



WIRC BULLETIN



Mr. B. R. Jaju, CFO, D B Power, inaugurating the Two days Programme on "Model GST Law in India - Train the Trainers" organized by Taxation Committee of The Institute of Cost Accountants of India on 22nd August 2016 at Mumbai. CMA H R Garg, Addl Director, CBEC (Retd.), CMA V S Datey, CMA Ashok B. Nawal, CCM & office bearers of WIRC looks on.

In this Issue....

		Page
• From the Desk of Chairman		... 3
• CMA eligible to be e-Return Intermediary	<i>CMA Pradnya Dhamdhare</i>	... 4
• Re-Aligning priorities like engaging in	<i>CMA R. Veeraraghavan</i>	... 6
• Ease of doing Business as a key initiative of Make In India	<i>CMA Ashok Nawal</i>	... 7
• Campus Placements		... 10
• Role of CMAs in Monitoring CSR Projects	<i>CMA (Dr.) S. K. Gupta</i>	... 11
• Reduction in Sugar Conversion Cost	<i>Mr. Dilip Patil</i>	... 13
• An insight on Input Tax Credit	<i>CMA Vineet Chopra</i>	... 19
• Internal Audit - Looking beyond the numbers	<i>CMA Sumeet Bahadur</i>	... 21
• Legal Maxim	<i>CMA N. P. Viswanathan</i>	... 24
• Good Business processes - Present day	<i>CMA Nitin Alshi</i>	... 25
• GST Overviews, Impact and Challenges	<i>CMA Rajendra Rathi</i>	... 27
• Chapter News		... 29

WESTERN INDIA REGIONAL COUNCIL THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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Programme on "Model GST Law in India - Train the Trainers" organized by Taxation Committee, ICAI on 22nd & 23rd August 2016 at Mumbai



CMA Pradip H Desai, Chairman WIRC felicitating Mr. B.R. Jaju, CFO, DB Power



Mr. B.R. Jaju, CFO, DB Power addressing the participants.



CMA Shriram Mahankaliwar, Treasurer-WIRC felicitating CMA V. S. Datey



CMA Ashok Nawal, is being felicitated by CMA Kailash Gandhi, Vice Chairman WIRC



CMA Pradip H Desai, Chairman WIRC felicitating CMA B.M. Sharma, Past President, ICAI



CMA Vinod Savaliya felicitating CMA Laxman D Pawar,



CMA Ashish Deshmukh felicitating CMA Amit Sarker



CMA Shailendra Saxena being felicitated by CMA H. R. Garg



CMA Pradip H Desai, Chairman WIRC felicitating Mr. B.V. Borhade, Jt. Commissioner, Sales Tax, Mumbai.



CMA Ashok Nawal addressing the Valedictory session



View of Participants



View of Participants

(For Detailed Programme Report refer Page 5)

Independence Day Celebrations at WIRC, Mumbai, Thane SMFC



From the Desk of Chairman . . . ✍️



Dear Members and Students,

It is my pleasure to communicate to you again & I hope, all of you must be waiting too. The month of August was full of activities for us, profession and country. So, I will take some of your time though all of you must be busy in accomplishing the targets in the month of September.

Till date, 16 state Governments have passed the bill since the GST bill was passed in Rajya Sabha. So, as informed by our Hon'ble Finance Minister Shri Arun Jaitley, the bill will be put up for the signature before our Hon'ble President of India. Meanwhile, Indian Government is moving fast for the draft Rules and Notifications on GST. Finance Minister of Gujarat had invited all the stakeholders on 19th of this month at Gandhinagar for suggestions on GST. Myself, CMA A. G.D alwadi-Member-Task Force- State Government Representation Committee of WIRC and CMA V. H.Savaliya - Chairman -Ahmedabad Chapter remained present and gave section wise suggestions as prepared by our Taxation committee and also offered services of Cost Accountants in bridging the gap between the Government and other stakeholders as well as in the implementation of GST. Hon'ble Minister appreciated our gesture and assured us for our involvement. I am sure the Cost Accountants will be involved all over the country. Let us be prepared for our role to be played under GST. That is why various programs on GST are organized by our institute, region and chapters.

This is 70th year of independence. We celebrated flag Hoisting ceremony on 15th August at our Thane SMF centre for the first time. CMA Kailash Gandhi- Vice Chairman and CMA Debasish Mitra - Chairman-Student and Members Committee were also present. The function was organized at very short notice as per the directive from our institute. We wish to have more participation in future from our elite members and students to show our commitment towards independent India.

I am glad to inform all of you that CBDT have added Cost Accountants and firm of Cost accountants as e- Return Intermediary by notification dated 9th August, 2016 of Ministry of Finance (Department of Revenue). I am very happy to see the number, variety and quality of articles contributed by our learned members in WIRC News Bulletin. I thank them and also appeal other members to come forward and share their knowledge and experience through the Bulletin.

During this month, we had courtesy visits with various government authorities in Mumbai, in connection with Professional Development Activities. We met Regional Director of Western Zone under Ministry of Corporate affairs and Registrar of Companies. They have sought our support in Investor Awareness programs and programs on "Swachh" Bharat Mission in Maharashtra and Goa. We, at WIRC level and through chapters, have planned to organize various programs on these initiatives. This activity will increase our visibility also. WIRC is also arranged 8 Investor Awareness Programme during the month of August in Maharashtra.

We visited Mr. D. K. Jain - Additional Chief Secretary-Finance of Government of Maharashtra and also submitted him kit containing literature of our institute and section wise suggestions as prepared by our Taxation committee and also offered services of Cost Accountants in bridging the gap between the Government and other stakeholders.

Our visit with CMA Vivek Bhimanwar - PS to CM Mantralaya of Government of Maharashtra was a step forward to co-operation and co-ordination with Government departments. I, on my behalf and on behalf of WIRC, convey hearty congratulations to CMA Vivek Bhimanwar sir for being elevated to IAS cadre. We have been and will be getting good support from him. CMA Kailash Gandhi, Vice Chairman had a meeting with Dr. Kshatrapati Shivaji-Chairman and Managing Director of SIDBI and had deliberations on the points of interest were we can work together. New Solapur chapter has been constituted in the month of August. I convey hearty congratulations to the Chairman and his team of Solapur chapter. At the same, I feel very sorry that four chapters of WIRC have been closed due to non-viability and operational difficulties.

Following programs for members and students were organized during the month.

- 1) Model GST Law in India-Train the Trainers Programme organised by Taxation Committee, ICAI on 22nd & 23rd August 2016 at Hotel VITS, Andheri, Mumbai.
- 2) CEP on Cost Management through Lean at WIRC on 26th August 2016 at WIRC Office - Speaker CMA Rajendra Aphale
- 3) CMAs Role in Corporate Credit Rating on 27th August 2016 at Thane SMFC - Mr. Nitin Jha & Mr. Ravikiran Apte from CARE Rating were the speakers.
- 4) Full day programme on GST was organized at Pune on 19th August 2016 by WIRC jointly with our Pune chapter and Pune chapter of ICSI. CMA B. M. Sharma- Past president, CMA Manoj Behede CMA Harshad Deshpande - RCM, WIRC - ICAI, and CS Vikas Khare- Past Vice President of ICSI were the learned speakers in the program.
- 5) 3 days Soft Skill Training for Intermediate Students arranged by WIRC at WIRC Office, N M College, R J College, and SMF Centre Thane in August 2016 for Oral and Postal Students.
- 6) 7 days Industrial Orientation Programme for Final Students started at WIRC office from 20th August 2016.

I also appeal to our learned and experienced members to provide their support as speakers giving benefit of knowledge to the members of our profession. Suggestions are also welcomed and may be shared to me as well as PD and CEP committee chairmen. Institute had also organized Employees Training program on 27th & 28th August, 2016 at Raipur Chapter for the employees of Western Region and nearly 20 employees from 12 chapters were present therein.

Hearty Congratulations to all successful students and best of luck to all the remaining students. 111 fresh CMAs are participating in 12 days Pre-Placement Orientation programme of our institute starting from 12th September at Mumbai at WIRC and Thane SMF centre. 43 fresh CMAs are participating in 12 days Pre-Placement Orientation programme of our institute starting from 13th September at Ahmedabad. It is now our responsibility to provide sufficient opportunities for the job. I, therefore, request all our members in industry and practice to bring maximum participation of organizations in the campus.

We have also arranged felicitation function for the Successful students of Mumbai and Rank holders of WIRC at Mumbai to motivate them. Campus placement for the fresher CMAs is being organized at Mumbai on 21-22 October 2016.

At last, let us work together for the betterment of our profession. I wish happiness and prosperity to all our members, students and their families on the occasion of Ganesh utsav, Paryushan parva and Onam.

With warm regards.

CMA Pradip H. Desai



CMA eligible to be e-Return Intermediary

By CMA Pradnya T Dhamdhare

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Notification : S.O. 2670(E). -In exercise of the powers conferred by sub-section (1B) of section 139 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue), issued vide S.O. 1281(E) dated the 27th July, 2007, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii) dated the 27th July, 2007, namely:-

2. In the said notification, in para 5, in clause (1), for sub-clauses (c) and (d), the following sub-clauses shall be substituted, namely:-

"(c) a firm of Chartered Accountants or Company Secretaries or Cost Accountants or Advocates, if the firm has been allotted a permanent account number; or

(d) a Chartered Accountant or Company Secretary or Cost Accountant or Advocate or Tax Return Preparer, if he has been allotted a permanent account number; or".

CBDT widened scope for CMAs to work as e-Return Intermediary:

CBDT has notified Cost Accountant or Firm of Cost Accountants as E-Return Intermediary. So now Cost Accountant(s) is also eligible as E-Return Intermediary under Electronic Furnishing of Return of Income Scheme, 2007. This initiative of CBDT has widened a scope of work for Cost Accountants and opened a door to CMAs to practice Income Tax. This is the right step taken towards recognition of CMAs in the field of Direct Taxes.

What is e-Return Intermediary?

Income Tax Department (ITD) has launched a new scheme for improving interface with the taxpayers. This scheme is named as "Electronic Furnishing of Return of Income Scheme, 2007". It enables authorized intermediaries to electronically file Income Tax returns on behalf of the taxpayers. This scheme is available to any taxpayer who is assessed or assessable to tax.

E-Return Intermediaries (ERI) are entities who are authorized to e-File Income Tax Returns on behalf of taxpayers. e-Return Intermediaries are authorized by Income Tax Department (ITD).

Important Criteria For e-Return Intermediary to get Registered:

- Permanent Account Number (PAN)
- At least class II digital signature certificate from any

of the Certifying authorities authorized to issue such certificates by the Controller of Certifying authorities appointed under Section 17 of the Information Technology Act, 2002 (21 of 2000).

- A security procedure to the satisfaction of e-Return Administrator in order to ensure confidentiality of the assessee's information.
- Necessary archival, retrieval and, security policy for the e>Returns which will be filed through him, as decided by e-Return Administrator from time to time.
- Not have been convicted for any professional misconduct, fraud, embezzlement or any criminal offence.

