artificial Intelligence:

Human Intelligence: Mercury as a planet signifies intelligence of a person/ native. Moon signifies mind and is responsible to control speed of thoughts. Thus, Mercury and Moon represent Human Intelligence. Venus signifies creativity and enables human beings to think 'out of the box'.

Artificial Intelligence: Mercury as a planet signifies intelligence. In addition, Mars represents Machines and Computers. Thus, Mercury and Mars are responsible for Artificial Intelligence. It may be noted that Moon which signifies human mind and is responsible to control speed of thoughts does not play role in AI. Similarly, Venus signifying creativity and enables to think 'out of the box' does not play

role in AI.

2. To what extent Artificial Intelligence can be applied to Astrology:

Let us analyse this in following sections:

Casting the Birth Chart: This is mathematical and refers to finding the planetary position at the time of birth of the native. Currently, computer program plays a dominant role, and many astrologers leverage on the ability of computers for this. Primarily, casting the birth chart of a native requires three details viz. date of birth, time of birth and place of birth. In case these details are not known to the native the computer program may not give the expected results.

It is important to highlight that sometimes natives share a range for their time of birth. Here, it becomes important for an astrologer to apply the principles of lost horoscopy. The application of mind (Moon) of an Astrologer gains prominence for better interpretation.

Generic Interpretations: There are specific significations of seven planets (Sun, Moon, Mars, Mercury, Jupiter, Venus, Saturn), two tertiary planets (Rahu & Ketu), twelve houses in the birth chart, twelve Rasi, twenty-seven nakshatra. Individually and in combination these enable an astrologer to predict/ direct a native. The Computer Program has the ability to provide generic interpretations to natives.

Specific Interpretations: Following aspects are to be critically analysed by an astrologer for effective and practical interpretation of event in a native's life:

1. Prarabdh/ Promise: What is destined at the time of birth?
2. Dasha (planets ruling during a particular time): Can be inferred from analysing multiple Dasha system (Vimshottari, Yogini, Jaimini etc).
3. Transit: Current position of planets.



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CA. Parivesh Gupta

COMPANIES AUDITORS REPORT ORDER, 2020

Introduction :

Ministry of Corporate Affairs 'MCA' has notified Companies (Auditor's Report) Order, 2020 (CARO2020) on 25 Feb 2020, which is applicable for audit of financial statements of eligible companies for the financial years commencing on or after the 1st April, 2020. The CARO 2020 has issued after consultation with National Financial Reporting Authority (NFRA)

The MCA has made a notification on 17th December 2020 to amend the CARO 2020 and determined the applicability date of CARO 2020. In the notification the MCA has changed the applicability date of CARO 2020 to the Financial year commencing on or after 1st April 2021.

This order stated that every report of the auditor under Section 143 of Companies Act, 2013 must contain the matters stated in 21 clauses as specified under paragraphs 3 and accord reasons for unfavorable or qualified answer as stated in paragraph 4 of CARO 2020

Applicability:

CARO 2020 applicable to all companies except the following companies :-

- (a) Banking Company
- (b) Insurance Company
- (c) Section 8 Company
- (d) One person Company (OPC)
- (e) Small Company
- (f) Certain Private Companies whose :-
 - gross receipts or revenue is less than equal to Rs. 10 CRORE in the Financial Year.
 - Networth is less than or equal to Rs 1 crore as on the balance sheet date.
 - Not a holding or subsidiary of a Public company.

- Whose borrowings is less than or equal to Rs 1 crore at any time during the FY.

Note :- auditor's report on Consolidated Financial Statements except clause (xxi) of paragraph 3 (Reporting requirements on qualifications or adverse remarks by the auditors in the CARO reports).

Reporting requirement under CARO 2020:-

The CARO report shall include a statement on the following matters :

1. Details of tangible and Intangible Assets :- In this clause the Auditor shall reports on the Property plant and Equipment (PPE) (including right of use assets) or intangible assets , Whether the company is maintaining proper records showing full Particulars like as :-

- (i) Quantative details
- (ii) Situation of Property
- (iii) Physical verification conducted by management at reasonable intervals
- (iv) Material discrepancies, if any, noticed on physical verification have been accounted for in the books of accounts
- (v) Details of title deeds of the immovable properties held in the name of company
- (vi) Revaluation of the property, plant, and equipment or intangible assets or both and if there is more than 10% of the change in the property, plant, and equipment or intangible assets
- (vii) Details of proceedings against the company on the holding of any Benami property

2. Details of Inventory and Working capital :- In this clause the Auditor shall report on the Inventory and working capital, Whether :-

- (I) Physical verification conducted by management at reasonable intervals



<https://docs.google.com/document/d/1wXaPv6AzPxNZeKrW7aw5S30JbaFV1pMQ/edit?rtpof=true>

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CA. Krish B. Desai

CESS ON INCOME-TAX AND SURCHARGE - ITS ALLOWABILITY – AMENDMENT - PROSPECTIVE RETROSPECTIVE:

1. The Finance Act, 2022 has inserted Explanation 3 to section 40(a)(ii) of the Income-tax Act, 1961 ("the Act") with retrospective effect from assessment year 2005-06.
2. Section 40 is a disallowance section and it overrides sections 30 to 38 of the Act.

Position prior to amendment:

3. Prior to the amendment the cess was allowable as deduction on the following grounds:
 - 3.1 Section 10(4) of the 1922 Act, corresponds to section 40(a)(ii) of the Act, provided for disallowance of 'cess', 'tax' and 'rate'. When section 40(a)(ii) was enacted the word 'cess' was specifically excluded.
 - 3.2 The Central Board of Direct Taxes ("CBDT") vide circular No. 91/5866-ITJ(1) dated May 18, 1967 clarified that 'cess' is outside the scope of 40(a)(ii) from the assessment year 1962-63 onwards.
 - 3.3 Section 43B specifically provides for allowability of 'cess' and 'tax' separately on payment basis. All the above shows that 'cess' is not 'tax'.
4. The Courts, including the following, have held that cess is outside the scope of section 40(a)(ii):
 - Sesa Goa Ltd. Vs. JCIT (423 ITR 426) (Bom);
 - Chambal Fertilisers & Chemicals Ltd. Vs. JCIT (107 Taxmann.Com 484) (Raj.);
 - Security Printing & Minting Corporation of India Ltd. Vs. Addl. CIT (137 Taxmann.com 72) (Del.);
 - Reckit Benkiser India Pvt. Ltd. Vs. DCIT (117 Taxmann.com 519) (Kol.).

Basis of Amendment:

5. The Kolkata Tribunal in Kanoria Chemicals and Industries Ltd (ITA No. 2184 /Kol./2018) held that as per Finance Acts, 2004 and 2011 'cess' is an 'additional surcharge' and as per decision of the Supreme Court in CIT Vs. K. Srinivasan (83 IT 346) 'tax' includes 'additional

surcharge', therefore, 'cess' is 'tax' within the meaning of section 40(a)(ii) of the Act.

Position post amendment:

Whether 'cess' would be disallowable:

6. At first blush one may say that 'cess' is 'tax' within the meaning of section 40(a)(ii) of the Act.
7. The Supreme Court in the following decisions held that cess is 'fee':
 - Vijaylaxmi Rice Mills Vs. Commercial Tax Officer (AIR 2006 SC 2897);
 - State of West Bengal Vs. Kesoram Inds. Ltd. [2004] (10 STC 201) (SC);
 - Sona Chandi Oal Committee Vs. State of Maharashtra (AIR 2005 SC 635); and
 - Dalmia Cement (Bharat) Ltd. V. CIT (357 ITR 419) (Del.).
8. In the following decisions courts have held that 'cess' is not 'income tax':
 - Vijaylaxmi Rice Mills Vs. CTO (Supra);
 - Dewan Chand Builders & Contracts vs. UOI (2012) 1 SCC 101; and
 - Dalmia Cement (Bharat) Ltd. V. CIT (357 ITR 419) (Del.).
9. Article 271 of the Constitution of India ("Constitution") authorises the Parliament to increase duties or taxes by 'surcharge'. It does not cover 'cess'. Thus, 'tax' cannot be increased by 'cess' without authority under Article 271 of the Constitution. Further, cess is covered under the residuary Entry 97 of the List I of Schedule VII.
10. As per Article 271 surcharge would form part of the Consolidated Fund of India. 'Education cess' is a 'fee' for providing basic education facilities to fulfil commitments of the Government to provide and finance universalised quality basic education and, therefore, it is a 'special fund'.



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CA. Mayank Mohanka

SC JUDGEMENT ON VALIDITY OF OLD 148 NOTICES VS. CBDT INSTRUCTION: AN INDEPTH ANALYSIS!!

Executive Summary

In this Article, the Author Shri Mayank Mohanka, FCA, has tried to capture all the nuances and practical implications of the Hon'ble Supreme Court judgement on validity of Re-Assessment Notices, issued under pre-amended section 148 of the Income Tax Act, in the case of 'UOI vs. Ashish Agarwal', and gives a clear and unambiguous picture and guidance on the new valid 'Timelines for Validity of such impugned Re-assessment Notices', in accordance with the directions given in the SC judgement. This Article also contains guidance on existing legal precedents on the 'Doctrine of Complete Justice' under Article 142 of the Constitution of India, and its limiting factors, if any.

The author has also examined the underlying assumption of time travel in CBDT Instruction No. 1/2022 dated 11.5.2022, in the light of the real purport of the SC judgement.

The author finally sums up his discussion with his Poem titled, "CBDT Instruction: A Second Bonafide Mistake or a Deliberate Take?", capturing the entire litigation journey of these re-assessment notices, very beautifully.

The hon'ble Supreme Court, on 4.5.2022, in a batch of Civil Appeals, with the case of **Union of India & Ors. Vs. Ashish Aggarwal**, Civil Appeal No. 3005/2022, as the lead case, has upheld the validity of all the respective re-assessment notices, hitherto, issued under old section 148, on or after 1.4.2021 and up to 30.6.2021, by holding them as deemed to have been issued under the new section 148A, of the Income Tax Act, as per the provisions of the Finance Act, 2021.

It is pertinent to mention here that hitherto, the hon'ble High Courts of Allahabad, Delhi, Rajasthan, Calcutta, Bombay and Madras, in around 9000 writ petitions, have quashed the respective reassessment notices, issued under old section 148, on or after 1.4.2021, and uptill 30.6.2021, as bad in law, by reinstating the well settled legal position

that 'Delegated Power can't Overreach Principal Legislation'.

However, the Hon'ble Supreme Court, has now modified all the said judgements of the hon'ble High Courts, by invoking the special power enshrined under **Article 142 of the Constitution of India**.

The Hon'ble Supreme Court has exercised its power under Article 142 of the Constitution of India, and has passed the captioned judgement dated 4.5.2022, holding it as applicable on PAN India basis also holding that the respective judgements passed by different hon'ble High Courts, on this issue, shall stand modified.