Role & Responsibility of a CMA being e-Return Intermediary :

- Check eligibility of the assessee under this scheme;
- Make sure the assessee has quoted a correct and valid Permanent Account Number (PAN) or Tax Deduction Account Number;
- The details of Advance Tax, Self Assessment Tax and Tax Deducted at Source should be in accordance with the documents enclosed;
- To verify the papers of tax return has been properly filled in and duly verified by the assessee;
- To check accuracy of the data entry while transcribing the tax return and during its transmission;
- To transmit the electronic portion of the tax returns on or before the due date for filing the return of income;
- File the Form-ITR-V, duly verified by the assessee, with the assessing officer having jurisdiction over the concerned assessee;
- Retention of the electronic data of the tax returns and the information relating to the provisional receipts issued in respect of the returns filed through it for a period of one year from the end of the relevant assessment year;
- A copy of e-return to be provided to the assessee and the acknowledgement receipt of Form ITR-V filed to the Assessing Officer;
- Information to be maintained confidentiality and not to share with anyone, except with the prior permission of the assessee or the assessing officer;

Procedure for Registration of e-Return Intermediary:

- Register for an e-return intermediary online with

- NSDL at www.tin-nsdl.com by filling up the Registration Form as per the instructions provided.
2. On confirmation of the application, a unique 15-digit acknowledgment number will be generated.
 3. The duly signed acknowledgment along-with the following mentioned documents fulfilling the eligibility and requisite payment (registration processing fee) should be sent to NSDL within 15 days from the date of online application.

Documents to be submitted by A Cost Accountants or A Firm of Cost Accountants

- a. Due Diligence Certificate in the prescribed format
 - b. Copy of PAN Card
 - c. Copy of Registration Certificate issued to the firm / Certificate of Practice issued to the applicant by The Institute of Cost Accountants of India
4. Registration Processing fee (non-refundable) of Rs 4600/-, inclusive of service tax 15%, to be paid to NSDL by cheque or Demand Draft in favour of NSDL.
 5. User ID and Password will be assigned by email on receipt of requisite documents and realisation of payment. URL will be provided to access the ITD web-

site specified for upload of data in prescribed format (schema) as provided in e-Filing Schema Developer's Guide.

6. On receipt of the user-id and password the applicant may log-in to the ITD site and conduct the data transmission test as directed in the ITD site.
7. On successful completion of this test, ITD will enable the applicant for filing of e>Returns as per the scheme.

Registration is valid for two years and the renewal will be effective from first of April. In case, the initial application of renewal has been made between April to September, it will be assumed that the intermediary was registered for that whole financial year. And if the application has been submitted between period of October and March, the intermediary is assumed to be registered from the next financial year.

By virtue of this amendment, CMAs will get additional opportunities and recognition. It will also help the needy assesee to get the quality service at reasonable cost. I appeal to members to get registered as E-Return Intermediary which will give additional opportunities and better visibility in the society. ■

REPORT ON "MODEL GST LAW IN INDIA - TRAIN THE TRAINERS PROGRAM" HELD AT MUMBAI

The Goods & Services Tax (GST), is the much awaited revolutionary tax reform in India since independence. GST Law would upon implementation would make One Nation, One Tax. To enrich our Professionals through 'Capacity Building' exercise. The Taxation Committee of the Institute organized Two days Programme on "Model GST Law in India - Train the Trainers" on 22nd & 23rd August 2016 at Hotel VITS, International Airport Zone, Andheri (E), Mumbai.

CMA Kailash Gandhi, Chairman CEP Committee, WIRC welcome the participants. Dignitaries for lighting the lamp. CMA Shriram Mahankaliwar, Chairman PD Committee, WIRC introduced the Chief Guest Mr. B.R. Jaju, CFO DB Power. CMA Prada H Desai, in his address stressed upon the capacity Building of members for the revolutionary tax reforms.

Mr. B. R. jaju, CFO DB Power in his inaugural address analysed the major issues faced by the business community including octal, He stressed upon the major role is to be played by the professional for smooth implementation of GST.

CMA Ashok Nawal, Chairman Taxation Committee stated that In this age of transformation and going ahead, Institute desires to enrich the Professionals, who would in turn, would represent the Institute for knowledge dissemination across the country on GST Law and also participate in developing relations with the Revenue Officials across the country. The Trainers are expected to lead the process of educating professionals down the line and stakeholders related for smooth roll-out of GST and its adoption by tax-stakeholders.

CMA Laxman Pawar, Secretary, WIRC concluded the Inaugural Session by giving Vote of Thanks

Topics Covered by

CMA V.S. Dately : Goods & Services Tax (GST) - Introduction and Salient Features, Registration; Levy of, and Exemptions from, Tax

CMA A.B. Nawal : Meaning & Scope of Supply, Time, Place and Valuation of Supply

CMA B.M. Sharma : Returns, Payments, Refunds, Input Tax Credit, Transfer of Input Tax Credit

CMA L D Pawar : Accounts and Records, Audit, Assessment, Demands and Recovery, Offences and Penalties, Inspection, Search, Seizure and Arrest

CMA Amit Starker & CMA Shailendra Saxena : Appeals and Revisions, Advance Rulings, Settlement of Cases, Liability in Special Cases, Impact Analysis on Manufacturing, Trading, Telecommunications & Broadcasting, Banking & Finance, E-Commerce, Real Estate, Infrastructure & Construction, Others & Consumers, Role of Cost Accountants, Miscellaneous Provisions, Transitional Provisions

Valedictory session was chaired by Mr. B.V. Borhade, Jt. Commissioner, Sales Tax. In his address he congratulated the Institute for having Two days training programme for Train the Trainers and also informed the audience about the latest development taken on GST Law. Participation Certificates were distributed to all the participants at the Hands of Mr. B.V. Borhade, Jt. Commissioner, Sales Tax and CMA A.B. Nawal, Chairman Taxation committee, ICAI.

More than 120 delegates from all over the region participated both the days training programme and we have received excellent feedback about the faculty, topics covered and conduct of the programme.



Re-Aligning priorities like engaging in certifying the uncertified enhancing deliveries would sustain the profession in the long run

CMA R. Veeraraghavan, FCMA

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In the World of business, An Accountant is a prominent resource and that every business defines the role of Accountants in its own way.

The brand accountant is quite popular, even more than a labour skilled or unskilled at work place. In a owner managed business an accountant is next only to the owner, when its comes to finances of the concern. In addition he plays a diverse role ranging from administration of resources liaison with third parties, government, collecting agent and what not apart from being a book keeper himself.

Is the Brand "Accountant" Protected for exclusivity, evidently not, the world over accountants in business are primarily graduates-though not necessary, but preferably in the field of commerce. Professional Accounting institutes (PAOs) have started recognising the role of brand accountants in business, and started engaging those who are not certified and started tier two category - institutes and courses, for them, often branded as Accounting technicians.

Brand accountant does not signify that he is a functional expert in accountancy or he does the job of book-keeping and finalisation of accounts it is more often than not-projecting owner's requirement for a person in the matter of administration and finance he is like a board member of a proprietary, micro small businesses, he arranges everything for the business under the brand accountant.

Moving forward Accountants in business, are a great talent pool apart from the brand significance, specially in medium enterprise segment where Accountants often act as decision supporter for the business. In this segment the Accountants are often certified in the sense they may be part-professionally qualified et al.

In larger enterprises and in the middle echelons of such enterprises often you find certified accountants placed and play a definitive role as per standard operating procedure in force. They may have a team of non-certified accountants at their disposal as well.

The importance of certification is recognised where ownership is dispersed, compliances increase and more core functional focus is required, where accountability is key word to watch. This segment is filled with branded cum certified accountants or experts.

Technology and evolving business needs have changed the outlook of accountants and there are apprehensions on the future relevance of the roles of accountants itself. Lot of thought process is going in the segment that governs, as how to sustain the Accountancy profession. Core accounting and audit has already come under the grip of technology, accountants are struggling to diversify their roles in business partnering and individually enhance their employability and relevance by acquiring additional certification and training.

There are issues related to Skill enabling, Recognition, Brand Protection , Relevance and employability and harmonization of body of knowledge.

In essence the strength of the accounting profession to sustain the environmental assault through technology, lack of focus and support from institutions, depleting compliance zones, need for meeting delivery expectations from stakeholders, will largely depend on how each individual member of fraternity adjust to changing times and the profession sells itself for the future.

Least to say that more introspection is needed on what skills are actually delivered and what the industry needs and where are our competitors and what is the requirement of our customers. Currently the profession focus is on three to five pillars - Accounting, finance, management, strategy and compliances do we need a relook. Unless this is done the future of the profession transforming seems bleak. ■

CONGRATULATIONS !!!

It is a pleasure for the CMA fraternity to share that our beloved CMA Vivek Bhimanwar PS to CM, Govt. of Maharashtra, has recently been promoted to IAS Cadre.

WIRC Chairman, CMA Pradip Desai, CMA Kailash Gandhi Vice-Chairman, CMA Shriram Mahankaliwar, Treasurer, felicitated him. During the discussion, he assured a role for our profession in GST implementation.

Independence Day Celebrations at WIRC, Mumbai

"WIRC celebrated 70th Independence Day at Thane SMFC at 10 a.m. on 15th August 2016. CMA Pradip H. Desai, Chairman, WIRC, CMA Kailash Gandhi, Vice-Chairman, and CMA Debasish Mitra immediate Past Chairman, CMA Ashish Thatte, Past Chairman, WIRC, CMA L. Prakash, Chairman-Navi Mumbai Chapter of Cost Accountants, CMA Vivek Bhalerao, CMA Anil Jha from Navi Mumbai chapter, CMA Sukram Bisen, Faculty Member, Students, and staff of WIRC were present on the occasion.

CMA Pradip H. Desai hoisted the Flag and addressed the Members and Students. After the flag hoisting ceremony, students and Members sang the patriotic songs & distributed sweets. It was further decided to continue the same activities in coming years.



Ease of doing Business as a key initiative of Make In India – CBEC needs to be applauded

By CMA Ashok B. Nawal

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Hon. Prime Minister of India is constantly reviewing the progress on his plan of implementation of "Ease of Doing Business", which is the media for successful implementation of "Make-in-India" movement launched by him.

Chairman, CBEC and his team have come out the plans which is definitely emerged with out of box thinking and

the measures initiated by them imposing the trust on trade & industries, importers & exporters are towards the call given by Hon. Prime Minister of India.

CBEC has issued following notifications and circulars, which is worthy to note and follow. It has definitely created positive impact & will reduce substantial transaction cost and transaction time.

Notification	Dated	Topic
Notification No. 66/2016 -Customs (N.T)	14/05/2016	The Class of goods which shall be deposited in special warehouse licenced under sub-section (1) of the section 58A
Notification No. 67/2016 -Customs (N.T)	14/05/2016	The Warehoused Goods (Removal) Regulations, 2016
Notification No. 68/2016 -Customs (N.T)	14/05/2016	The Warehouse (Custody and Handling of Goods) Regulations, 2016
Notification No. 69/2016 -Customs (N.T)	14/05/2016	The Special Warehouse (Custody and Handling of Goods) Regulations, 2016
Notification No. 70/2016 -Customs (N.T)	14/05/2016	Public Warehouse Licensing Regulations, 2016
Notification No. 71/2016 -Customs (N.T)	14/05/2016	Private Warehouse Licensing Regulations, 2016
Notification No. 72/2016 -Customs (N.T)	14/05/2016	Special Warehouse Licensing Regulations, 2016
Notification No. 44/2016 - Customs	29/07/2016	Amends Notification 52/2003-Customs dated 31.3.2003 and removes the condition of Private Bonded Warehouse for EOU

Circular	Dated	Topic
Circular No.17 / 2016-Customs	14/05/2016	Removal of goods from a customs station - instructions regarding affixation of one-time-lock
Circular No.18 / 2016-Customs	14/05/2016	Bond required to be filed under section 59
Circular No.19 / 2016-Customs	20/05/2016	Regarding allotment of Warehouse Code for Customs Bonded Warehouses
Circular No.21/ 2016-Customs	31/05/2016	Security under section 59 (3) of the Customs Act
Circular No.22/ 2016-Customs	31/05/2016	Procedure regarding filing of ex-bond bill of entry
Circular No.23/ 2016-Customs	01/06/2016	Manner of payment of interest on warehoused goods
Circular No.24/ 2016-Customs	02/06/2016	Requirement of Solvency Certificate for the purposes of Private Warehouse Licensing Regulations 2016
Circular No.25/ 2016-Customs	08/06/2016	Maintenance of records in relation to warehoused goods in electronic form, filing of returns and acknowledgement of receipt of goods
Circular No.26/ 2016-Customs	09/06/2016	Form of application for a License under Public Warehousing Licensing Regulations, 2016 / Private Warehousing Regulations, 2016 / Special Warehousing Regulations, 2016.
Circular No.31/ 2016-Customs	06/07/2016	Sale of goods at Duty Free Shops in Indian Currency
Circular No.32/ 2016-Customs	13/07/2016	Procedure regarding Duty Free Shops
Circular No.33/ 2016-Customs	22/07/2016	Review of entity based facilitation programs viz. Accredited Client Program (ACP) and Authorized Economic Operator (AEO) program - Revised Guidelines.
Circular No.35/ 2016-Customs	29/07/2016	Removal of mandatory warehousing requirements for EOUs, STPIs, EHTPs etc-Amendment to Notification 52/2003-Customs dt 31.3.2003

Notification	Dated	Topic
Notification No. 27/2016 - C. Ex	26/07/2016	Seeks to partially exempt Central Excise duty on articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) manufactured by: (a) re-conversion of jewellery given by the retail customer, or (b) mounting of precious stone given by the retail customer.
Notification No. 28/2016 - C. Ex	26/07/2016	Seeks to amend notification No. 8/2003-Central Excise dated 1st March, 2003, so as to increase the SSI Exemption limit and the SSI Eligibility limit for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986).
Notification No. 31/2016 - C. Ex	24/08/2016	Amends Notification No.22/2003-Central Excise dated 31.3.2003 and removes the condition of Private Bonded Warehouse for EOU

Circular	Dated	Topic
Circular No. 1040/28/2016-CX	26-07-2016	Clarification on computation of exemption and eligibility and exemption limits and other related issues for small scale industries [SSI] exemption under Notification No. 8/2003-CE dated 1st March 2003 in respect manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both
1041/29/2016-CX	26-07-2016	Guidelines for Excise Audit of Manufacturers / Principal Manufacturers of articles of jewellery or parts of articles of jewellery
1042/30/2016-CX	26-07-2016	Export related procedural simplifications - excise duty on articles of jewellery falling under heading 7113
1043/31/2016-CX	26-07-2016	General procedures regarding excise duty on articles of jewellery or parts of articles of jewellery or both falling under heading 7113
1044/32/2016-CX	26-07-2016	Guidelines for issue of summons, visits, search, seizure, arrest and prosecution regarding manufacturers or principal manufacturers of articles of jewellery or parts of articles of jewellery or both
1045/33/2016-CX	26-07-2016	Taxability of stock on February 29, 2016 - Excise duty imposition on articles of jewellery in the Budget 2016-17

It is observed from above that CBEC is really serious to resolve all the issues and practical difficulties faced by Trade & industries and importers & exporters.

This article deals with new facilitation programs of Accredited Client Program (ACP) and Authorized Economic Operator (AEO) program, which will bring the dream in reality to substantially reduce custom clearance time for imports and exports consignments. The prominent features of the new program are :

- i. Inclusion of Direct Port Delivery of imports to ensure just-in-time inventory management by manufacturers - clearance from wharf to warehouse
- ii. Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs
- iii. Special focus on small and medium scale entities - any entity handling 25 import or export documents annually can become part of this program
- iv. Provision of Deferred Payment of duties - delinking duty payment and Customs clearance

- v. Mutual Recognition Agreements with other Customs Administrations
- vi. Faster disbursal of drawback amount
- vii. Fast tracking of refunds and adjudications
- viii. Extension of facilitation to exports in addition to imports
- ix. Self-certified copies of FTA / PTA origin related or any other certificates required for clearance would be accepted
- x. Request based on-site inspection /examination
- xi. Paperless declarations with no supporting documents
- xii. Recognition by Partner Government Agencies and other Stakeholders as part of this program

The existing entities under AEO program are already accorded the status of AEO-T2 or AEO-LO and all entities under ACP Status have been granted one-time opportunity for transition to AEO status and they are provisionally granted registration under AEO-T1 category till the time they apply and decision is taken.

It is important to understand eligibility and benefits under AEO program:

Eligibility for obtaining AEO Status for T1, T2 & T3 Category are the same, but norms for compliances and benefits are different.

ELIGIBILITY:

All importers & exporters, economic operators including logistics providers, CHAs, warehouse owners, port operators, authorized couriers, etc., etc. but excluding bank, insurance companies and consultants.

BENEFITS:

- AEO - T1
 - i. They shall be accorded high level of facilitation in imports and export of their consignments, thereby ensuring shorter cargo release time.
 - ii. Facility of Direct Port Delivery (DPD) of their import Containers and/ or Direct Port Entry (DPE) of their Export Containers would be available to them. However, this facility will be dependent on the volume of their Import/ Export trade in terms of number of containers.
 - iii. ID cards to be granted to authorized personnel for hassle free entry to Custom Houses, CFSs and ICDS.
 - iv. Wherever feasible, they will get separate space earmarked in Custodian's premises.
 - v. In case they are required to furnish a Bank Guarantee, the quantum of the Bank Guarantee would be 50% of that required to be furnished by an importer/ exporter who is not an AEO Certificate Holder. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
 - vi. Investigations, if any, in respect of Customs, Central Excise and Service Tax cases would be completed, as far as possible, in six to nine months.
 - vii. Dispute resolution at the level of Adjudicating Authorities in respect of Customs, Central Excise and Service Tax cases would be done preferably & as far as possible within six months.
 - viii. They will not be subjected to regular transactional PCA, instead of that onsite PCA will be conducted once in two years only.
 - ix. They will get an e-mail regarding arrival/ departure of the vessel carrying their consignments.
 - x. 24/7 clearances on request at all sea ports and airports - No Merchant Overtime Fee (MOT) charges need to be paid.
- AEO - T2
 - xi. They shall be accorded higher level of facilitation

(as compared to AEO-T1 in imports and export of their consignments.

- xii. For Importers/Exporters not opting for DPD/DPE, seal verification/scrutiny of documents by Custom officers would be waived. Consignments would be given out of charge or let export order, as the case may be, without any scrutiny by the officers.
- xiii. The containers selected for scanning will be scanned on priority, by giving front line of treatment.
- xiv. Facility of deferred payment of duty will be provided, from a date to be notified
- xv. Faster disbursal of drawback amount within 72 hours of EGM submission, from a date to be notified
- xvi. The BEs/SBs selected for Assessment and/or Examination will be processed on priority by the Customs officers.
- xvii. Facility of self-sealing of export goods would be allowed without the requirement to seek case to case permission from the authorities
- xviii. Faster completion of Special Valuation Branch ('SVB') proceedings in case of related party imports and monitoring of such cases for time bound disposal in terms of new guidelines
- xix. In case they are required to furnish a Bank Guarantee, the quantum of the Bank Guarantee would be 25% of that required to be furnished by an importer/ exporter who is not an AEO Certificate Holder. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
- xx. They will be given facility to paste MRP stickers in their premises.
- xxi. They will not be subjected to regular transactional PCA instead of that onsite PCA will be conducted once in three years only.
- xxii. They will be given access to their consolidated import/export data through ICEGATE from a date that would be communicated separately.
- xxiii. They will be provided the facility of submitting paperless declarations with no supporting documents in physical form.
- xxiv. All Custom Houses will appoint a "Client Relationship Manager" (CRM) at the level of Deputy / Assistant Commissioner as a single point of interaction with them. The CRM would act as voice of the AEO within Customs in relation to legitimate concerns and issues of AEO and would assist in getting procedural and operational issues resolved by coordinating with different sections within Customs as well as other stakeholders.
- xxv. The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 45 days of the submission of complete documents.

xxvi. They will get trade facilitation by a foreign Customs administration with whom India enters into a Mutual Recognition Agreement/Arrangement.

• AEO - T3

- i. They shall be accorded highest level of facilitation, as compared to AEO-T2, in imports and export of their consignments.
- ii. Their containers will not be selected for scanning except on the basis of specific intelligence. Further when any container is selected for scanning, top most priority will be given for scanning.
- iii. The assessing/examining custom officer will rely on the self-certified copies of documents submitted by them without insisting upon original documents.
- iv. They would not be required to furnish any Bank Guarantee. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
- v. An approach based on Risk based interventions, in case of requirements originating from the Acts administered by other Government Agencies/Departments, will be adopted for providing better facilitation in imports and export of their consignments.
- vi. On request, they will be provided on-site inspection/examination.
- vii. The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 30 days of the submission of complete documents.

Importers and exporters are advised to fill up application form in Annexure-A giving full details and also provide the details in self-assessment form in prescribed annexures.

If any Importers and exporters want their operations hurdle free, it is important to make an application for obtaining AEO Status and reduce their transactions cost & time. ■

Congratulations!!!



On Saturday, 20th August 2016 on the occasion of 72nd Birth Anniversary of our Late Prime Minister of India Rajiv Gandhi, Global Economic Progress & Research Association - New Delhi arranged National Unity Conference in Bangalore and decided to felicitate Individuals with exceptional outstanding achievements in their respective fields across India with RAJIV GANDHI GOLD MEDAL & AWARD on the said occasion.

Former Union Minister of State for Planning, Govt. of India, Hon'ble M.V. Rajasekharan was invited as Chief Guest of Program.

20 people were selected from different states and fields like education, research, technology, science, social work.

We are proud to say that our member **CMA Haresh Lokegaonkar (M/31418)** was selected from Maharashtra State for his outstanding achievement as Young Social Activist for the work he undertook as Social Activist for unmasking corrupt practices be it on the post of Sheriff of Mumbai, MMRDA Skywalk Maintenance Scam or issues affecting public at large like LBT issue for Small and Medium Traders and Consumer Unions or Non Appointment of Office Bearers on Maharashtra State Human Rights Commission resulting in pendency of more than 12,000 cases with Commission or arranging anshans in protesting Gauhatya at Azad Maidan.

CMA Haresh Lokegaonkar is the youngest person felicitated by this organization in the category of Social Work.

Campus Placement Program for newly qualified Cost Accountants (CMAs)

The Institute has been successfully organising placement programmes for the Cost Accountants twice a year.

The Institute of Cost Accountant of India is pleased to welcome all leading Companies for the forthcoming Campus Placement Programme for the Newly Qualified Cost Accountants is scheduled on Friday, the 21st October and Saturday, the 22nd October, 2016, at Aruna Manharlal Shah Institute of Management & Research,, Ghatkopar (West), Mumbai - 400 086.