In its judgement, the Hon'ble Supreme Court has observed that, "the judgments of the several High Courts would result in no reassessment proceedings at all, even if the same are permissible under the Finance Act, 2021 and as per substituted sections 147 to 151 of the IT Act. The Revenue cannot be made remediless and the object and purpose of reassessment proceedings cannot be frustrated."

The Hon'ble Supreme Court has held that the impugned unamended section 148 notices issued to the respective assesseees, shall be deemed to have been issued under section 148A of the Income Tax Act, as substituted by the Finance Act, 2021. Such Notices shall be treated as showcause notices in terms of section 148A(b) of the Income Tax Act.

The respective assessing officers shall within thirty days from 4.5.2022, provide to the assesseees the information and material relied upon by the Revenue so that the assesseees can reply to the notices within two weeks thereafter.

The assessing officers shall thereafter pass an order in terms of section 148A(d) after following the due procedure as required under section 148A(b) in respect of each of the concerned assesseees.



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CA. Sanjeev Goyal

TAX ON ACCRETED INCOME - NGO

Before the introduction of section 115TD, no provision in the Income Tax Act ensured that the corpus and **asset base of the trust over some time is used for charitable purposes with a promise** to be used for charitable purposes and is not used for any other purpose.

The Finance Act 2016 has introduced a new chapter after Chapter XII-EB of the Income Tax Act with effect from the 1st day of June 2016 namely "Special provisions relating to tax on earned income of certain trusts and institutions" and introduced a section 115TD. This chapter has been introduced to ensure that the profits given over the years by way of exemptions claimed by charitable trusts are not misused by converting them into non-charitable organizations.

It is a levy like an exit tax. This tax is in addition to the income tax chargeable in the hands of the entity and is leviable at the maximum marginal rate on the income earned.

No deduction under any other provision of this Act shall be allowed to the trust or institution or any other person in respect of income which has been taxed or charged thereon.

We will discuss the Following issues in our Further discussion:-

- When does section 115TD applies?
- Meaning of accreted income
- What is the rate of tax on accreted income u/s 115TD?
- What is the Method of Calculation of Accreted Tax?
- What is due date of payment of exit tax u/s 115TD?
- Assets and Liability to be Included for accreted Income?
- Understanding for Computation of FMV of Assets and Liabilities as per rule 17CB
- What is the consequence in case of late payment of exit tax u/s 115TD?
- Interest payable for non-payment of tax by trust or institution: Section 115TE:
- When trust or institution is deemed to be assessee in default: Section 115TF:
- Open issues related to Accreted Tax:

When does section 115TD apply?

Section 115TD Earned income of trust or institution is taxable in the following circumstances after finance act 2022 if a specified person has :

- 1) The trust is converted into any form which is not eligible for grant of registration u/s 12AA or 12AB , or approval under clause (iv) or Sub clause(v) or Sub clause(vi) or Sub clause (via) of clause of Section 10.
 - (i) The registration granted to them under section 12AA has been cancelled or
 - (ii) The Trust has adopted or modified its objects which are not in conformity with the conditions of registration and that.
- 2) Trust is merged with an entity that does not have similar objectives and is not registered under section 12AA or Section 12AB or Approved under clause (vi) or Sub clause (via) of clause (23c) of Section 10.
- 3) The trust has failed to transfer all its assets to any other trust or institution registered under section 12AA or or Section 12AB or Approved under clause (vi) or Sub clause (via) of clause (23c) of Section 10 within twelve months from the end of the month in which it is dissolved.

Meaning of Accreted Income:

Total FMV of total assets and liabilities of trust/institutions as on specified date

Less: The total liability of such trust is computed by the prescribed method of assessment (Rule 17CB inserted by the Income-tax (Eighth Amendment) Rules, 2017, determining the method of valuation, w.e.f. 1-6-2016.)

Following items to be excluded while calculating accreted income:

- 1) Earned income relating to any asset which has been directly acquired by the trust or institution out of its agricultural income of the nature referred to in clause (1) of section 10. Liability in respect of such property is also to be excluded.



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CA. Inderpreet Singh

LIQUIDITY AND MARKETABILITY IN VALUATIONS

Executive Summary

Marketability is one of the most coveted quality for any particular asset, be it for short or long term. It would be unwise to acquire an asset which does not have any mechanism to sell, in case it is not worthwhile to use or a better alternative is available for the same utility. Ability to convert an asset into cash is paramount and has implications in valuation as well. While valuing any equity shares or any financial asset/security for that matter, care must be taken to account for its marketability and adjustment of the same.

What is Liquidity and Liquidity Discount?

Liquidity is defined as the ability to liquidate any given asset into cash or cash equivalent proceeds quickly. Highly liquid assets are readily sold/transferred without any significant reduction in value and command an open market for its exchange.

On the contrary, illiquid assets are challenging to quickly convert into cash due to many factors, including lack of buyers in the market, restrictions on selling and significant cost to sell the asset.

Liquidity is desired on account of the following reasons:-

1. **Transaction Motive:** The need to undertake monetary transactions at a future date
2. **Precautionary Motive:** The need to save money for a rainy day or an emergency fund
3. **Speculative Motive:** To take advantage of price fluctuations

Discount for lack of Liquidity and Illiquidity Discounts are synonyms. The discount is justified since the seller cannot easily convert into cash and must be compensated for the inconvenience while liquidating the asset.

What is Marketability?

Marketability is defined as the ability to sell any particular asset. Liquidity is subsumed within marketability and the two terms are not interchangeable, an asset though illiquid

can be marketable with sufficient marketing efforts and with the seller able to digest a significant loss of value. Further, any particular asset may be liquid but with restrictions on transferability imposed becomes non-marketable.

For example: Equity shares of private limited company owned by family members is non-marketable and therefore warrant a consideration of discount while undertaking valuation of the same.

How to calculate Marketability Discount?

Marketability discount is applied after arriving at fair value of equity and applying discount for lack of control, if applicable. There are many approaches to compute Discount for Lack of Marketability ("DLOM"), although the simpler ones are based on empirical studies and require valuer's judgement for its appropriateness with regard to unique circumstances surrounding the valuation.

Empirical Studies on the subject matter comprise of a total of 12 research studies covering restricted stock transactions of listed company stocks from late 1960's to the year 1998. The summarised results of the studies are compiled below:-

S. No.	Name of Empirical Study	Period covered in study	Average Price Discount
1	SEC overall average	1966-1969	25.8 %
2	SEC non-reporting OTC companies	1966-1969	32.6 %
3	Gelman	1968-1970	33.0%
4	Trout	1968-1972	33.5 %
5	Moroney	No Specific years	35.6 %
6	Maher	1969-1973	35.4 %
7	Standard Research Consultants	1978-1982	45.0 %
8	Williamette Management Associates	1983-1984	31.2 %
9	Silber	1983-1988	33.8 %
10	PMV Opinions, Inc.	April 1992	23.0 %
11	Management Planning, Inc.	1980-1996	27.3 %
12	Johnson	1991-1995	20.0 %
13	Columbia Financial Advisors	1996-April 1997	21.0 %
14	Columbia Financial Advisors	May 1997-1998	33.0 %

Source: Extract from Valuing a Business: The Analysis and Appraisal of Closely Held Companies by Shannon P. Pratt [Fifth Edition]



https://docs.google.com/document/d/1NONXK_INPZVKh3L3iy8_6U2P4jF4Ty2/edit?usp=sharing&oid=109355327431475418861&rtpof=true&sd=true

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FCA Ishan Tulsian

ANALYSIS OF HOW TO REPLY TO NOTICES OF REVERSAL OF INPUT TAX CREDIT WHEN SUPPLIER HAS DEFAULTED IN PAYMENT OF OUTPUT TAX LIABILITY:

Introduction:

One of the burning issues which is often litigated in the GST since its inception and implementation in the year 2017 is the reversal of Input Tax Credit by the recipient due to non-payment of output tax liability by the supplier.

As per Section 16(2)c of the CGST Act, one of the conditions to claim Input Tax Credit (ITC) is that the output tax collected by the supplier from the recipient of the supply in respect of the supply has been actually paid to the Government Exchequer, either

- o In cash, or
- o Through the utilisation of admissible ITC

However, several Show Cause Notices (SCNs) are being issued by the GST Department to the recipient of supply for the recovery of output tax liability in the form of reversal of Input Tax Credit (ITC) upon default in payment of such tax by the supplier to the government.

Grounds of Defense:

Since this is a litigated issue, it becomes important to understand the grounds of defense that may be taken when replying to such SCNs. Such grounds are as follows:

(1) It may be noted that reliance may be placed on the judgment of the **Hon'ble Madras High Court in the case of M/S. D.Y. BEATHEL ENTERPRISES VERSUS THE STATE TAX OFFICER (DATA CELL) , (INVESTIGATION WING) COMMERCIAL TAX BUILDINGS, TIRUNELVELI, (2021)**, whereit was held that, "When it has come out that the seller has collected tax from the purchasing dealers, the omission on the part of the seller to remit the tax in question must have been **viewed very seriously and strict**

action ought to have been initiated against him. In the case on hand, the respondent **does not appear to have taken any recovery action against the seller** / Charles and his wife Shanthi, on the present transactions. Thus, the impugned order suffers from certain fundamental flaws. It has to be quashed for more reasons than one.

- a) Non-examination of Charles in the enquiry
- b) **Non-initiation of recovery action** against Charles in the first place

Parallely, the respondent will also initiate recovery action against Charles and his wife Shanthi."

The facts of the case are as such that the petitioners/ assessee, being raw rubber sheets traders, had purchased goods from suppliers, namely, Charles and his wife Shanthi. A substantial portion of the sale consideration was only paid through banking channels and the payments made by the petitioners to the supplier included the GST component as well. Thereafter, relying on the GST returns filed by the suppliers, the assessee had availed ITC of the GST paid by them. Subsequently, on an inspection by the GST Department, it was discovered that the suppliers had defaulted in payment of output tax collected from the assessee. The Department without taking any action of recovery of tax from the defaulting suppliers, issued a SCN to the assessee and passed an order imposing the demand of entire output tax on the assessee. The said Court stated that the default in payment of output tax liability by the suppliers should not only have been viewed extremely seriously but also strict action of recovery proceedings should have been initiated against such suppliers.



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CA. Neha Mittal

UPDATED RETURN: SECTION 139(8A) OF INCOME TAX ACT-1961

In the Union Budget 2022, Union Finance Minister Smt. Nirmala Sitharaman Ji introduced a new concept of Income Tax Return i.e. Updated Return as a step towards encouraging voluntary compliance. At present, if the IT department finds that some income has been omitted by the assessee, it goes through a lengthy process of adjudication, and the new proposal will re-establish trust in the taxpayer. In this article, we will discuss the following aspects of this new version of Income tax return:

1. Idea behind this new Updated Return
2. Time limit for filing Updated Return
3. Conditions related to filing of Updated Return
4. Computation of Income tax for Updated Return
5. Additional tax liability
6. Difference between Updated Return and Revised Return

1. Idea behind this new updated return:

The government introduced a new section, Section 139(8A) i.e. the concept of Updated Return in income tax in the Union Budget 2022. Presently, a tax payer who is failing to file the original return within specified time frame can file the Belated Return. Additionally, a taxpayer is also allowed to revise their original/belated return and rectify error or omission made earlier. By introduction of this new concept error or omission can be rectified by filing Updated Return irrespective of the fact that whether the original return was filed by taxpayer or not. The option of filling Updated Return is granted to those taxpayers who wish to declare their income voluntarily and who missed to file their Original or Belated Return.

2. Time Limit for filling Updated Return:

An Updated Return can be filed by taxpayer within 24 months from the end of the relevant Assessment Year. The option of filing the Updated Return will be available to the taxpayers, irrespective of whether they have earlier filed Original Return or not. For e.g. If a taxpayer failed to file the Original Return for the Assessment Year 2022-2023 upto

the return filling date and also he/she failed to file the Belated Return as well in such case an Updated Return can be filed upto 31-03-2025 i.e 24 months from the end of relevant Assessment Year.

3. Conditions and Other Provisions related to filing of Updated Return:

- Updated Return can be filed through Form ITR-U.
- Provision of Updated Return becomes effective from 1st April 2022.
- An Updated Return cannot be filed if the same is a return of loss.
- An Updated Return cannot be filed if the same results in a refund or increase the refund or decrease the total tax liability determined in earlier return.
- Updated return can be filed only once for a particular Assessment Year.
- No Updated return can be filed in cases where certain search and survey proceedings have already been initiated.
- Any Assessment or reassessment proceeding is pending or has been completed for relevant year.
- The AO has information against such person under the Prevention of Money Laundering Act or Black Money (Undisclosed Foreign Income and Assets) and Tax Act or Benami Property Transactions Act or Smugglers and Foreign Exchange Manipulation Act and the same have been reported to the assessee.

4. Computation of Income Tax for Updated Return:

As per Section 140B of Income Tax 1961, income tax liability for updated return will be calculated as follows:

Particulars	Amount
Tax Payable as per original ITR	XXXXX
Add: Interest	XXXXX
Add: Additional Tax (Computed as per Point 5)	XXXXX
Total Tax Liability	XXXXX
Less: TDS/TCS/Advance tax/Tax Relief etc.	XXXXX
Net Tax Liability under section 140B	XXXXX



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Amit Kumar Gupta
(Advocate)

REMAND BACK

Meaning of Remand Back

The actual meaning of Remand is to return. It means to send something back.

The usage of word remand usually occurs in legal sense to indicate the sending back of custody of the prisoner or send back cases from a Court of Higher forum to that a lower forum.

In our Article we will focus on the remand back relating to revert back of cases to a lower form with specific instructions.

Power to Remand Back

Various statutes provide power to the appellant authorities/Courts to direct a lower court/appellate authority to reopen and retry a case. On remand the lower Court will admit the case as its original number and will proceed to determine it as per instructions of the higher Court.

The power to remand back is provided to decide the case on merits and provide justice to appellant and the respondent.

When can the Matter be Remanded Back?

In Income tax it is a common that at various levels i.e ITAT, High Court and Supreme Court, the cases are being remanded back to the lower forum for reconsideration for various aspects with directions thereto.

In any appellate proceedings, the Courts have an option of deciding the case in finality or remanding it back to the lower Courts/forum.

In a case where the proper procedure of assessment as laid down by various Courts has not been adopted by the assessing officer and where the Courts find it appropriate to dispose of the objections of appellant, the Court has an option to remand back the matter.

As a rule of law, the power to remand back has been used very sparingly and not in regular Course. The Civil Procedure Code empowers the appellate to remand the case back to the lower forum. Section 107 (1)(b) of the Code of Civil

Procedure empowers an appellate court to remand a case. Specifically remand is dealt with in Order 41 Rules 23, 23A and 25 of Code of Civil Procedure 1908.

Rule 23 and 23A -Remand of case by Appellate Court and Other cases. - Where the Court from whose decree an appeal is preferred has disposed of the suit upon a preliminary point and the decree is reversed in appeal i.e Before a matter is remanded under rule 23, it is necessary to show that the lower court has disposed of the suit on a preliminary point. A point can be said to be a preliminary point, if it is such that the decision thereon in a particular way is sufficient to dispose of the whole suit, without the necessity for a decision on the other points in the case. Also no remand can be ordered by the appellate court under Rule 23 unless the decision of the lower court on the preliminary point is reversed in appeal.

Rule 25 - Where Appellate Court may frame issues and refer them for trial to Court whose decree appealed from- Upon remand under Rule-23, the whole case goes back for trial, the appeal gets disposed off, case/suit is readmitted under its original number in the register of civil suits, but upon remand under Rule-25, the matter is sent back to the lower court, only for purpose of recording evidence or giving a finding on an issue and the appeal remains pending before the appellate court.

The above procedure laid down by CPC 1908 explains that the power to remand back can be used only in specific circumstances and not as a usual practice.

Remand Back—Supreme Court

In recent Judgments Supreme Court has laid down that order of remand cannot also be passed for the mere purpose of remanding a proceeding to the lower court or the Tribunal. An endeavor has to be made by the Appellate Court to dispose of the case on merits. Where both the sides have led oral and documentary evidence, the Appellate Court has to decide the appeal on merits instead of remanding the case to the lower court or the Tribunal



<https://docs.google.com/document/d/1ngjEp0zXy6yKZ7mZ2dJhVttnQNmjirGi/edit?usp=sharing&ouid=109355327431475418861&rtpof=true&sd=true>

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INCOME TAX



CA. Piyush Agarwal

SECTION 139(8A) OF INCOME TAX ACT: - ITR-U (UPDATED INCOME TAX RETURN)

The income tax department has notified Form ITR-U for filing the 'Updated' income tax return.

The government introduced the concept of updated return in income tax in the Union Budget 2022. The new provision allows the taxpayers to update their ITRs within two years of filing, on payment of additional taxes, in case of errors or omissions.

Who can file an updated ITR?

Return previously not filed	Income not reported correctly	Wrong heads of income chosen	Wrong rate of tax
Reduction of unabsorbed depreciation	Reduction of carried forward losses	Reduction of tax credit u/s 115JB/115JC	

Who cannot file an updated ITR?

Loss Return	NIL Return	Increase in refund/claiming of refund	If the total tax liability is to be reduced
Losses to be adjusted against the income	Search / survey / prosecution proceedings are initiated for that AY	Assessment/ reassessment/ revisionis pending or completed for that AY	

It Means act does not allow the taxpayers to file the updated return if there is no additional tax outgo.

Other points: -

Challan details (additional payment) dealt under section 140B	Late fees and additional fees will also be charged	Increase in refund/ claiming of refund
A taxpayer would be able to file only one updated return for each assessment year	The provision of updated return is available in section 139(8A) of the Income Tax Act.	ITR form as applicable will also need to be filled along with ITR-U

If a taxpayer files an updated return but does not pay the additional taxes, the return will be considered invalid.

Additional interest payment: -

S.no.	Particulars	Rate of Interest
1.	If updated ITR is filed within 12 months from end of relevant AY (for FY 2020-21)	25% on tax due amount
2.	If updated ITR is filed After 12 months but before 24 months from end of relevant AY (for FY 2019-20)	50% on tax due amount

About the author:

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CA. Abhishek Raja

ANALYSIS OF CBIC'S INSTRUCTIONS FOR PAYMENT OF TAX DURING SEARCH, INSPECTION & INVESTIGATION

The CBIC has issued Instructions* for officers regarding recovery and payment of tax during Search, Inspection & Investigation.

*Instructions 01/2022-23 GST Investigations dated 25-May-2022

CBIC has noticed few instances where some of the taxpayers after voluntarily depositing GST liability through **DRC-03** have alleged use of **force and coercion** by the officers for making "recovery" during the course of search or inspection or investigation. Some of the taxpayers have also approached Honourable High Courts in this regard. Board advised that in Pr. Chief Commissioner, Chief Commissioner, CGST Zones and Pr. General DGGI that in case, any complaint is received from a taxpayer regarding **use of force or coercion** by any of their officer for getting the amount deposited during search or inspection or investigation, the same may be enquired at the earliest and in case of any wrong doing on the part of any tax officer, **strict disciplinary action** as per law may be taken against the defaulting officer.

IMPORTANT CASE LAWS:

Madras High Court in Shri NandhiDhall Mills India Private Limited vs Senior Intelligence Officer (W.P. No.5192 of 2020 and WMP. No.6135 of 2020, Order Dated: 07-Apr-2021) has held that, "merely because an assessee has, under the **stress of investigation, signed a statement** admitting tax liability and has also made a few payments as per the statement, **cannot lead to self-assessment** or self-ascertainment. The Revenue's understanding and application of Section 74(5) in this case, is wholly misconceived. The amount collected shall be refunded to the petitioner."

Karnataka High Court in Union of India vs Bundl* Technologies Private Limited [*Swiggy] (WA No. 1274 & 4467 of 2021 (T-RES), Order Dated: 3-Mar-2022) held that,

"If tax is collected without any authority of law, the same would amount to depriving a person of his property without any authority of law and would infringe his right under Article 300A of the Constitution. No one in a society governed by rule of law can take resort to a course of action not permissible in law. A Statutory power has to be exercised reasonably and in good faith, and for the purpose for which it is conferred. A statutory power has to be exercised within a system of controls and has to be exercised by relevance and reason. It needs reiteration that a statutory power should not be exercised in a manner, so as to instill fear in the mind of a person."

Gujarat High Court in Bhumi Associate vs Union of India (R/SPECIAL CIVIL APPLICATION NOS. 2426, 2515, 2618 & 3196 OF 2021 Order Dated: 16-Feb-2021) has directed CBIC & Gujarat State GST to issue suitable guidelines in case of search or investigation as follows:

1. No recovery in any mode by cheque, cash, e-payment or adjustment of input tax credit should be made at the time of search/inspection proceedings under section 67 of the Central/Gujarat Goods and Services Tax Act, 2017 under any circumstances.
2. Even if the assessee comes forward to make voluntary payment by filing Form DRC-03, the assessee should be asked/advised to file such Form DRC-03 on the next day after the end of search proceedings and after the officers of the visiting team have left the premises of the assessee.
3. Facility of filing complaint/grievance after the end of search proceedings should be made available to the assessee if the assessee was forced to make payment in any mode during the pendency of the search proceedings.
4. If complaint/grievance is filed by assessee and officer is found to have acted in defiance of the afore-stated directions, then strict disciplinary action should be initiated against the concerned officer.