The Placement Programme of the Institute provides an excellent opportunity to interview and recruit the suitable ones for your organization out of large number of CMAs. The scheme provides an opportunity, both to employing organizations, as well as the young aspirant professionals to explore the possibility of having a mutually beneficial relationship. There will be around 160 fresh CMAs eligible for the Campus Placements in Mumbai. The Institute also arranged Pre Campus Orientation Programme of 12 days for the students before Campus Placements. Participation fee is Rs.25000/-+ 15% Service Tax

For more details/brochure, please send a e-mail:- wirc@icmai.in or placement@icmai.in

– CMA Pradip H. Desai, Chairman-WIRC of ICAI



Role of CMAs in Monitoring CSR Projects

CMA (Dr.) S. K. Gupta

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The practice of CSR is not new to companies in India. With the passage of the Companies Act, 2013 the mandate for corporate social responsibility (CSR) has been formally introduced to the dashboard of the Boards of Indian companies. CSR is no more just a buzzword, it is slowly becoming a full-fledged strategy that governs, or should govern, a company's interactions with all of its stakeholder- regulators, potential customers and staff, community, suppliers, and the civil society.

During 2014-15, about Rs.6,337crores was spent on CSR activities. This number would only increase in the coming times with more companies beginning to report their CSR expenditure. With such large expenditures being made towards CSR, it becomes imperative that it needs to be done strategically, systematically and thoughtfully, and the projects are monitored and the outcomes are evaluated to ascertain whether the objective with which it was made mandatory, is achieved. **"How do we make sure that the money we are spending on CSR is being well spent and that people for whom it is intended are benefitting from it"** is a sentiment echoed by many stakeholders.

Mechanism for effective Planning and Implementation of CSR programs

Even though the Companies Act lays down provisions relating to planning and implementation of CSR activities within the company, but it is imperative for the CMAs to broaden their knowledge horizon to drive the CSR efforts in a structured manner so that the desired CSR outcomes may be realized. Following is the recommended cycle of activities for operationalizing CSR actions.

(A) Conducting a needs assessment to assess development priorities. The methodology for this can be participatory processes, surveys or a combination of the two. This will ensure that the planned CSR activities outcomes are linked to the development priorities in a specific area / segment of the society.

(B) Developing detailed CSR project Reports: The CSR project report should include

- key needs of the target beneficiaries
- project goals, KPIs, baselines and expected end lines
- project milestones for progress monitoring purposes
- activities and timelines to achieve the stated project goals
- budgets along with the basis for estimation
- risks and mitigation strategies
- progress reporting- Formats ,content and frequency

- Identifying the indicators of success with the means of verification and establish the baseline for each
- (C) Disbursement scheduling: For a project to deliver the desired results, it should have sufficient funds to carry out the planned activities. The scheduling of disbursements should be linked with the activities planned for the each period; this can be a quarter, six months or a year depending upon the administrative convenience and budget sizes.
- (D) Actual disbursements: Actual disbursements have to then be linked to the progress of CSR project on the ground
- (E) Progress monitoring and reporting: progress monitoring serves the following three important purposes:
 - It highlights any slippages and helps to determine a corrective action that must be taken if need be.
 - It provides an excellent opportunity for learning: what worked and what did not. This can then be immediately applied to other projects.
 - This is an essential part of the directors' report as per the CSR clause of the Companies Act, 2013
 - A pre-requisite for an effective monitoring mechanism is a well thought out CSR strategy and implementation plan defining the inputs and expected outputs and outcomes of the intended activities.

Many NGOs give greater emphasis to planning and executing activities on the ground, conducting participatory research to understand the problems and empowering people rather than monitoring the program. While they have very good experience of working with people, monitoring of these programs is often not very robust and is considered an additional responsibility. The focus of monitoring is largely on the outputs. Unless it moves to assessment of outcomes and impact it creates, the usefulness of the programs in changing the lives of people would remain uncertain.

To ensure objectivity, it is critical that the monitoring is done by someone other than the people directly engaged in the project implementation. In cases where the implementation is done by a partner or corporate foundation, this role can either be outsourced or played by the company's CSR department. In case the CSR department itself is implementing a project, then monitoring should either be outsourced to a third party or the department structure should include an independent monitoring cell. This decision should be taken by the CSR committee.

(F) Impact measurement: Impacts of the development projects typically take a while to manifest. Impact measurement studies have different objectives from project monitoring and typically have to be undertaken after providing sufficient time for them to manifest. Impact measurement is often quite specialized and needs to be undertaken by an independent team with specific skills depending upon project design. There are several tools and frameworks for measuring impact. Each has its pros and cons depending upon the nature of interventions, time and budgets available for the study and the availability of people. Thus, selecting the impact measurement methodology is important. The following tools, Technical Guidance and Standards may be used for impact assessment of CSR activities

- London Benchmarking Group (LBG) model
- Social return on investments (SROI),
- Global impact investing network (GIIN)
- ISO 26000: social responsibility

Role of CMAs in Monitoring and evaluation of CSR projects

Cost and Management Accountants possess expertise in performance evaluation, cost-benefit analysis, variance analysis, Management reporting, Social audit and benchmarking. The CMAs can play a very proactive role in monitoring and evaluation of various social schemes launched and implemented by the Central and State Governments through strategic and analytical interventions encompassing critical evaluation of inter-alia :

- funds allocation, disbursement and its linkage with

the desired and targeted outcome

- whether funds were released as per planned schedule or not
- format and periodicity of records maintained at the grass root level for capturing the operation and implementation of CSR projects
- Physical and Financial Budget Vs. Performance analysis
- The benefits accruing to the intended beneficiaries and the cost thereof
- The process by which the expenditure and performance variances are highlighted
- The process by which the leakages are identified and their recurrence is prevented

Conclusion

Rising awareness about the CSR legislation has led to stakeholders raising queries about the way the companies are spending this money and the compliance levels. There have been concerns about the monitoring and evaluation mechanism of such huge expenditures. The professional monitoring and evaluation of CSR projects by CMA would enable identification of vulnerabilities and deficiencies in the process of roll out and implementation of various CSR projects. The suggestions and recommendations of the CMA post evaluation would enable the companies to strengthen the monitoring and control process and improve effectiveness of delivery and utilization of funds allocated for CSR activities. This will help in preventing sub optimal utilization of CSR funds and also lend credibility to the efforts of the company to deliver the desired level of social support to the needy people of the country through CSR projects.

NEW CHAPTER AT SOLAPUR

Ref.No.: G/82(112)/08/2016

August 12, 2016

NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 300th Meeting held on 21st July, 2016 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Solapur of Maharashtra :

The Institute of Cost Accountants of India - Solapur Chapter
C/o. Mangalvedhekar Institute of Management,
H.D. Campus,
Solapur – 413 001,
Maharashtra.



Kaushik Banerjee
Secretary



Reduction in Sugar Conversion Cost

Dilip S. Patil

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ABSTRACT

"Reduction in sugar conversion cost is need of time in uncertainty of situation. The paper is based on how to reduce the conversion cost in sugar to survive in odd time, the overall financial management of sugar industry and how to earn profit even after making more expenditure. This Paper is focusing on formula method of analyzing income and expenditure by making comparative study."

Introduction

The cost data of a sugar factory consists of the material cost, conversion cost and the overheads. While cost control measures are being attempted to by setting standard / norms, the sugar factory very rarely employs the cost reduction methods by challenging and improving upon the standard / norm. As sugar industry is a seasonal industry, the best way of effecting cost reduction is to set the standard / norm for the season and improve the actual with the norm, analyse the variance and adopt corrective measure to get rid of negative variances. The physical parameter and the components of cost of a sugar industry and the cost control measures which will automatically reduce the cost of production of sugar as given below.

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Conversion cost

- a. Fuel oil and Lubricants - By following preventive maintenance consumption can be reduced.
- b. Power - Power must be used whenever necessity arises. Switching off the motors, pumps when not in use. Modernizing the boiler, co-generation of power.
- c. Packaging materials - Correct use of Gunny /PP bags.
- d. Repairs and maintenance - By preventive maintenance, quality spares and technical modifications.
- e. Steam production - Bagasse consumption, Firewood, Steam economy, Exhaust utilization.
- f. Miscellaneous - Cost reduction in purchase, cost reduction in sugar selling, Inventories.

FINANCIAL MANAGEMENT

In every industry there is a special importance to financial management. The industry or society is evaluated on its Profitability. While evaluating the sugar factory overall working management, we must have considered factors such as, crushing capacity, cane crushed, sugar production, and recovery obtained and sugarcane price paid. To manage all above things, special attention must be given on planning, co-ordination, motivation, and cost control. When we talk about financial management our main focus should be on cost control, cost reduction and income generation.

ESSENTIAL THINGS IN EFFECTIVE FINANCIAL MANAGEMENT

1. Planning
 - a. Short term financial planning
 - b. Long term financial planning
2. Motivation and Coordination
3. Comparison and Comparative Study
 - a. Cost control
 - b. Cost analysis
 - c. Cost comparison
 - i. Comparison with last year's expenditure
 - ii. Inter firm comparison
 - iii. Comparison with budget
 - iv. Comparison with standard cost
4. Effective control
 - a. Effective Financial Audit
 - b. Effective Cost Audit
 - c. Effective Management Audit
 - d. Technical Efficiency Audit

- e. Fix Standards
 - f. Assess Technical loss in rupee
 - g. Statistical analysis
 - h. Use of modern techniques like Computerization, Automation to avoid human errors, increase efficiency.
 - i. By using modern technology to bring down losses to zero level.
5. Effective Recovery Cell: Create separate recovery cell.
 6. Raise Funds at Low Rate/Without Interest
1. Raise Capital
 - a. By Selling Additional Shares
 - b. By Increasing Face Value of Share.
 - c. By Making Beneficiary and Active Members.
 2. Raise Deposits/Loans
 - a. Deduct Pre-seasonal Expenditure Deposit
 - b. Deduct Modernization and Expansion Deposit
 - c. Raise H&T Loan at lower rate
 - d. Raise FCNR(B) Loan from Nationalized Bank by converting existing Term Loan
 - e. Find out New Sources of Low Rate Funding
 7. Related with Labours & Workers
 - a. Motivate Workers to increase their Efficiency & Quality of work
 - b. Inter Departmental training and training from outside agency
 - c. Consult experts to update advance technology
 - d. Maintain strict discipline to avoid misbehavior
 - e. Implement Effective Work Procedure
 8. Discipline
 - a. Avoid penal actions by timely paying Installments and Government dues.
 - b. Update your knowledge about changes in Govt. Policies, Rules & modern techniques.

9. Effective Marketing

Marketing department must have to work hard to get better rates for the finished product of a sugar mill and must update their knowledge of local & International market for grabbing the opportunity available in the market. They have to find out new techniques of marketing and also they have to form separate sales department in the factory. Marketing department should promote, motivate and appreciate the person who helps to increase the benefit of factory.

10. Cost Control

To control the expenditure first you have to classify the expenditure into fixed cost & variable cost. Variable cost: The expenditure related to per ton of crushing/ per quintal of production should minimize. In short, the expenditure changes with the level of activity/production should minimize.

Fixed cost: The total cost after deducting variable cost should minimize i.e the expenditure incurred even though the production is undertaken or not.

It is not possible to accept an advice given by anyone i.e to reduce expenditure; instead we can analyze the factory expenditure. To analyze expenditure is the best technique for cost control. If we have not analyzed the expenditure then we will not able to understand whether our expenditure is increasing or decreasing. For analyzing expenditure you have to compare the current year expenditure with the last year expenditure of your own mill and also with the other sugar mills having good financial management. The specimen is given as under:

Intra Firm Comparison

Intra firm comparison means comparing the figures of income and expenditures of current year with last year figures. By this comparison we shall come to know the current year's income & expenditure is more or less and what are the exact reasons of variance. Detail analysis of Income and Expenditure pertaining to the year 2011-12 & 2012-13 of "X" Sugar Mill is given below.