About the author:

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CA. Pushpendra Dixit

INDIA'S TRYST WITH DIGITAL ECONOMY TAXATION

Before plunging right into technicalities of the topic, it is worth while to understand various new terminologies coined and very much pervasive in our day to day lives in one way or the other.

New Economy or Digital economy or internet/web economy through which e-commerce transaction are facilitated over electronic platforms carry one and the same message so far as it is concerned with taxation of a digital business. An online transaction carried out making use of computer/mobiles i.e. ICT (Internet Communication Technologies) with minimum or virtually negligible human intervention is known as digital or new economy.

The pandemic has disrupted the businesses and commerce across the board like never before however, some of the industries like entertainment, hospitality, travel and tourism including reality and retail sectors faced most of the brunt. Even during such testing times, we all witnessed one common thing i.e. the digital mode of doing business accelerated further and digital economy with the help of ICT came to our rescue in terms of business sustenance, meeting day to day consumer essential needs by harnessing technology and enabling contact less order placement and making the payments. Digital Economy is now well accepted new normal of doing business regardless of a geography. It also raising concerns on global consensus for due fair taxation instead of double or non-taxation;

As per an industry estimates, India's consumer digital economy is set to become US\$800 billion market by 2030 i.e. expected to have a 10X growth from current levels. It is estimated that more than 70% businesses will switch to digital modes which among other includes Fintech, online gaming etc.

It is because of digital economy that today practically each and every aspect of business can be done through online modes. There is no need to have any physical space to start a new business i.e. one can conduct business dealing in products or services digitally regardless of geo location. In

today's time, we can easily witness real life examples of global business presence without physical space occupation for example we are inundated with global giants dealing in Cab services, hotel rooms and food deliveries without actually owing the business in traditionally bricks and mortar system (traditional location based business presence models) but through digital economy mode by controlling online platform/deliveries that too just on a click of a button.

Now let's just understand how a non-resident business gets tax liable in India. For this we will have to refer to section 5, 6 and section 9 of the domestic income tax act 1961 ("the Act") dealing with scope, residential status and business connection including deeming fiction on total income of a non-resident business entity as well as provisions of Double Taxation Avoidance Agreement ('DTAA'). For the purposes of taxation, a resident business taxed on its worldwide incomes where as a non-residents business is taxed only on its income sourced in India. A company will become tax resident in India on satisfying either of the conditions: (a) Registered in India (b) Place of Effective Management ('POEM') is in India. Accordingly, a company incorporated outside India and having its POEM outside India is considered as a non-resident.

Under DTAA treaties, business profits are attributed to a Permanent Establishment ('PE') as if it is a distinct and separate entity as per the provisions of Article 5 read with Article 7 of a DTAA. Such business profits can be taxed only if there exists a business connection or a PE in India at the rate of 40 per cent on net basis, unless the income qualifies as royalty or fees for technical services ('FTS') which will be taxed at a rate of 10 per cent on gross basis. Further, as per the provisions of section 90(2) of the Act, a non-resident will be entitled to claim beneficial provisions between the Act and DTAA.



<https://docs.google.com/document/d/1zvwIU5kfGM02G5Af8ktxUmXbYYNSa-AM/edit?usp=sharing&ouid=109355327431475418861&rtpof=true&sd=true>

About the author:

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Members Programme

S.No.	Date	Name of Event	Guest Speaker	CPE Hrs	Venue(Physical or Virtual)	Youtube Link
1.	04th May, 2022 (Wednesday)	Webinar on Overview of IBC including Emerging Professional Opportunities	CA. R. K. Gupta	2	Virtual	https://youtu.be/8X41iiGFnqA
2.	07th May, 2022 (Saturday)	Seminar on GST	CA. Vipul Goel, IRPS Deputy General Manger (Law) Northern Railways CA. Ashu Garg CA. Tarun Arora	4	Hotel Park Plaza, CBD Ground, Shahdara, Delhi	Nil
3.	10th May, 2022 (Tuesday)	Webinar on (UDIN) for Practicing Chartered Accountants, Q & A on 10th May 2022	Guest Speaker CA. Prasanna Kumar D Convenor, UDIN CA. Ranjeet Kumar Agarwal Central Council Member, ICAI	2	Virtual	https://youtu.be/oY_ZKEcbaeo
4.	12th May, 2022 (Thursday)	Webinar on Digital Economy- A journey to Fair Taxation	Guest Speaker CA. Pushpendra Kumar Dixit	2	Virtual	https://youtu.be/VxzwKdF16gM
5.	13th May, 2022 (Friday)	Webinar on Analysis of SC Judgement on Validity of Re-Assessment Notices & Way Ahead	Guest Speaker CA. Mayank Mohanka	2	Virtual	https://youtu.be/Agj5yg7EPm8
6.	14th May, 2022 (Saturday)	Seminar on GST & Income Tax Implications on Virtual Digital Assets	Guest Speaker CA. Naveen Wadhwa CA. Dipen Mittal CA. Sunil Kumar CA. Karishma Malhan	4	Hotel The Park, C.P., New Delhi	Nil
7.	18th May, 2022 (Wednesday)	Seminar on Tools and Strategies to Scale up our Professional Practice Organized by ICAI Group- Group to Look into the entire Strategy for making the Indian CA firms Big Hosted by NIRC of ICAI	Guest Speaker CA. (Dr.) Rajkumar S. Adukia Chairman CECL & EA, CPE committee & Convenor of Publication & CDS Directorate Convenor of ICAI Group Group to Look unto the entire Strategy For making the Indian CA firms Big	Nil	ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi	Nil
8.	21st May, 2022 (Saturday)	Workshop on Real Estate	Guest Speaker CA. Ashok Batra CA. (Adv.) Kapil Goel CA. Gaurav Agrawal	6	Eros Hotel Nehru Place New Delhi	Nil

Read More.....

Link : https://docs.google.com/spreadsheets/d/1heTb5rSoN4_TGe24Er3bnXHZIVhel87K/edit?usp=sharing&ouid=113261015253334079965&rtpof=true&sd=true

Glimpses of Branches Activities

Seminar on GST organised & hosted by Bhiwani Branch of NIRC of ICAI Held on 14th May, 2022 at Dalchini Greens, Above Bank of Baroda, Circular Road, Bhiwani, Haryana-127021. CA. Balwan Singh, Chairman of Bhiwani Branch of NIRC of ICAI had welcomed CA. Naveen Garg, Chairman, NIRC was invited as a Chief Guest & along with CA. Abhishek Raja, Guest Speaker with CA. Jags Jagjeet Singh, Ex-officio and NIRC-Member.

The Seminar was successfully organized and conducted under the dynamic leadership of CA. Balwan Singh, Chairman of Bhiwani Branch with TEAM Bhiwani Branch of NIRC of ICAI



Glimpses of NIRC Seminars & Webinars-2022-23

Date: 04th May, 2022 (Wednesday)

Webinar on Overview of IBC including Emerging Professional Opportunities

Link: <https://youtu.be/8X41iiGFnqA>



CA. Sangam Kumar Aggarwal
Secretary, NIRC of ICAI



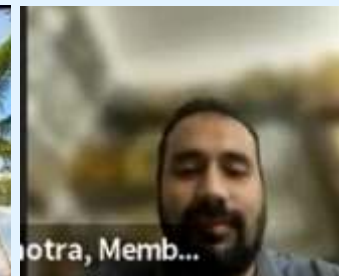
CA. Dinesh Sharma
Member, NIRC of ICAI



CA. Jags Jagjeet Singh
Member, NIRC of ICAI



CA. R. K. Gupta
Guest Speaker



CA. Navya Malhotra
Member, NIRC of ICAI

Seminar on GST held on 07th May, 2022 (Saturday) at Hotel Park Plaza, Plot No. 32, CBD Ground, Near Karkardooma Court, New Delhi-110095. The esteemed Chief Guest for the said programme was CA. Vipul Goel, IRPS Deputy General Manager (Law), Northern Railways. In the present of the various eminent dignitaries, CA. Sangam Kumar Aggarwal, Secretary, CA. Sandeep Agarwal, Executive Committee Member, NIRC of ICAI, CA. Gaurav Aggrawal, Member, CA. Jagjeet Singh Jags, Member, the Seminar was successfully conducted. CA. Ashu Garg, and CA. Tarun Arora were the eminent speakers for the said Seminar.



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Date: 10th May, 2022 (Tuesday)

Webinar on (UDIN) for Practicing Chartered Accountants, Q & A on 10th May 2022

Link: https://youtu.be/oY_ZKEcbaeo



CA. Raj Chawla
Central Council Member, ICAI

CA. Naveen Garg
Chairman, NIRC of ICAI

CA. Sangam Kumar Aggarwal
Secretary, NIRC of ICAI



CA. Prasanna Kumar D
Convenor, UDIN (Guest Speaker)



CA. Ranjeet Kumar Agarwal
Central Council Member, ICAI (Guest Speaker)



CA. Shalini Gupta
Treasurer, NIRC of ICAI



CA. Sandeep Agarwal
E.C. Member, NIRC of ICAI

Date: 12th May, 2022 (Thursday)

Webinar on Digital Economy- A journey to Fair TaxationLink: <https://youtu.be/VxzwKdF16gM>

CA. Sangam Kumar Aggarwal
Secretary, NIRC of ICAI



CA. Pushendra Kumar Dixit
Guest Speaker

Date: 13th May, 2022 (Friday)

Webinar on Analysis of SC Judgement on Validity of Re-Assessment Notices & Way AheadLink: <https://youtu.be/Agj5yg7EPm8>

CA. Sangam Kumar Aggarwal
Secretary, NIRC of ICAI



CA. Mayank Mohanka
Guest Speaker



CA. Naveen Garg
Chairman, NIRC of ICAI

Seminar on GST and Income Tax, Implications on Virtual Digital Assets held on 14th May, 2022 (Saturday) at Hotel The Park, C.P., New Delhi. The Co-ordinator for the said programme was CA. Pitam Goel, NICASA Chairman. In the presence of eminent dignitaries, CA. Vijay Kumar Gupta Executive Committee Member, NIRC of ICAI, the Seminar was successfully conducted. CA. Naveen Wadhwa, CA. Dipen Mittal, Ca. Sunil Kumar and CA. Karishma Malhan were the eminent speakers for the said Seminar.



Seminar on GST and Income Tax, Implications on Virtual Digital Assets held on 14th May, 2022 (Saturday) at Hotel The Park, C.P., New Delhi. The Co-ordinator for the said programme was CA. Pitam Goel, NICASA Chairman. In the presence of eminent dignitaries, CA. Vijay Kumar Gupta Executive Committee Member, NIRC of ICAI, the Seminar was successfully conducted. CA. Naveen Wadhwa, CA. Dipen Mittal, Ca. Sunil Kumar and CA. Karishma Malhan were the eminent speakers for the said Seminar.



Date: 18th May, 2022 (Wednesday)

Seminar on TOOLS AND STRATEGIES TO SCALE UP OUR PROFESSIONAL PRACTICE

Organized by : **ICAI Group- Group to Look into the entire Strategy for making the Indian CA firms Big**

Hosted by : **NIRC of ICAI**

Venue: ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi



Workshop on Real Estate held on 21st May, 2022 (Saturday) at Eros Hotel, Nehru Place, New Delhi. In the presence of eminent dignitaries, CA. Sangam Kumar Aggarwal, Secretary, NIRC of ICAI, the Workshop was successfully conducted. CA. Ashok Batra, CA. Adv. Kapil Goel and CA. Gaurav Agarwal were the eminent speakers for the said Seminar.



Career Counselling Sessions

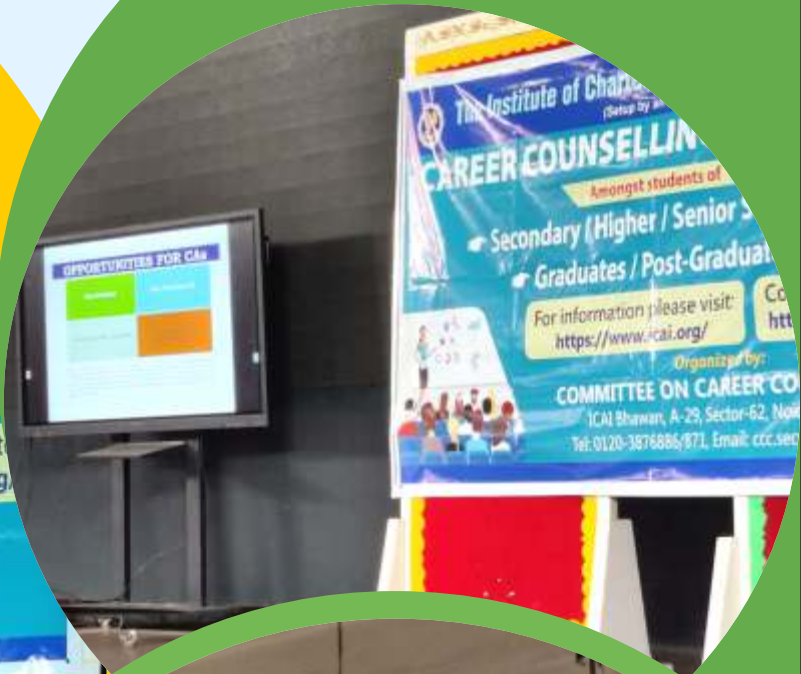
Career Counselling Session held on 11th May, 2022 at Govt. Sarvodaya Bal Vidyalaya, A Block, Vikaspuri, New Delhi.



Career Counselling Session held on 24th May, 2022 at Delhi Public School, Vasant Kunj, New Delhi.



**Career Counselling Session
held on 25th May,
2022 at ASN Public School,
Mayur Vihar, Delhi.**



The Official Directory of NIRC of ICAI (2022-23)

NIRC is pleased to share with you an elaborate directory of NIRC of ICAI. A telephone directory is one of the most useful tools of information in communication & can serve a great purpose if preserved well. In this age of smart phones and hi-tech gadgets, it is even easier to look up information from our online directory. This directory includes the following:-

Link :

https://drive.google.com/file/d/1Vxi8trvg_hlMr4li0D7fmGhrrgn7NeoZ/view?usp=sharing



We hope the members will be able to make the best of this directory and it will be of great use and benefit for all!

Auditor's Report



GOEL MINTRI & ASSOCIATES
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To

Council of The Institute of Chartered Accountants of India

The Institute of Chartered Accountants of India

Opinion

We have audited the accompanying financial statements of **Northern India Regional Council of The Institute of Chartered Accountants of India** ("the Institute"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Income and Expenditure Account for the year then ended, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the year ended 31st March 2022 are prepared in all material respects in accordance with the Chartered Accountants Act, 1949 and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the **Northern India Regional Council of The Institute of Chartered Accountants of India** ("the Institute") as at 31st March, 2022 and its Surplus for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters pertaining to Northern India Regional Council of the Institute of Chartered Accountants of India requiring emphasis by us:

1. Trade and Other Payables, balance due to/ from H.O/ DCOs/Branches/ ICAI Inter-Unit accounts are subject to confirmation/reconciliations and consequent adjustment (if any) and in some cases balances have been written off. Refer Note 20 & 25 to the financial statements
2. The Institute does not collate, maintain and present the details of dues to its vendors who are registered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence any outstanding due to MSME could not be verified and we are unable to determine whether there was delay in making



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Auditor's Report

payments to such entities in accordance with Sec 22 of MSMED Act 2006. Refer Note No. 9 to the Financial Statements.

3. Prior Period Incomes amounting to Rs.22395814/- are accounted for during the year. Refer Note No. 12,13,14 to the Financial Statements.
4. GST ITC is subject to reconciliation. Refer Note No. 21,22 & 25 to the Financial Statements.
5. General Reserve have been debited by an amount of Rs. 11509579/- due to reconciliation adjustment with HO. Refer to note no. 26.

Other Matters

The Regional Council has not complied with few of the Finance Policies and Procedure Manual issued by the head Office, non-compliance with the set guidelines as enumerated in the Finance Policies and Procedure Manual clearly indicates that the internal control has been incorporated subject to the following areas in which deficiencies has been observed by us:

- a) Purchase policy is not strictly followed as per Finance Policies and Procedure Manual in case of H.O. empaneled vendor. However, new vendors are empaneled in the subsequent purchase committee meeting.
- b) Reconciliation of Physically verified assets with Fixed Assets Register for the significant portion of Assets have not been conducted by the management during the year. Further, Fixed Assets register has been maintained in excel sheet by the Institute, however same does not give complete details with respect to name of supplier, purchase order, invoice number, invoice date and specific location and condition of the assets.
- c) Bank Reconciliation Statement is carried out but not on monthly basis
- d) Insurance of Assets is being done at the end of Head Office level and accordingly we cannot comment on the same.
- e) Reconciliation of the TDS Receivable is being done by head office and the same is pending..
- f) No separate financial statement for NICASA has been prepared required as per the guidelines issued in this regards.
- g) Additional details are enclosed in Annexure – "A".



Auditor's Report

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India in accordance with the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for Standalone Financial Statements

The Management is responsible for the preparation of these financial statements in accordance with The Chartered Accountants Act, 1949 that give a true and fair view of the financial position and financial performance of the entity in accordance with accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI. This responsibility also includes maintenance of adequate accounting records in accordance for safeguarding of the assets of the entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those Management is also responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Further, we report that:

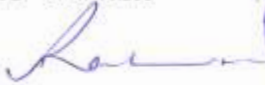
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by Chartered Accountants, 1949 have been kept by the Northern India Regional Council of the Institute so far as it appears from our examination of those books.



Auditor's Report

- c. The Balance Sheet, the Statement of Income and Expenditure Account, dealt with by this Report are in agreement with the books of account.

For Goel Mintri & Associates
Chartered Accountants
FRN NO - 01321N



CA Rabindra Kumar Mintri
Partner

M. No. 092274

UDIN : 22092274 A I 2 U TV 3 2 5 7

Place: Delhi

Date: 14-05-2022

Auditor's Report

ANNEXURE-A

ADDITIONAL INFORMATION TO BE SUBMITTED BY STATUTORY AUDITOR

1. Whether books are being maintained in online Tally ERP Cloud on regular basis and financial statements are prepared from the books of accounts maintained in on-line Tally only. Copy of Final Trial Balance, Balance Sheet and Income & Expenditure A/c as on 31.03.2022 along with corresponding figures as on 31.03.2021 generated from online Tally to be certified jointly by the Management and Statutory Auditor.

Books are maintained in online Tally ERP however there is delay while making some entries.

2. Whether inter unit balances with Head Office/ Regional Councils/ Decentralized Offices/ Branches are duly reconciled. Details of un-reconciled inter unit balances to be reported.

No such Reconciliation is being provided for verification.

3. Whether the concerned unit is regular in depositing statutory dues i.e. provident fund, employees' state insurance, TDS, GST and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues on the balance sheet date.

GST Reconciliation is under process and accordingly we can not comment on same. TDS Return for the current period i.e. QTR ended 31.03.2022 has not been filed till date. PF & ESI dues are being dealt at Head Office Level

4. Whether the concerned unit has complied with the requirements of Micro, Small and Medium Enterprises Development (MSMED), Act 2006.

The exercise to ascertain the status of MSME of creditors has not yet been carried out by the Institute. However, the Institute in the process to setup necessary mechanism to ensure compliance and disclosure requirements and to identify the vendors of goods and services who are covered under the Micro Small and Medium Enterprises Development Act, 2006.



Auditor's Report

5. Whether the concerned unit is complying with the Standard Operating Procedures (SOP).
Departure / non-compliance with SOP be reported.

No such departure/non-compliance with SOP except as mentioned in the Independent Auditor's Report and Notes to accounts..

6. (A) Whether the concerned unit is maintaining Fixed Assets Register and assets purchased during the period are properly recorded in register.

Fixed Assets are recorded in Excel Sheet, however it was also noted that Invoice no. and code of assets is not updated for many assets. It was also noted that tagging of assets are not made.

- (B) Whether Fixed Assets purchased during the year have been allotted unique identification code and same have been updated in Fixed Assets Register as well.

Unique identification code is not maintained for all assets of the Institute.

- (C) Whether fixed asset have been physically verified by management at reasonable interval and any material discrepancies noticed on such verification, if any, have been properly dealt with in the books of accounts.

Reconciliation of Physically verified assets with Fixed Assets Register for the significant portion of Fixed Assets have not been conducted by the management during the year.

- (D) Whether the capital items purchased by concerned unit are out of the capital grant released by Head Office and only for the purpose it was sanctioned. Provide details of exception.

Capital grant has not been received during the year. Capital Assets have not been purchased out of the capital grant.



Auditor's Report

- (E) Whether the title deeds of immovable properties are held in the name of the Institute. If not, provide the details thereof.

Not Applicable

- (F) In case, the branch is not having its own premises and carrying out its activity from rented/leased premises, verify whether the Rented/Leased Expenses are within specified limit

Not Applicable

7. (A) Whether the expenditure towards Seminar & Conference are properly accounted for and met out of the source generated by way of participation fee and Seminar/CPE Grant released by Head Office.

Expenditure have been incurred in excess of source.

- (B) Whether separate ledger account is being maintained for each of the Seminar / Conference/ Workshop / any other program organized during the period.

No separate ledger account is being maintained for each of the Seminar / Conference/ Workshop / any other program.

- (C) Also, report whether such accounts are reconciled and not remained open for long and close within 60 days from the closure of such program.

No.

- (D) Whether any non educational program/ activity is organized by the concerned unit and expenses recorded in books of accounts. If yes, provide program wise deficit generated from non educational program / activities and total deficit from non self supporting non educational program / activities.