Income & Expenditure (Per MT. of cane) for the year 2011-12 and 2012-13

		2012-13	2011-12		
A)	Particulars	Income Rs. PMT.		Increase	Decrease
	Cane Crushed in M.T.	758665.540	832982.899		74317.369
1	Production Value of sugar	3591.73	2694.75	896.98	0.00
2	Co- Product Value	207.53	380.65	0.00	173.12
3	Distillery Income	10.86	79.2	0.00	68.34
4	Co-gen Income	39.31	-33.96	73.27	0.00
5	Solar Power Income	4.10	-6.07	10.17	0.00
6	Other Income	33.11	21.78	11.33	0.00
	Total Income.	3886.64	3136.35	991.75	241.46
B)	Variable cost Rs.PMT.				
1	Cane Cost	2344.29	2039.42	304.87	0.00
2	H & T Expdr.	485.39	440.15	45.24	0.00
3	Machinery Repairs & Main.	62.65	68.57	0.00	5.92

4	Process Chemical Expdr.	24.22	24.22	0.00	0.00
5	Packing Expdr.	40.05	53.09	0.00	13.04
6	Electrical Expdr.	15.64	147.15	0.00	131.51
7	Production Overheads	41.02	24.91	16.11	0.00
8	Salary & Wages (20%)	17.30	15.45	1.85	0.00
9	Interest on working Capital	135.74	102.04	33.70	0.00
	Total Variable Cost	3166.31	2915.00	401.78	150.47
C)	Contribution Per M.T.(A-B)	720.33	221.35		
D)	Fixed Cost Rs. In Lakh.				
1	Administrative Cost.	1365.90	821.22	544.68	0
2	Interest on Term Loan	205.75	29.61	176.14	0
3	Salary & Wages (80%)	524.90	514.7	10.20	0
4	Depreciation	668.34	452.80	215.54	0
	Total Fixed Cost	2764.89	1818.33	946.56	0
E)	Total Contribution (C x Current years crushing of 'X' Sugar Mill)	5464.92	1843.81		
F)	Net Profit (E - D) Rs. in Lakh	2700.02	25.48		

* Data Source: Annual report published by respective sugar mill

Variance Analysis (Rs. In Lakh)

Sr. No	Particulars	Favourable Variances	Adverse Variances	Formula
1	Increase in sugar production value	6805.08		PMT Sugar Production value x Current year's crushing 896.98 x 758665.540
2	Decrease in Co- product Income		1313.40	Diff. in income x Current year crushing
3	Decrease in Distillery Income		518.47	Diff. in income x Current year crushing
4	Increase in Co-gen. Income	555.87		Diff. in income x Current year crushing
5	Increase in Other income	85.96		Diff. in income x Current year crushing
6	Increase in Solar income	77.16		Diff. in income x Current year crushing
7	Increase in cane cost		2312.94	Diff. in Cane Price x Current year crushing
8	Increase in H & T Expdr.		343.22	Diff. in Expdr. x Current year crushing
9	Decrease in Machinery repairs and maintenance	44.91		Diff. in Expdr. x Current year crushing
10	Decrease in Packing Expdr.	98.93		Diff. in Expdr. x Current year crushing
11	Decrease in power cost	997.72		Diff. in Expdr. x Current year crushing
12	Increase in Mfg. overheads	0.00	122.22	Diff. in Expdr. x Current year crushing
13	Increase in Salary & wages (20%)		14.04	Diff. in Expdr. x Current year crushing
14	Increase in Interest on working capital		255.67	Diff. in Expdr. x Current year crushing
15	Loss due to less crushing (Reduced crushing 74317.37 M.T)	164.52		Less crushing - 74317.37 M.T. x Last year's contribution
16	Decrease in fixed cost		946.56	Decrease in fixed cost
	Total	8665.63	5991.05	
	(+) Last year profit	25.44		
	(-) Adverse variances	5991.05		
	Current year's profit	2700.02		

Inter Firm Comparison

Inter firm comparison means comparing the Income & Exp. of two different factories to realize where we are actually stood as compare to other sugar mill. By this comparison we shall come to know the mills income & expenditure is more or less and what are the exact reasons of variance. Detail analysis of Income and Expenditure pertaining to the year 2012-13 of "X" Sugar Mill with reference to "Y" Sugar Mill is given below.

Comparison of PMT. Income & Expenditure Between "X" Sugar Mill & "Y" Sugar Mill for the year 2012-13

		Income (Rs. PMT.)			
A)	Particulars	'X' Sugar Mill	'Y' Sugar Mill	Increase	Decrease
1	Cane Cost	2344.29	2703.22	358.92	0.00
2	H & T Expdr.	485.39	567.77	82.38	0.00
3	Machinery Repairs & Main.	62.65	55.03	0.00	7.62
4	Process Chemical Expdr.	24.22	39.62	15.40	0.00
5	Packing Expdr.	40.05	53.74	13.69	0.00
6	Electrical Expdr.	15.64	0.00	0.00	15.64
7	Production Overheads	41.02	148.76	107.73	0.00
8	Salary & Wages (20%)	17.30	57.30	40.00	0.00
9	Interest on working Capital	135.74	160.19	24.45	0.00
	Total Variable Cost	3166.31	3785.62	642.58	23.27
C)	Contribution Per M.T. (A-B)	720.33	715.89		
D)	Fixed Cost Rs. In Lakh.				
1	Administrative Cost.	1365.90	541.24	0.00	824.66
2	Interest on Term Loan	205.75	0.00	0.00	205.75
3	Salary & Wages (80%)	524.90	1651.57	1126.66	0.00
4	Depreciation	668.34	1339.21	670.87	0.00
5	Share Redemption Funds	0.00	1537.03	1537.03	0.00
	Total Fixed Cost	2764.89	5069.05	3334.56	1030.41
E)	Total Contribution (C x Current years crushing of "X" Sugar Mill)	5464.92	5158.99		
F)	Net Profit (E - D) Rs. in Lakh	2700.02	89.94		

Variance Analysis (Rs. In Lakh)

Sr. No	Particulars	Favourable Variances	Adverse Variances	Formula
1	Increase in Co- product income	12.21		Diff. in Income x crushing of "X" Sugar Mill
2	Decrease in Distillery Income		1227.44	Diff. in Income x crushing of "X" Sugar Mill
3	Increase in Co-gen. Income	115.39		Diff. in Income x crushing of "X" Sugar Mill
4	Decrease in other income		393.14	Diff. in Income x crushing of "X" Sugar Mill
5	Increase in Solar income	31.11		Diff. in Income x crushing of "X" Sugar Mill
6	Decrease in cane cost	2723.00		Diff. in Income x crushing of "X" Sugar Mill
7	Decrease in H & T Expdr.	624.99		Diff. in Income x crushing of "X" Sugar Mill
8	Increase in Machinery repairs and maintenance		57.81	Diff. in Income x crushing of "X" Sugar Mill
9	Decrease in process chemical	116.83		Diff. in Income x crushing of "X" Sugar Mill
10	Decrease in Packing Expdr.	103.86		Diff. in Income x crushing of "X" Sugar Mill
11	Increase in power cost		118.64	Diff. in Income x crushing of "X" Sugar Mill
12	Decrease in Mfg. over head	817.39		Diff. in Income x crushing of "X" Sugar Mill

13	Decrease in Salary & wages (20%)	303.47		Diff. in Income x crushing of "X" Sugar Mill
14	Decrease in Interest on working capital	185.49		Diff. in Income x crushing of "X" Sugar Mill
15	Profit due to Excess crushing (Increase in crushing 38025.54 M. T)	272.22		Increased crushing 38025.54 MT x contribution of "Y" Sugar Mill
16	Decrease in sugar production value		3203.01	Diff.in Income x Rate of "Y" Sugar Mill
17	Increase in fixed cost	2304.15		Increase in fixed cost
	Total	7610.12	5000.04	
	(+) Last year profit	89.94		
	(-) Adverse variances	5000.04		
	Current year's profit	2700.02		

Sometime we need not to see how many lakh we have spent, but what is per metric ton of expenditure is more important and in case of packing expenditure how much per bag expenditure incurred is important. If we are going to compare the financial results of two sugar mills, both the sugar mills must have follow uniform accounting systems. The comparison of per metric ton of expenditure is related to variable expenditure and in case of fixed cost comparison must do with how much rupees spent in Lac. While comparing the expenditure with standard cost the same method to be follow. Sometimes we spent a lot, but later we come to know that there is no profit, in that case we have to think about cost benefit ratio. As we are discussing about cost control, so again I have to mention here to reduce cost, to compare the income and expenditure with last year figures, other sugar mills figures and compare with standard cost. We think that things may go as per budget prepared by us but all the time it does not happen hence our budget must be flexible.

How to Increase Profit by increasing Expenditure

Let's take an example. Here some imaginary figures of per metric ton expenditure have been taken to understand how we will gain profit by increasing expenditure.

	Variable Cost	(Rs. PMT)
1	Cane Cost	1000.00
2	H & T Cost	160.00
3	Machinery R & M Expenses	50.00
4	Process Chemical Expenses	15.00
5	Packing Expenses	40.00
6	Factory Overheads	35.00
7	Interest on working capital	100.00
	Total Variable Expenditure	1400.00
	Fixed Cost	
1	Salary & Wages	200.00
2	Interest on term loan	100.00
3	Administrative cost	300.00
4	Depreciation	200.00
	Total Fixed Cost	800.00
	Total PMT Expenditure Considering 4 Lakh MT Crushing	1600.00

Earlier we have discussed that, reduction in variable cost is in PMT & fixed cost in rupees. We shall understand that, as crushing increases, the PMT expenditure of fixed cost comes down & if crushing decreases this ratio will increase.

Now we shall have discussion on a different idea, which is how one can gain more profit by increasing expenses. Now let's have an example. We are bringing sugar cane from gate-cane for our crushing. But the situation is like this, we have to crush 4 Lakh MT of sugarcane & our production cost is Rs.1600 PMT & the production value is also Rs.1600 PMT. It means we are in the stage of no profit no loss (BEP position)

Suppose we are going to crush additional 1 Lakh MT of sugarcane from gate-cane. The average harvesting & transporting expenses for this additional 1 Lakh MT is more by Rs.100 PMT. Then what will be general assumption? Expenditure of Rs.1600 plus Rs.100 per ton additional expenditure on H&T total of expenditure is Rs.1700 PMT. It means our income is less by Rs.100 PMT. Now we calculate the income & expenditure if we crush 5 Lac MT of sugarcane instead of 4 Lakh MT.

Sr. No.	Particulars	Pmt Expdr. x Crushing	Rs. Lakh
1	Variable expenditure	1400 x 4	5600
2	Variable cost for additional 1 Lakh crushing	1500 x 1	1500
3	If we divide fixed cost by 5 then the PMT fixed cost will come down from 200 PMT to...	160 x 5	800
4	Total Expenditure	1580 x 5	7900
5	Total Income	1600 x 5	8000
6	Net Profit	20 x 5	100

It means the situation on crushing of 4 Lac MT is of no profit no loss has been changed though the PMT variable cost increased and we have earned additional income of Rs.1 Cr. How this happened? It means we have incurred expenditure on additional 1 Lac MT of sugarcane brought from gate-cane. How much increase in the harvesting &

transportation cost? Let's see $4 \times 160 = 640 (+) 1 \times 260 = 260$ Total expenditure Rs.900 Lac / 5 Lac MT of crushing means actually how much harvesting & transport cost is increased? It is only Rs.20 PMT. How turned into profit? The fixed cost is come down from Rs.200 PMT to Rs.160 PMT. This shows that due to additional crushing the burden of fixed cost come down. So though the variable cost increased we have earned profit.

BUDEGTORY CONTROL

As per the provisions of by-laws and Maharashtra state co-operative societies Act all co-operative sugar factories in Maharashtra prepares their Annual Budget and get sanctioned from AGM. Most of the times it happens that expenditures shown in budget are already incurred. As new provisions in Act it is obligatory to conduct the AGM on or before 30th September. But generally most of the annual general meetings are held by sugar factories during the month of August and September. In these meeting the mills should put forth the budget of current year and the coming year also. It is obligatory or compulsory to spend as per budget, and then automatically there will be restrictions on spending without planning and provision.

STANDARD COST

Standard cost mean assumed or budgetary cost to be incurred on production or Standard cost formula fixed by Govt. or by a sugar factory on the comparative study of expenses incurred and market scenario of raw and finished goods with better financial unit. Standard Cost is related to expenditure incurred on particular account

head by the sugar mills of same capacity in same geographical region. Some years back Hon. Commissioner of sugar had fixed standard cost to all the sugar factories which is given below.

1.	Power Cost	Rs. 16/- PMT
2.	Process Chemical Expdr.	Rs. 24/- PMT
3.	Repairs and Maintenance	Rs. 20/- PMT
4.	Packing Expdr.	Rs. 30/- PMT

When we think about how derive standard cost? There is no define equation or guidelines from any competent authority. Though if we want to decide standard cost on sugar mill level, we have to consider the following things. Every year Vasantdada Sugar Institute (VSI) publishes a detailed comparative data factory wise expenditure incurred on particular head. I think based on the said data we can derive our own standard cost by using following formula.

1. Mean - Means average of expenditure
2. Median - Middle of maximum and minimum
3. Mode- The number which appears most often in a set of numbers.

I will suggest deriving standard cost we must take the option of median from above sugar factories which is having same capacity and same geographical region.

Let's see example of standard cost based on the figures of expenditure published in VSI booklet, their capacity and age.

Year 2012-13 (Rs.PMT)							
Sr. No.	Name of the sugar Factory	Repairs and Maintenance	Process Chemical	Packing	Factory over head	Salary & wages	Power
1	Jawahar SSK	88.86	27.78	51.30	110.08	229.26	7.89
2	Sharad SSK	105.92	23.88	38.99	131.42	300.06	0.00
3	S. M. Kagal SSK	94.39	38.43	78.28	122.22	274.03	16.22
4	Kranti SSK	73.48	43.40	46.40	95.41	171.26	12.07
5	Sonhira SSK	70.66	29.90	69.02	135.27	200.75	9.95
	Mean	86.66	32.68	56.80	118.88	235.07	9.23
	Mode*	0.00	0.00	0.00	0.00	0.00	0.00
	Median	88.86	29.90	51.30	122.22	229.26	9.95

*There is no number which appears most often in an above numbers ** Data source: Booklet published by VSI

STANDARD FOR STORE CONSUMPTION

While considering standard cost we must not only think about how much rupee spent but also think about how much store used for production of sugar and for repairs. How we can derive standard use of process chemical, oil grease, lime etc. to avoid unnecessary expenditure? It is good to collect data published in RT (8) C of other sugar factories of same capacity and then compare the same with use of Lime, Sulphur, Phosphoric acid, Washing soda, Caustic soda, antiscalant, flocculants, Biocides, viscosity reducer, oil and grease etc of our factory. After comparing the use of store we ourselves may set standard of store consumption.

TECHNICAL STANDARDS

Indian sugar industry has its efficiency standards. We should have think about technical performance audit to achieve standard technical efficiency parameters. When we talk about technical parameters like Reduced Mill

extraction, Reduced Boiling House Extraction, the ratio of hours lost with hours available etc. it should also correlate in terms of rupee.

ACKNOWLEDGEMENT

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An insight on Input Tax Credit under the Model GST Law

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GST is going to be a reality soon and is going to impact all the business participants, right from the original producer and service provider to the final consumer.

Input Tax Credit (ITC) system is one of the crucial mechanisms under the proposed GST law which facilitates utilisation of tax suffered in previous leg across the supply chain, thus, eliminating the tax on tax effect. Though, ITC has been a litigation prone area. However, the Model GST law provides a comprehensive and continuous chain of 'set-off' benefits from the producer's point and the service provider's point up to retailer's level. An attempt has been made in this article to discuss various aspects of ITC under the Model GST Law.

1. Key terms

'**Input**' means any goods other than capital goods, subject to prescribed exceptions, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business.

'**Input Service**' means any service, subject to prescribed exceptions used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;

'**Input tax**' in relation to a taxable person, means the {IGST and CGST}/{IGST and SGST} charged on supply of goods and/or services to him which are used or intended to be used in the course or furtherance of his business and includes the tax payable on reverse charge basis.

'**Electronic cash ledger**' means the cash ledger in electronic form maintained at the common portal for each registered taxable person in the prescribed manner.

'**Electronic credit ledger**' means the Input Tax Credit ledger in electronic form maintained at the common portal for each registered taxable person in the prescribed manner.

'**Input tax credit**' means the credit of Input tax.

2. **Conditions for taking ITC:** Every registered taxable person is entitled within prescribed time and manner to take admissible credit of Input Tax. Below conditions are prescribed in this regard.

- a. A person must be registered as a Taxable Person
- b. Use of Goods and Services for the purpose of business.
- c. Credit shall be admissible only for effecting taxable supplies and zero rated supplies (exports)
- d. In case of change in constitution of registered taxable person on account of sale, merger or transfer of business with specific provision of transfer of liabilities, transfer of unutilised ITC will

be allowed in a prescribed manner.

- e. Credit can be taken as self-assessed in Return and the same shall be credited on provisional basis to the Electronic Credit Ledger (ECL) of taxable person. Credit shall not be allowed to be utilized where a valid Return has not been furnished by a taxable person.
 - f. ITC must be backed by supporting taxpaying documents like tax invoice, debit note, supplementary invoice or other prescribed document issued by supplier;
 - g. The goods or services have actually received.
 - h. The Input tax has been actually paid either through electronic cash ledger or credit ledger
 - i. The taxable person has furnished the Return under section 27;
 - j. Where the goods are received in lots ITC will be allowed upon receipt of the last lot.
3. **ITC not available under section 16 (9) in respect of:-**
- a. motor vehicle, (except in case the same is used for providing taxable services like transportation of passengers, goods, imparting training of motor driving skills)
 - b. goods and services used for primarily for personal use or consumption of employees like beauty treatment, health services, life insurance, etc.
 - c. goods and/or services acquired by the principal in the execution of works contract when such contract results in construction of immovable property, other than plant and machinery;
 - d. goods acquired by a principal, the property in which is not transferred (whether as goods or in some other form) to any other person, which are used in the construction of immovable property, other than plant and machinery;
 - e. goods and/or services on which tax has been paid under composition levy scheme; and
 - f. goods and/or services used for private or personal consumption.
 - g. ITC shall not be allowed on the tax component of depreciation of capital goods claimed.

4. Time Limits, section 16

Every registered taxable person shall be entitled within prescribed time and manner to take admissible credit of Input Tax (ITC) in various cases as under:-

For the Credit of Input tax in respect of inputs held in stock and inputs contained in semi-finished (SFG) or finished goods (FG) held in stock various person shall be

entitled to take credit as under:

	Case	day of entitlement to take ITC on inputs on stock, on SFG or FG held on the day immediately preceding the date :
1	A person who becomes liable to registration, applied and granted registration	from which he becomes liable to pay tax
2	A person who voluntarily takes registration though not liable	of registration
3	A registered taxable person ceases to pay tax under composition levy scheme	from which he becomes liable to tax normally (under section 7)

Aforesaid credit cannot be taken after expiry of **one year** from the date of issue of tax invoice relating to supply.

In other cases ITC cannot be taken in respect of any invoice after the filing of valid return under section 27 for the month of September following the end of the financial year to which such invoice pertains or filing of the annual return, whichever is earlier. As per section 30 last date for filing of annual return is 31st December following the end of the financial year.

5. Utilisation of ITC

- ITC on account of CGST to be utilised first towards payment of CGST and amount remaining towards payment of IGST. (ITC of CGST cannot be utilised for payment of SGST)
- ITC on account of SGST to be utilised first towards payment of SGST and amount remaining towards payment of IGST. (ITC of SGST cannot be utilised for payment of CGST)
- IGST to be utilised first towards payment of IGST and amount remaining towards payment of CGST and then in payment of SGST.

6. ITC in respect of Inputs sent for job work

Subject to prescribed conditions, the registered taxable person (principal) shall be entitled to ITC on inputs sent to a job-worker if the said inputs are received back by him within one hundred and eighty days. For capital goods this time limit is two years

Where the inputs or capital goods are not received back within the specified time, the taxable person shall pay an amount equivalent to the ITC availed along with interest. However, it may be reclaimed when the inputs or capital goods are received back place of business.

7. Reversal /Lapse of ITC

Registered taxable person who has availed ITC shall reverse it, by way of debit in the electronic credit or cash ledger if the said person

- switchover as a taxable person under section 8 i.e. Composition levy or,
- where the goods and / or services supplied by him becomes exempt under section 10.

Reversal shall be equivalent to the credit of input tax in

respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such switchover or, as the case may be, the date of such exemption. After payment of such amount, the balance of ITC, if any, lying in his electronic credit ledger shall lapse.

8. ITC on Supply of Capital Goods

In case of supply of capital goods on which ITC has been taken, the registered taxable person shall pay an amount equal to the ITC taken on the said capital goods reduced by the prescribed percentage points or the tax on the transaction value of such capital goods, whichever is higher.

Amount of credit to be calculated in accordance with generally accepted accounting principles.

9. Monitoring through matching mechanism

A matching system is provided to check accuracy of claims of ITC and therefore, details of every inward supply furnished by the 'recipient' for a tax period shall be matched with the corresponding details of outward supply furnished by the corresponding 'supplier' in his valid Return for the same tax period or any preceding tax period. Also, it shall be matched with the additional duty of customs paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him, and

In case of no discrepancy it is finally accepted and communicated recipient. Where discrepancy is found or where excess ITC claimed by a recipient as compared to what is declared by the supplier or if not declared by the supplier in his Returns, it will be communicated to both.

In case of duplication of claims of ITC shall be communicated to the recipient and if any discrepancy is communicated but not rectified by the supplier in his Return for the month in which discrepancy is communicated, it shall be added to the output tax liability of the recipient, in his return for the month succeeding the month in which the same is communicated.

The amount excess claim on account of duplication of claims, it is to be added to the output tax liability of the recipient in his return for the month in which the duplication is communicated.

If the supplier declares the details of invoice and/or debit note in his valid Return within the specified time, the recipient shall be eligible to reduce, from his output tax liability, the amount rectified. A recipient in whose output tax liability any amount has been added due to discrepancy or excess claim, he shall be liable to pay interest at specified rate.

10. MIGRATION - Cenvat Credit / VAT credit carried forward.

The amount of admissible Cenvat credit / VAT carried forward in a Return furnished under the earlier law in respect of the period ending with the day immediately preceding the appointed day shall be allowed to be taken as ITC. Un-availed admissible Cenvat credit on capital goods, not carried forward in a Return, which a registered taxable person is entitled shall also be allowed to be taken as ITC.