No such non educational program/ activity was organized during the reporting period.



Auditor's Report

- (E) Whether the amount recoverable in respect of any seminars & programs (like Advertisements, Sponsorship etc.) have been recovered within reasonable time, if not, aging analysis of such recoverable be given.

No old outstanding dues as at balance sheet date.

8. Whether the fund of the concerned unit is applied either directly or indirectly for making any payment to the members of the Managing Committee except to reimburse them any expenses incurred by them in connection with the business of the Managing Committee of concerned unit. If yes, provide details.

No.

9. (A) Whether investments are earmarked corresponding to funds to be earmarked for specific purpose and the same are in agreement. If not, mention reason for the same.

Yes.

- (B) In case, any amount is transferred from/to capital reserve, general reserve or/and earmarked funds, whether the appropriate resolution has been approved by the managing committee of the concerned unit.

Yes, For the reporting period, an amount of Rs. 1,15,09,579/- has been deducted from General Reserve which includes Reconciliation of GST and Other Reconciliation with Head Office.

- (C) Whether such funds are utilized only specific purpose for which the same are appropriated.

Yes.

10. Whether concerned unit is printing and publishing newsletters except e-newsletter. The income and expenditure generated from newsletter publication during the year should be reported.

No, Only E-Newsletters are published.



Auditor's Report

11. Whether all the revenue grants received and receivable as per the entitlement of the concerned unit duly accounted for in the books of accounts.

Yes.

12. Whether Capital Grant is recognized only on receipt basis.

Not Applicable, as no capital grant was received during the reporting period.

13. Whether material departure noticed while comparing the actual income and expenditure with the budget estimates approved by the Council. If yes, submit the report of the same.

As revenue budget has not been shared, same cannot be commented upon

For Goel Mintri & Associates
Chartered Accountants
FRN NO - 013211N



CA Rabindra Kumar Mintri
Partner
M. No. 092274



UDIN : 22092274 A 2 ZU7V 3257

Place: Delhi
Date: 14-05-2022

Balance Sheet

NORTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA BALANCE SHEET AS AT MARCH 31, 2022			
	Sch No.	AS AT 31.03.2022	AS AT 31.03.2021
Liabilities/Sources Of Funds			
General Reserve			
General Reserve Opening Balance		11,74,21,794	11,16,70,960
Add/Less: Surplus/Deficit		2,67,00,255	57,50,834
General Reserve Balance		14,41,22,049	11,74,21,794
Additions/Deletions		1,15,09,579	-
Total General Reserve (A)		13,26,12,470	11,74,21,794
Earmarked Funds			
Earmarked Funds Op.Balance		50,27,037	20,27,037
Expenses			
Additions/Deletions		(27,037)	30,00,000
Total Earmarked Funds (B)		50,00,000	50,27,037
Current Liabilities			
Creditors For Exp-Non Capital Items	1	20,79,030	57,69,791
Other Liabilities-Statutory Dues	2	3,12,285	24,42,737
Other Liabilities-Payables	3	13,107	1,26,096
Provision		10,54,791	14,15,164
Other Liabilities-Others		-	5,49,296
Total of Current Liabilities (C)		34,59,213	1,03,03,084
Inter Unit Balances:			
Capital Grant Received		1,13,02,956	1,13,73,886
ICAI Current Account (H.O. Branch)		(18,49,380)	(40,74,856)
Regional Council Current A/C		-	3,36,523
H.O. Payable		4,76,095	2,58,77,807
Sub-Total Of Inter unit Balances (D)		99,29,671	3,35,13,360
Total Liabilities (A+B+C+D)		15,10,01,354	16,62,65,275

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Ashish Bhatnagar



Shalini

Sanyam

SECRETARY
The Northern India Regional Council
of The Institutes of Chartered Accountants of India



Balance Sheet

Assets/Application Of Funds			
Land			
Building			
Fixed Assets- Others		-	
Gross Block	11	2,38,60,516	2,29,49,348
Less: Accumulated Depreciation		1,58,51,398	1,62,78,258
Fixed Assets (Net Block) (A)		80,09,118	66,71,090
Long Term Investments			
Earmarked Investments			
FDRs With Banks		50,00,000	49,00,137
Total Earmarked Investments (B)		50,00,000	49,00,137
Other Investments			
FDRs With Banks		13,09,35,103	8,80,38,659
Other Investments Total (C)		13,09,35,103	8,80,38,659
Total-Long Term Investments (B+C)		13,59,35,103	9,29,38,796
Current Assets			
Interest Receivable		15,54,772	1,09,80,066
Security Deposits	4	17,70,400	7,59,400
TDS Recoverable		-	8,99,119
GST Recoverable		14,75,943	-
Other Receivables		30,910	15,364
Advance To Party	5	33,310	2,60,719
Advance To Staff		-	13,104
Cash in Hand		-	-
Cash at Bank	6	21,91,798	5,37,27,617
Total Current Assets (D)		70,57,133	6,66,55,389
Total Assets (A+B+C+D)		15,10,01,354	16,62,65,275

Ashish Bhansali
Ashish Bhansali
Deputy Secretary

Naveen Garg
CA.Naveen Garg
Chairman

Shalini
CA.Shalini Gupta
Treasurer

Sangam
CA.Sangam Kumar Aggarwal
Secretary

As per our report of even date attached

For Goel Mintri & Associates
Chartered Accountants
FRN: 013211N

Rabintra
CA. Rabindra Kumar Mintri
Partner
M.No.092274
UDIN: 22092274AIZUTV3257
Place: New Delhi
Date: 14-05-2022

Balance Sheet

NORTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA INCOME AND EXPENDITURE FOR THE YEAR ENDED 31.03.2022			
Particulars	Sch. No.	For the year ended 31.03.2022	For the year ended 31.03.2021
Income			
Grants Received From H.O.			
Revenue Grant RC		63,17,500	70,16,402
BOS related Grant		-	39,87,193
(A)		63,17,500	1,10,03,595
Seminar Income: Members		15,18,368	23,91,796
Seminar Income: Students	7	19,02,021	-
GMCS Course Income: Current Year		2,79,21,475	18,99,898
Interest on Investment		86,00,702	60,10,646
Other Income	8	38,063	18,743
Liability Written Back		3,60,654	-
Prior Period Income			
GMCS Course Income		1,16,23,060	-
Interest Income		91,21,182	-
Seminar Income		16,51,572	-
Income Support Service		-	20,66,440
(B)		6,27,37,097	1,23,87,523
Total (A+B)		6,90,54,597	2,33,91,118
Expenditure			
Employee Benefit Expenses-			
1) Salary, Pension & Other Allowances		94,27,961	63,90,539
2) Staff Welfare Expenses		1,67,549	48,005
Printing & Stationery & Photocopying		5,82,939	3,09,146
Postage, Telephone & Telegram		23,135	5,660
Rent, Rates & Taxes		96,90,969	37,07,270
Repair & Maintenance	9	12,58,624	1,61,860
Travelling Expenses: Members		23,589	-
Travelling Expense: Staff & Others		2,23,377	39,366
Audit Fee		1,80,000	60,000
Professional Fee: Other Services		2,31,780	3,06,634

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Ashish Chandra





SECRETARY
The Northern India Regional Council
The Institute of Chartered Accountants of India
New Delhi


Balance Sheet

Seminar Expenses: Members		33,69,345	-
Seminar Expenses: Students		4,02,951	2,77,541
GMCS & Orientation Course Expenses		1,34,07,265	42,47,604
GST Expenses		15,56,844	-
Other Expenses	10	7,27,454	8,44,135
(C)		4,12,73,782	1,63,97,760
Depreciation	11	10,80,560	12,42,524
Total		4,23,54,342	1,76,40,284
Surplus/Deficit		2,67,00,255	57,50,835


 Ashish Bhansali
 Deputy Secretary


 CA. Naveen Garg
 Chairman


 CA. Shalini Gupta
 Treasurer


 CA. Sangam Kumar Aggarwal
 Secretary

As per our report of even date attached

For Goel Mintri & Associates
 Chartered Accountants
 FRN: 013211N


 CA. Rabindra Kumar Mintri
 Partner

M.No.092274
 UDIN: 22092274A12UTV3257
 Place: New Delhi
 Date: 14-05-2022

Balance Sheet

Northern India Regional Council of The Institute of Chartered Accountants of India				
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31.03.2022				
Schedule	Sch No.	Particulars	Amount (in Rs.) as on 31.03.2022	Amount (in Rs.) as on 31.03.2021
Creditors (Faculty)	1			
		Aashima Gaihotra	7,200	5,550
		Amit Arora	21,600	11,100
		Ashima Thapar	-	11,100
		Atul Satya Kaushik	-	11,100
		Brajesh Aggarwal	-	11,100
		Charu Ahuja	-	11,100
		Govind Kumar Mishra	28,800	150
		Jatin Tagra	7,200	16,650
		Jayendra Malhotra	28,800	16,650
		Ketan Kansal	14,400	16,650
		Meera Bhatia	14,400	5,550
		Mridul Tandon	25,920	19,890
		Neeraj Mittal	-	27,750
		Neha Gupta	14,400	11,100
		Pramod Gupta	-	22,200
		Praveen Narang	-	5,550
		Preeti Singal	14,400	11,100
		Rajiv Walia	-	11,100
		Ravish Bhateja	-	11,100
		Vinay Sharma	7,200	11,100
		Vinod Kumar	-	5,550
		Ankita Garg	7,200	-
		Cheena Mishra	7,200	-
		Honey Kalra	7,200	-
		Jyoti Singhal	7,200	-
		Kanchan Gupta	21,600	-
		Kavita Kapoor	24,300	-
		Madhu Sharma	14,400	-
		Manish Jain	14,400	-
		Manisha Jaiswal Gupta	7,200	-
		Mohit Jain	14,400	-
		Neha Bansal	36,000	-
		Preeti Mahotra	7,200	-
		Raghav Garg	7,200	-
		Ramita Bhatia	21,600	-
		Sakshi Sharma	36,450	-
		Sanjay Kumar Gupta	40,500	-
		Surbhi Singhal	7,200	-
		Triveni Sehgal	7,200	-
		Tushar Goel	24,300	-
		(A)	4,97,070	2,53,140







SECRETARY
 The Northern India Regional Council
 of The Institute of Chartered Accountants of India
 New Delhi