Internal Audit - Looking beyond the numbers

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Internal Audit has become the essence for good corporate governance & for best practices. The work of internal auditor has grown multirole with newer dimensions and multiskill set. The whole orientation of internal audit has changed with the global scenario. Corporate world now require more skill set team of auditors who can deliver to the stake holder the value and make the system of operations more transparent and efficient. Every business entity requires checks and balances at every stage and controls to adopt the best practices

Definition of Internal Auditing

According to International Professional Practices Framework (IPPF), The Institute of Internal Auditors Research Foundation, Florida, USA.

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Internal audits provide a number of important services to the company management. These include detecting and preventing fraud, testing internal control, and monitoring compliance with company policy and government regulation. Smaller companies may require these functions even more than large companies. A small business simply cannot afford employee fraud, waste, or a government fine. Establishing an internal audit function provides a vital step in the growth of a business.

Internal Audit performs compliance, financial, and operations audits, ethics and fraud investigations. Audit activities may be planned & therefore, an audit engagement may have been scheduled within Internal Audit's plan for performing routine, periodic audits. These types of audits are designed to provide management with assurances of the adequacy of internal controls and operating activities. These audits appraise operations for compliance with laws, policies, procedures, efficiency of operating systems, and the effectiveness of accounting, financial and internal controls.

Some audits may not be part of Internal Audit's prepared audit plan. These unplanned audits may be initiated if, during any audit, there is discovery of a previously unknown business risk or an irregularity. Unplanned audits may also be investigations into wrongdoing, fraud, ethics violations or abuse. Audit activities, including investigations, will conclude with a report communicating results of the review to key administration, personnel, and others as designated.

Organizational independence

While internal auditors are not independent of the companies that employ them, independence and objectivity is a cornerstone of the IIA professional standards; and are discussed at length in the standards and the supporting practice guides and practice

advisories. Professional internal auditors are mandated by the IIA standards to be independent of the business activities they audit. This independence and objectivity are achieved through the organizational placement and reporting lines of the internal audit department. Internal auditors of publicly traded companies in the United States are required to report functionally to the board of directors directly, or a sub-committee of the board of directors (typically the audit committee), and not to management except for administrative purposes.

The required organizational independence from management enables unrestricted evaluation of management activities and personnel and allows internal auditors to perform their role effectively. Although internal auditors are part of company management and paid by the company, the primary customer of internal audit activity is the entity charged with oversight of management's activities. This is typically the Audit Committee, a sub-committee of the Board of Directors. Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board: Approving the internal audit charter; Approving the risk based internal audit plan; Approving the internal audit budget and resource plan; Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters; Approving decisions regarding the appointment and removal of the chief audit executive; Approving the remuneration of the chief audit executive; and Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

Internal Audit Charter

An internal audit charter is a formal document that defines internal audit's purpose, authority, Responsibility and position within an organization. It may also be known as terms of reference. Every organization is different with unique objectives, challenges and risks. The internal audit Charter is the best way to agree and describe how internal audit will provide value to the Organization, the nature of the services it will provide and the specific focus or emphasis required of internal audit to help the organization achieve its objectives. Having an internal audit charter also establishes the internal audit activity's position within the Organization, including the head of internal audit's (HIA) reporting lines, authorizing access to Records, personnel, and physical properties relevant to the performance of engagements; and also defining the scope of internal audit activities. It is therefore a reference point for measuring the effectiveness of internal audit. Setting out the overall purpose and function of internal audit within the organization and how it will assist the organization to achieve its objectives. The mission is a summary of the way internal audit will provide value to the organization. Clearly stating that it is the provision

of assurance on the adequacy and effectiveness of risk management processes in reducing risk exposures down to acceptable levels. In addition to the assurance service, the charter should also refer to the provision and nature of consulting activities.

Role and scope of work

Explaining the role of internal audit i.e.

- Assessing the adequacy and effectiveness of the system of risk management and internal controls operated within the organization;
- Reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- Assessing the reliability and integrity of information;
- The safeguarding of assets.

In some organizations such as multinationals and groups it may be important to clarify the precise scope of the internal audit activity to avoid potential overlaps or gaps. This may require regular attention to recognize any changes in the structure of the organization resulting for growth, mergers and acquisitions. For clarification purposes, it may also be prudent to detail roles which internal audit should not take on, for example operational management duties.

Independence

If internal audit is to provide objective and unbiased opinions and assurances it is essential that it is independent of the activities it audits. The charter should explain the way independence is established and maintained. Should any conflict or impairment be known or arise, the charter should specify to whom these should be reported and how.

Access

To provide assurances to the board internal audit needs to have unrestricted access to all activities across the organization. Where assurances are to be provided to parties outside of the organization, the nature of these assurances must also be defined in the charter. Internal audit may need to demonstrate how it will preserve security in respect of highly sensitive or confidential information.

Reporting

Explaining the internal audit reporting lines, for example, that it reports regularly to the audit committee, which is a sub-committee of the main board.

Responsibilities

Setting out the responsibilities of the HIA. This should include any specific requirements relating to the sector in which the organization operates such as the requirement upon the HIA to provide an annual report or opinion to an annual governance statement. Responsibilities might also refer to internal audit's relationship with other assurance providers such as internal audit's role in developing an assurance map and the requirement to assess the reliability of assurance from those in the first and second lines of defense.

Role in internal control

Internal auditing activity is primarily directed at evaluating internal control. Under the Committee of Sponsoring Organizations of the Treadway Commission COSO Framework, internal control is broadly defined as a process, affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of the following core objectives for which all businesses strive. Effectiveness and efficiency of operations. Reliability of financial and management reporting. Compliance with laws and regulations.

Safeguarding of Assets

Management is responsible for internal control, which comprises five critical components: the control environment; risk assessment; risk focused control activities; information and communication; and monitoring activities. Managers establish policies, processes, and practices in these five components of management control to help the organization achieve the four specific objectives listed above. Internal auditors perform audits to evaluate whether the five components of management control are present and operating effectively, and if not, provide recommendations for improvement.

In the United States, internal auditors may assist management with compliance with the Sarbanes-Oxley Act (SOX).

Role in risk management

Internal auditing professional standards require the function to evaluate the effectiveness of the organization's Risk management activities. Risk management is the process by which an organization identifies, analyzes, responds, gathers information about, and monitors strategic risks that could actually or potentially impact the organization's ability to achieve its mission and objectives.

Under the COSO enterprise risk management (ERM) Framework, an organization's strategy, operations, reporting, and compliance objectives all have associated strategic business risks - the negative outcomes resulting from internal and external events that inhibit the organization's ability to achieve its objectives. Management assesses risk as part of the ordinary course of business activities such as strategic planning, marketing planning, capital planning, budgeting, hedging, incentive payout structure, credit/lending practices, mergers and acquisitions, strategic partnerships, legislative changes, conducting business abroad, etc. Sarbanes-Oxley regulations require extensive risk assessment of financial reporting processes. Corporate legal counsel often prepares comprehensive assessments of the current and potential litigation a company faces. Internal auditors may evaluate each of these activities, or focus on the overarching process used to manage risks entity-wide. For example, internal auditors can advise management regarding the reporting of forward-looking operating measures to the Board, to help identify emerging risks; or internal auditors can evaluate and report on whether the board and other stakeholders can have reasonable assurance the organization's management team has implemented an effective enterprise risk management program. In larger organizations, major strategic initiatives are implemented to achieve objectives and drive changes. As a member of senior management, the Chief Audit Executive (CAE) may participate in status updates on these major initiatives. This places the CAE in the position to report on many of the major risks the organization faces to the Audit Committee, or ensure management's reporting is effective for that purpose. The internal audit function may help the organization address its risk of fraud via a fraud risk assessment, using principles of fraud deterrence. Internal auditors may help companies establish and maintain Enterprise Risk Management processes. This process is highly valued by many businesses for establishing and implementing effective management systems and ensuring quality is maintained & professional standards are met Internal auditors also play an important role in helping companies execute a SOX 404 top-down risk assessment. In these latter two areas, internal auditors typically are part of the risk assessment team in an advisory role.

Role in corporate governance

Internal auditing activity as it relates to corporate governance has in the past been generally informal, accomplished primarily through participation in meetings and discussions with members of the Board of Directors. According to COSO's ERM framework, governance is the policies, processes and structures used by the organization's leadership to direct activities, achieve objectives, and protect the interests of diverse stakeholder groups in a manner consistent with ethical standards. The internal auditor is often considered one of the "four pillars" of corporate governance, the other pillars being the Board of Directors, management, and the external auditor. A primary focus area of internal auditing as it relates to corporate governance is helping the Audit Committee of the Board of Directors (or equivalent) perform its responsibilities effectively. This may include reporting critical management control issues, suggesting questions or topics for the Audit Committee's meeting agendas, and coordinating with the external auditor and management to ensure the Committee receives effective information. In recent years, the IIA has advocated more formal evaluation of corporate governance, particularly in the areas of board oversight of enterprise risk, corporate ethics, and fraud.

Internal Audit in India.

As per section 138 of Indian Companies Act 2013 read with Rule 13 Of Companies (Accounts) Rules, 2014, certain class of companies is required to appoint Internal Auditors. An extract of Rule 13 of Companies (Accounts) Rules, 2014 is as follows-
Extract of Rule 13 of Companies (Accounts) Rules, 2014 13. Companies required to appoint internal auditor.

- (1) The following class of companies shall be required to appoint an internal auditor or a firm of internal auditors, namely:-
 - (a) Every listed company; Always applicable
 - (b) Every unlisted public company having-
 - (c) Paid up share capital of fifty crore rupees or more during the preceding financial year; or
- (2) Turnover (income) of two hundred crore rupees or more during the preceding financial year; or
- (3) Outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or
- (4) Outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year; and
 - (d) Every private company having-
 - (i) Turnover of two hundred crore rupees or more during the preceding financial year.
 - (ii) Outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year:

Provided that an existing company covered under any of the above criteria shall comply with the requirements of section 138 and this rule within six months of commencement of such section.

Explanation - For the purposes of this rule - The internal auditor may or may not be an employee of the company; The Audit Committee of the company or the Board shall, in consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit. However, the rule specifies that an internal

auditor may or may not be an employee of the company. The Internal auditor may be a CA/CWA or any other professional. And also neither the rules nor the Act, has specified the duties and responsibilities. So even if the rules and act made the appointment of Internal Auditor mandatory, the same rules and Act provides option to companies to appoint any person as internal auditors. And also anyone who has the knowledge can become an Internal Auditor, because the rules did not define the word "any other professional"

The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

Promoting appropriate ethics and values within the organization; Ensuring effective organizational performance management and accountability. Communicating risk and control information to appropriate areas of the organization, and Coordinating the activities of and communicating information among the board, external and internal auditors, and management (i the pillars of the organization's governance framework. Findings from quality assurance reviews show that internal auditors typically earn a passing grade when it comes to including control elements in the audit universe and in their risk-based plan. The problem, however, is that governance and risk management are often inadequately addressed. There are many opportunities for improvement and internal audit can play a key role in being agent of positive change in the organization.

Thus Internal audit is not just compliance ,but it adds value to the company in approaching the problems relating to management control in more proactive and systematic manner.