Balance Sheet

Creditors (Party)			
	Abhishek Gut	4,500	-
	Ajay Singhal	8,845	7,845
	Amazing Systems & Technologies	4,702	-
	Arvind Kumar	4,170	-
	Av Automations	1,62,500	-
	Bses Yamuna Power Limited	83,760	14,030
	CA Neeraj Srivastva	14,400	-
	CA Shabadjeet	14,400	-
	CA. Akhil Goel	7,200	16,650
	CA. Bhawana Singhal	7,200	22,200
	CA. Shweta Pathak	10,126	24,000
	CAnteen Account,Cj-16	38,600	
	Cj International Hotels Ltd.	2,42,184	
	Connect Infotain Llp	74,083	
	D.K. Traders	3,250	
	Deepak Enterprises	2,610	12,233
	Dhan Singh Rawat	6,335	6,435
	Dilwan Singh Gusain	1,020	
	Gaurav Garg(CA)	2,522	11,000
	Gauri Chadha	7,200	16,650
	Gauri Shankar Gupta	49,140	
	Gunjan Hirani	7,200	
	Iceberg Foods Ltd.	986	
	Kamal Jain	-	
	Kamla Arts	7,514	1,556
	Munish Kawtra	25,920	
	Nexgen Manpower Services Pvt Ltd	3,09,559	
	Nikhil Garg	4,500	
	Pavitra Advertising Agencies	50,640	
	Nitin Kanwar [CA]	40,490	44,968
	Pankaj Gupta	6,522	18,000
	Perfact Impression Pvt. Ltd.	11,716	
	Pooja Kumari	4,500	
	Rachit Bhandari	11,922	7,000
	Raj Mangal (Office Expenses)	1,046	
	Rajender Arora[CA]	8,089	10,089
	Ramesh Chaiwala	16,930	
	Rashi Tagra	14,400	11,100
	Rattan Singh Yadav	1,273	8,147
	Royal Tele Network	21,868	64,549
	Sand Martin Consultants Private Limited	8,000	
	Sandeep Kumar Singh	28,800	
	Sandeep Patel	2,090	
	Shankar Florist	2,100	14,850
	Shashank Agrawal	16,000	26,670
	Shubham Malhotra	4,500	
	Siddhartha Chaudhary	14,400	16,350
	Singhla Cloth House	6,730	
	Simriti Sharma	7,200	
	Sonali Jain	7,200	
	Sonia Jagnani	7,200	11,100
	Sumit Garg[CA]	6,089	1,000
	Sushant Gupta	7,200	11,100
	The Park	97,730	

Arish N...

NIRC OF ICAI



SECRETARY

The Northern India Regional Council
of ICAI Chartered Accountants
New Delhi

Balance Sheet

Transoft Infotech	11,378	57,630
Vijay Kumar Gupta	28,181	10,764
Vinod Kumar Gupta	28,800	
Ajay Kumar Gupta	1,000	
Kamal Jain	3,540	
Avtar ElectriCAI & MechaniCAI	-	26,718
Hbansal & Co. Bysph1212N	-	1,13,866
Right Advisors Private Limited	-	1,76,976
ZVC India Private Limited	-	7,183
Gurcharan Singh		92,340
Deltapure Water India Ltd		4,200
506109C		1,38,150
Aggarwal Financial Advisors Llp		20,840
Agiwal & Associates		38,800
Akanksha Bansal		14,700
Amar Tourist Taxi Service		36,578
Amit Kumar Gupta		11,100
Ashok Singh		1,164
Avinash Gupta		20,000
CA Pramod Gupta		11,100
CA Shallu		11,100
CA. Balwan Bansal		19,440
CA. Neeraj Mudgal		28,043
Chand Kamal Gupta Associates		16,51,572
Charu Singh		11,100
Deepak Chanda-Staff		15,984
Deeraj Kumar		11,000
Dipendra Kumar		11,000
Durga Devi Paints & Furniture		2,400
Durga Electrostat		66,018
Gopal Bansal		5,100
Gupta Anoop & Associates		33,150
H.K.Choudhary Jain		15,000
Harish Kumar Choudhary Jain		3,000
Idea Cellular Ltd.		12,890
Jack Offset Works		86,599
Jasmine Kaur		11,100
Jasvinder Singh		30,870
Kapil Jain		5,550
Kashmiri Lal Dua		10,04,379
Kishore & Kishore		27,750
Kritee Manchanda		11,100
Kritika		23,000
Kunal Softech		4,012
M.K.Agarwal & Co.		1,62,400
M.M.Caterers		37,524
Madhav Kumar		5,100
Madhu Sharma Auqps0466G		5,550
Mahinder Kumar		3,37,020
Manisha Jaiswal		5,000
Manya Gupta		3,100
Meenu Kakkar Makeover		20,000
Miraz Securitas Private Limited		23,613
Mr. Varun Gupta		5,100
Naveen Singal		9,440

Ashish Bhatnagar





Sanjay
 SECRETARY
 The Northern India Regional Council
 of The Institute of Chartered Accountants of India
 New Delhi

Balance Sheet

	Net Core Solutions Pvt Ltd		1,68,132
	Nikita		13,500
	No.1 Computer Shopee		14,150
	Noida Nfs Bharat It Services Ltd		4,071
	Paramjeet Singh		30,780
	Pragya Shrivastava		5,550
	Rajat Sareen		5,550
	Rashmi Gupta		5,550
	Ravinder Singh		30,780
	Riju Studio		52,284
	Rinkish Kapoor		2,020
	Rupali		11,100
	S.N Ahuja		27,750
	Sarul Kumar		13,500
	Shafaly Girdharwal & Co.		5,550
	Shri Purushottam Hindi Bhawan Nyas Smiti		30,892
	Shri Ram College Of Commerce		50,000
	Smiriti Sharma		11,100
	Stutle Gupta		6,630
	Suneel Keshwani		11,100
	T.S.T Technologies		20,518
	Taxmann PublicAtions Pvt. Ltd.		18,000
	The Institute Of Company Secretaries Of India		41,750
	Vijay Kr. Gupta		18,895
	Vikash		41,793
	Vinayak Aggarwal		1
	Vinod Gupta		1,070
	(B)	15,81,960	55,16,651
	(A)+(B)	20,79,030	57,69,791

Ashish Bhansali




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SECRETARY

The Northern Regional Council
of The Institutes of
Chartered Accountants of India



Balance Sheet

Northern India Regional Council of The Institute of Chartered Accountants of India				
SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31.03.2022				
Schedule	Schedule No.	Particulars	Amount (in Rs.) as on 31.03.2022	Amount (in Rs.) as on 31.03.2021
Other Liabilities- Statutory Dues	2	TDS on Contractor	52,578	1,155
		TDS on Professional	1,84,380	1,42,624
		TDS on Rent	75,327	9,818
		GST Payable	-	22,89,140
			3,12,285	24,42,737
Other Liabilities- Payable	3	Sheela Gupta	8,294	-
		Sudhir Dass	4,813	-
		Staff Welfare	-	1,705
		The Secretary, ICAI	-	1,24,391
			13,107	1,26,096
Current Assets - Security Deposits	4	New Delhi Municipal Corporation	65,000	65,000
		Hindi Bhawan	6,900	6,900
		East Azad Nagar	1,80,000	1,80,000
		Laxmi Nagar-3rd Floor Vijay Chowk	2,70,000	2,70,000
		Kashmiri Lal Dua - Laxmi Nagar	1,41,000	1,41,000
		IPHO	20,000	20,000
		Malaviya Smiriti Bhawan	54,000	54,000
		Newsletter	22,500	22,500
		Veena Gupta-Sharwan Gupta-Pitampura Centre	7,20,000	
		Bihari Lal Poddar-PD Vihar	2,91,000	
			17,70,400	7,59,400
Current Assets - Advance to Parties	5	Cool Wave Air Conditioning Service	-	180
		Hotel Queen Road Pvt Ltd	-	1,56,600
		Vishal Singh Tanwar	-	8,606
		Indian Habitat Centre	33,310	-
		Kuldeep	-	913
		Parmod Kumar Gupta	-	33,300
		Rajan Chakarvarthy & Associates	-	28,320
		Shyam Sunder Singhal & Co.	-	6,000
		Sujit Kumar Singh	-	5,500
		S.N. Ahuja	-	16,650
		Vikram	-	4,650
			33,310	2,60,719

Arishh Bhasalia

OFFICE OF ICAI - NIRC

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Sanjay

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Northern India Regional Council
Institute of Chartered Accountants of India
New Delhi

Balance Sheet

Current Assets - Cash at Bank	6	Bank Of India (Main A/c No.0603021110000001)	8,57,931	5,34,70,167
		Bank Of India (GMCS A/c No.0603021110000256)	22,032	42,867
		Bank Of India (OT A/c No.0603010110001839)	44,121	22,681
		Axis Bank(GMCS I-913010034577763)	238	230
		Axis Bank (GMCS-913010034673049)	238	230
		Axis Bank (Main-913010034035531)	1,00,814	1,02,733
		Axis Bank (OT-913010034839948)	16,483	15,997
		HDFC Bank Account(Main-A/c No. 50100056174150)	11,19,941	41,323
		HDFC Bank Account(GMCS1 A/c No. 50100061605720)	10,000	11,241
		HDFC Bank Account(GMCS 2 A/c No. 50100061639241)	10,000	10,074
		HDFC Bank Account(OT- A/c No. 50100061605492)	10,000	10,074
			21,91,798	5,37,27,617
Seminar Income: Students	7	Seminar Income	14,27,848	-
		Income Support Service	4,74,173	-
			19,02,021	-
Other Income	8	Miscellaneous Receipts	38,063	18,743
			38,063	18,743
Repairs & Maintenance	9	Air Conditioner Maintenance	50,550	1,13,813
		Repairs & Maintenance	12,08,074	45,847
		Computer Maintenance	-	2,200
			12,58,624	1,61,860
Other Expenses	10	Meeting Expenses	24,461	43,931
		Office Expense	4,12,164	-
		Perir Period exp	24,375	-
		Magazines & Periodicals	20,447	-
		Misc. Expenses	55,324	2,70,536
		Technology Expenses	1,90,683	5,29,668
		Certification Course Expenses	-	-
		Amount Written Off	-	-
			7,27,454	8,44,135

Arvind Kumar



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Sanjay



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The Northern India Regional
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New Delhi

of India

Balance Sheet

NORTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA										Schedule-11
Fixed Assets Schedule										
PARTICULARS	GROSS BLOCK			RATE	DEPRECIATION AND AMORTISATION			WDV AS ON 31/03/2022	WDV AS ON 31/03/2021	
	COST AT 01/04/2021	ADDITIONS UPTO 2 OCT 2021	ADDITIONS AFTER 2 OCT 2021		COST AS AT 31/03/22	01/04/2021	DEPRECIATION DURING THE YEAR			
A. Tangible Assets:										
Electric Installations & Fix.	12,55,998	-	10,169		12,66,167	7,08,371	55,271.17	7,63,642	5,02,525	5,47,628
Computers	42,27,297	1,28,814	-	40%	42,78,913	39,92,191	1,14,688.76	41,06,880	1,72,033	2,35,107
Air Conditioners	32,01,275	2,51,552	6,64,025	15%	43,01,052	21,05,989	2,64,457.58	23,70,447	19,30,605	10,95,286
Furniture & Fixtures	71,45,134	2,07,550	4,56,065	10%	78,02,749	39,30,491	3,64,422.55	42,94,914	35,07,835	32,14,643
Office Equipments	56,12,222	-	5,99,413	15%	62,11,635	40,33,796	2,81,719.86	43,15,516	18,96,119	15,78,426
SUB TOTAL	2,14,41,926	5,87,916	19,29,672		2,38,60,516	1,47,70,838	10,80,560	1,58,51,398	80,09,118	66,71,090

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The Northern India Regional Council
of The Institutes of Chartered Accountants of India
New Delhi

Arish Babu...

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Balance Sheet

**NORTHERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS
FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH, 31ST, 2022**

SIGNIFICANT ACCOUNTING POLICIES

1) Accounting Convention

The accounts are drawn up on historical cost basis and have been prepared in accordance with the applicable Accounting Standards and are on accrual basis unless otherwise stated. The accounting manual provides for the same.

2) Revenue Recognition

a) Revenue Grant, Share of Membership Fee, Branch Administration Grant & Statutory Audit Fee Grant are recognized on the basis of prescribed amount as approved by the Institute of Chartered Accountants of India. The Grants Received from Institute of Chartered Accountants of India, are accounted on Accrual basis.

b) Income from Seminar/Conferences, Coaching Classes & GMCS Course are recognized as and when the right to receive such income is established and there is no significant uncertainty as to the collectability thereof. Such Income & Expenses have been recognized on completion of respective batches only.

c) The interest on fixed deposits with banks is recognized on a time proportion basis taking into account, the amount outstanding and the applicable rate of interest.

d) Income from earmarked investments of specific funds is credited to the respective funds. The Income from Investments other than Earmarked Investments are credited to the Income & expenditure account.

3). Fixed Assets / Depreciation

a) Fixed Assets are stated at their original costs less depreciation.

b) Depreciation is provided on Pro-rata basis on written down value method at the rates and in the manner as approved by the Council of the Institute of Chartered Accountants of India.

- Library Books are depreciated 100%, in the year of purchase.
- Electrical Installations & Furniture & Fixtures 10%
- Office Equipment's & Air Conditioners 15%
- Computers 40%

4) Investments

Current and non-current Investments are stated at lower of cost.

5) Consumable Items

Purchase of Stationery and other consumable items are debited to expense account and not considered in stock. The physical verification and records of the same has been properly maintained.

6) Bank Balances

The bank balances include short term fixed deposit created automatically and readily available when required.

7). Other Assets

Security Deposits and Other receivables as on date are taken on net realizable value.




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 The Northern India Regional Council
 of The Institute of Chartered Accountants of India
 New Delhi

Balance Sheet

B. NOTES FORMING PART OF THE ACCOUNTS

1. The accounts of the Branches of the Northern India Regional Council have not been incorporated while preparing financial statements of 31.03.2022 as the same are directly incorporated in the Accounts of the Head Office of the Institute of Chartered Accountants of India, New Delhi.
2. Provision for liability towards gratuity and pension for title permanent staff is being provided by the Head Office of the Institute of Chartered Accountants of India, New Delhi.
3. NIRC has organized the regular Coaching Classes for CA students. These activities are duly approved in EC of NIRC as per the guidelines of ICAI. The expenses in relation to coaching classes includes all location of various charges like rent, electricity charges, salaries, repair and maintenance expense in proportion of utilization of venues at various centres.
4. The GMCS expenses relates to faculty charges only .
5. A new Centre at Pitampura, has been started on 25th October, 2021 at FD-1, 3rd Floor, Pitampura, Delhi-110085. The lease rent for the said premises has been fixed at Rs. 2,40,000/- p.m. excluding GST and security deposit equal to 3 months rent i.e. Rs. 7,20,000/- has been paid at the time of Lease Deed.
6. Also, a new Centre at Priyadarshini Vihar has been started as on 13th December 2021 at A-16, Pridarshini Vihar, 3rd Floor, Laxmi Nagar, Delhi-110092. The lease rent for the said premises has been fixed at Rs. 97,000/- p.m. excluding GST and security deposit equal to 3 months rent i.e. Rs. 2,91,000/- has been paid at the time of Lease Deed.
7. An ITT Centre was shifted to Prashant Vihar from Rohini, after shifting physical verification of assets carried out by NIRC wherein it was found that new computers amounting to Rs. 1,00,000/- each were missing. The in-charge of safeguarding of assets was Mr. Deepak Chanda and for the same, an appropriate action was taken by NIRC and also informed to the ICAI regarding the same.
8. Rent Agreement with the landlord of the Centre at Prashant Vihar was renewed on 23.10.2021, rent is paid as per the renewed agreement for the reporting period.
9. The exercise to ascertain the status of MSME of creditors has not yet been carried out by the Institute. However, the Institute in the process to setup necessary mechanism to ensure compliance and disclosure requirements and to identify the vendors of goods and services who are covered under the Micro Small and Medium Enterprises Development Act, 2006.
10. Reconciliation of TDS receivables as Per Form 26AS with TDS as per Books is dealt at Head Office level.
11. Balance of TDS Receivable A/c (deducted on Interest Income) being Rs. 8,99,119/- as on 31.03.2021 and Rs. 4,88,450/- for the year ended 31.03.2022 have been transferred to H.O. Payable.
12. For the reporting period, all Fixed Deposits have been encashed except three Fixed Deposits which are in Lien with M/s O P A Memorial Fund, M/s K L M Memorial Fund and CGIT (Central Government Industrial Tribunal) and new Fixed Deposit have been made. The difference as per Balance sheet and encashed amount Rs. 9121182/- have been transferred to Prior period Interest Income.
13. For the reporting period, an amount of Rs. 16,51,572/- which was appearing under the head Creditors for Expenses relating to Annual Membership Fees (income) received in



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The Northern India Regional Council
of The Institute of Chartered Accountants of India
New Delhi

Balance Sheet

FY 2019-20 has now been rectified and corresponding income is shown under the head prior period income.

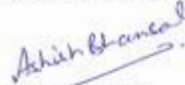
14. For the reporting period, an amount of Rs. 1,16,23,060/- which was appearing under the head GMCS current account in Inter unit balances relating to GMCS COURSE FEES received in FY 2020-21 has now been rectified and corresponding income is shown under the head prior period income.
15. For the reporting period, an amount of Rs. 15,56,844/- has been debited to Provision for expenses and credited to GST-ITC on the basis of Reconciliation of GST carried out by Independent Chartered Accountant Firm.
16. Receipt of the Library fee considered as seminar's income in the earlier year as well in current year as there is not separate head for Library Income. During the year, Seminar's receipts are of Rs. 14,27,847/- which includes Library receipt of Rs. 13,52,548/-.
17. Payment of rent expenses considered as library maintenance in the earlier year but now same has been booked as rent expenses.
18. During the year, seminar's expenses (members) incurred amounting to Rs. 33,69,345/- which includes Seminar expense on Non- CPE hour programme amounting to Rs. 1,59,800/- on Past Chairman /Secretary meeting, Rs. 7,79,710/- on Annual Award Function and Rs. 1,38,004/- on CA Day Programme.
19. The Capital grant account is showing an accumulated balance of Rs. 1,13,02,956/- from the past few years, however utilisation details are not being prepared.
20. Amount receivable from /payable to ICAI, New Delhi (Head Office) being Inter Unit Balances (relating to Capital Grant received, ICAI Current Account, Regional Council Current Account and H.O. Payable) is not reconciled i.e. same is subject to confirmation.
21. That balances of some of the old creditors have been transferred to misc. expenses, repair & maintenance and salary after receiving no due certificate from them. As per the provisions of GST, ITC claimed for invoices need to be reversed and will be done at the time of filing of Annual Return.
22. Reconciliation of GST (ITC in Books viz a viz GSTR2A/GSTR2B AND Turnover and Output GST in GSTR3B/GSTR1 viz a viz Books) is not yet done and correspondingly balance of GST Recoverable being Rs. 14,75,943/- is subject to confirmation.
23. A demand of Rs. 13 Lakhs (approx.) has been raised by order dated 27.07.2018 passed by Assistant Provident Fund Commissioner towards Provident Fund dues defaulted by the outsourced agency M/S Prominent Security Services. All litigation is dealt by Head Office and An appeal by Head Office against above mentioned order has been filed where in PDR of Rs. 3.90 Lakhs (being 30 % of demand) has been submitted by NIRC as security amount.
24. Provisions which were recorded in excess in year ended 31.03.2021 amounting to Rs. 2,22,504/- and Balance of Party/Creditor amounting to Rs. 1,38,150/- being total amounting to Rs. 3,60,364/- have been written back and recorded under Income head as "Liability written Back".
25. As per GSTR2B of F.Y. 2021-22, two invoices issued by ICAI, New Delhi (Head Office) is appearing for Rs. 87,51,026/- and Rs. 53,70,926/- dated 30.03.2021 and 31.03.2021 respectively however no accounting entries have been passed in the books of accounts for the same due to non-availability of information/invoice corresponding to same. As per management opinion this does not pertain to the NIRC.


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 The Northern India Region
 of The Institute of Chartered Accountants of India
 New Delhi

Balance Sheet

26. For the reporting period, an amount of Rs. 1,15,09,579/- has been deducted from General Reserve which includes Reconciliation of GST and Other Reconciliation with Head Office.
27. Security Deposit of Rs. 17,70,400/- are standing in Books as on 31.03.2022 and all are interest free securities and all are recoverable.
28. TDS Return for the Qtr ended 31.03.2022 (due date 31.05.2022) is yet to be filed.
29. Fixed Assets are recorded in Excel Sheet, however it was also noted that Invoice no. and code of assets is not updated for many assets. It was also noted that tagging of assets are not made. It was also observed that Unique identification code is not maintained for all assets of the Institute.
30. Earmarked funds amounting to Rs. 50,00,000/- as on 31.03.2022 are available with the Institute in the form of FDR and same have been received from various parties for distributing Prize etc to students getting highest marks in examination.
31. The figures for the previous year have been regrouped/restated wherever considered necessary to make them comparable to those of current year.

Statement of Significant Accounting Policies and Notes to Accounts.


Ashish Bhansali
Deputy Secretary



CA. Shalini Gupta
Treasurer


CA. Sangam Aggarwal
Secretary


CA. Naveen Garg
Chairman

As per our report of even date attached

For Goel Mintri & Associates
Chartered Accountants
FRN NO - 01321N


CA Rabindra Kumar Mintri
Partner
M. No. 092274



UDIN: 22092274 AIZUTV 3257

Place: Delhi
Date: 14-05-2022



DEEPEST CONDOLENCE



CA. C. K. Bansal Ji

**left for heavenly abode on 26th April, 2022.
May the departed soul rest in peace.**





DEEPEST CONDOLENCE



CA. Navjit Singh Ji

left for heavenly abode on 14th May, 2022.

May the departed soul rest in peace.





Registration Link

<https://www.wcoa2022mumbai.org/index>