Internal Auditors are in the advisory capacity and to counsel the management and the board in the areas of risk sand vulnerability. Internal auditors act as solution providers who are adding more viable solutions by rendering their professional expertise in today's global competitive environment. ■

CEP REPORT

WIRC had organized CEP on "Cost Management through Lean" on 26th August 2016 at WIRC Office, Mumbai. CMA Rajendra Aphale, Practising Cost Accountant was the faculty. CMA Kailash Gandhi, Chairman CEP Committee, WIRC, felicitated the speaker. CMA Aphale in his address covered the following topics.

- * What is Lean - Beyond Kaizen
- * Application in Manufacturing & Service
- * New Perspective in Cost Management

* * *

Other CEP was on CMAs Role in Corporate Credit Rating held at Thane SMFC on 27th August 2016. Mr. Nitin Jha & Mr. Ravikiran Apte, CARE Rating were the speakers. CMA Debasish Mitra, Convener CEP was present on the occasion.

Programme was attended by members in Practice and Industry.



Legal Maxim

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We professionals are used to reading various judgments of Tribunals and Courts and most often than not, we come across various Legal Maxim, of which we may have a fair idea as to what it implies, but may not know what exactly it means. This is just a humble endeavour to highlight some of the oft-repeated Maxim and what exactly they intend to transpire in plain English language.

First of all, I would like to mention the definition of the usage "Legal Maxim" as per Black's Law Dictionary. It is an established principle or proposition. A principle of law universally admitted, as being a correct statement of the law, or as agreeable to natural reason.

The usages are too many in number to be covered in one issue. So it will be presented over a series of articles in the coming issues of our esteemed Bulletin. Please do read and provide feedback to enable improvement of the presentation. Thank you.

Here we go....

- *acoelousque ad centrum* : In principle, the extent of the right of the owner.
- *a fortiori* : Much more, with stronger reason.
- *a la* : After the manner of.
- *a posse ad esse* : From possibility to reality.
- *a posteriori* : (From the effect to the cause) Inductive reasoning; pertaining to the process of reasoning whereby principles or other propositions are derived from observations of facts.
- *a priori* : From cause to effect; deductive reasoning; pertaining to the line of reasoning based on specific assumptions, rather than experience.
- *averbis legis non est recedendum* : You must not vary the words of statute.
- *ab initio* : From the beginning.
- *ab intestato* : From an intestate (Person); Succession to property of a person who has not made a will.
- *ab intra* : From within.
- *absoluta sententia expositore non indiget* : Plain language does not need an interpretation. (Amar Singh v. State of Rajasthan AIR 1955 SC 504)
- *absque hoc* : Without this.
- *absque tali causa* : Without such cause.
- *abundans cautela non nocet* : There is no harm in being cautious. The presumption that Parliament may be presumed not to make superfluous legislation, does not prevent the introduction of some apparent provisions.
- *act in pais* : Judicial or other act performed out of court and not a matter of record.
- *acta jure gestionis* : Commercial acts.
- *acta jure imperii* : Governmental acts. The test what constitutes an act jure imperii is whether the act in question is of its own character a governmental act, as opposed to an act which any private citizen can perform. It is clear, therefore, that- (a) it is first necessary to consider what is the relevant act of the separate entity which forms the basis of the claim of immunity; (b) to qualify for immunity, the act must be governmental rather than commercial in character; (c) this is a question of the analysis of particular facts against the whole context in which they have occurred; (d) if the act in question is not governmental, the mere fact that the purpose or motive of the act was to serve the purposes of the State will not be sufficient to enable the separate entity to claim immunity.
- *actio* : An action; the right of suing before a judge for what it is due; also proceedings or a form of procedure for the enforcement of such right.
- *actiopersonalior moritur cum persona* : A personal right of action dies with the person. When he dies, the suit should abate.
- *actori incumbit onus probandi* : The burden of proof lies on the plaintiff or the prosecution.
- *actus* : A deed; a physical result of human conduct.
- *actus curiae neminem gravabit* : It means that an act of court shall prejudice no one. No acts of court should harm a litigant and it is the bounden duty of a court to see that if a person is harmed by mistake of the court, he should be restored to the position he would have occupied but for that mistake. ■

(Courtesy : CBDT, D of R, M of F, GoI)

OBITUARY



CMA Dattatray Chivilkar (M/9999), Practising Cost Accountant from Mumbai, left for his heavenly abode on 6th August, 2016 at the age of 55 years.

May the departed soul rest in peace.



Good Business Processes – present day need of SME's

By CMA Nitin Alshi

Mobile : 98222-20003 • E-mail : nitinalshi@gmail.com.

Mr. Ajay Sharma, an automobile engineer, established his own manufacturing unit of automobile parts. He starts his day early at 9.00 A.M and ends the day at 8pm with lot of unfinished work for next day. He gets engaged in almost all the business issues daily and hardly gets time to think for business strategies, future business plans and to work out value added or constructive thinking for his business. Coincidentally, he met his batch mate, joyful and positive Sanjay Varma, in one business meet who is also in same activity of business as Mr. Ajay was in. Mr. Ajay was curious to know about the wisdom behind Sanjay's smile and unbound business routine

Inquisitively, Mr. Ajay asked, how do you tackle the problems of staff absenteeism, increasing cost of resources, dependency on others, repetition of mistakes and consequential turbulences etc? Mr. Sanjay's answer was simple, "Entire organisation is process driven". Reports, papers and presentations which he refers daily are generated out of system, helps him in decision making and planning. He spends his quality time only on strategic decision making and achieving continuous improvement in the business. "This is the power of commitment towards establishing good business process in organization", Sanjay further added.

Following Para's in this article is an endeavor to understand the need, importance, and usefulness of good business processes and procedures. Keeping in view, the problem faced by the Small and Medium scale Enterprises (SME), where the constraints are more and resources are less, good business process and procedures can definitely help the business to run smoothly and support the bottom line. Experience has shown that generally these businesses unfortunately are more involved into solving their own mistakes, problems rather than concentrating on business entirely. The effort has been made to help the MSME's to start thinking to build good business procedures.

Meaning of business process:

A business process is a set of predefined coordinated tasks and activities, conducted by engaging various moving, non moving, tangible, intangible resources, that will lead to accomplishing a specific organizational goal. We need to have a systematic approach to improve those processes. The objective should be, to make the process more and more cost effective, time efficient and result oriented.

There are three types of processes:

- Operational Process

- Management Process
- Supporting process

Operational business processes:

Functional processes are considered as main business processes since together they are being adhered to achieve business goals. Some of them are Manufacturing, Sales and Marketing, Purchases, Inventory

Good understanding of each function and the deliverables of each such function is needed to build up good procedures within the processes.

Management Process:

Management processes are helpful in policy framing, decision making and setting controls. Some of the commonly applied processes are Corporate or Entity Governance, Strategic Process, Reviews of operations etc.

Supporting Process:

Supporting process always functions in parlance with the main process with an objective of improving efficiency, effectiveness. Supporting processes are mainly designed for:

Finance and Accounts, Administration and HR, EDP/ IT Department.

Need of good systems, process and procedures:

Now days, Business entities are recognizing power of Business Process Management Systems to strategically focus on managing cross-functional, customer facing and enterprise-wide business processes.

The core driver for process development is the desire to reach to

- Enhanced performance, Risk reduction, Increasing efficiency, Reducing dependency on personnel. Reduction of frauds, Building up good (decision support) MIS systems etc.

Challenges before SME's:

- Constraints of Resources as regards their availability, efficiency and Optimum use,
- More operational mistakes than accuracy by staff, Plenty of Non value added activities,
- More mislead efforts than building up value chain
- More intangible cost than savings
- Flight or Maintenance of Talent (i.e. Staff attrition)
- Entrepreneurs unwillingly get involved in daily routines than on business

JUST THINK, how many small and medium scale businesses face problems when their key person (staff) has

left the organization? Because of over-dependency on individuals and lack of process documentations, these businesses get dislocated for a considerable period of time. Every loss of time in this era of competition has got its own intangible cost which may pose significant dent to the organizations progress. The organization should adopt following methodology "LET THE SYSTEM AND PROCESS WORK IRRESPECTIVE OF PERSON RUNNING IT." The success of large business houses lies in their process driven approach rather than person driven approach. The best example of process driven organizations (illustrative) are ICICI bank, Infosys, Tata, HDFC, on and on

Pre-requisites to building up good business process:

To build up good business process the organisation must have described Goals, Objectives, Corporate strategies, Management and Staff support, Desire to change and adopt new challenges, Consult to experts with open mind.

Are you following the right procedures?

In small and medium scale enterprises, the question whether we are following the right procedures? is hardly asked. Generally due to business pressures, this aspect is always ignored. However it is firmly believed that FOR EXPANSION OF BUSINESS, THE ORGANIZATION'S HUMAN CAPITAL AND ADOPTION OF GOOD BUSINESS PROCESSES IS UTMOST NECESSARY. It is not easy to launch a satellite without jerk of firm base.

Now days, major companies are resorting to periodical Business Process reviews, reengineering, Internal Control reviews through professionals in spite of having good existing processes to earn competitive edge. The

approach always intends to take them to perfection vide continuous improvement and result oriented upgradation.

SME's need to tender answers to following:

- Whether processes are really framed and designed?
- When Business Processes were last critically examined?
- Are they logical, coherent, effective, efficient and user-friendly?
- Do they allow your business to flow effortlessly and profitably?
- Could your organisation survive in long run despite of good processes?

The experience has shown that the organization can grow upto certain extent without proper procedures and disciplines but after some time the organization cannot achieve heights.

Time ahead:

It is certain that the time to come will bring lot of opportunities to business of all sectors where the survival would be depending upon cost consciousness, ethical practices and quality deliverables and transparency. With reduction in margins due to competition, small and tiny errors would cost the business entities dearly. It is certain, with good business processes, procedures and documentation thereof, the MSME's would also be process driven and ready to compete and match with big organizations globally.

Sincere efforts of transformations would definitely take SME entrepreneurs to the zenith, as achieved by Mr Sanjay Varma.

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 9th August, 2016

S.O. 2670(E).—In exercise of the powers conferred by sub-section (1B) of section 139 of the Income tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue), issued vide S.O. 1281(E) dated the 27th July, 2007, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii) dated the 27th July, 2007, namely:-

2. In the said notification, in para 5, in clause (1), for sub-clauses (c) and (d), the following sub-clauses shall be substituted, namely:-
 - “(c) a firm of Chartered Accountants or Company Secretaries or Cost Accountants or Advocates, if the firm has been allotted a permanent account number; or
 - (d) a Chartered Accountant or Company Secretary or Cost Accountant or Advocate or Tax Return Preparer, if he has been allotted a permanent account number; or”.

[Notification No. 66/2016/F. No.133/89/2015-TPL]

Dr. T. S. MAPWAL, Under Secy.

Note: The principal notification was published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide number S.O. 1281(E) dated the 27th July, 2007 and was last amended vide notification number S.O. 2413(E) dated 22.09.2009.



GST Overviews, Impact and Challenges

By **CMA Rajendra Rathi**

Contact: +91 9998975889 • Email: rajendra.rathi@ril.com

History of VATs In India

MODVAT	1986
CENVAT	2004
STATE VAT	2005
GST	2017

Need for GST

Avoid Double Taxation	To result in avoiding cascading effect
Provide Level Playing Field	By implementing simplified and unified Tax system
To facilitate ease of doing Business	By reduced Interface with different Departments - Central, State & Local bodies
Introduce Simple Tax	So as to achieve cost reduction in Revenue Collection collection system

A Working Example of GST V/S the current tax system

(INR)	Current System	GST
Manufacturer		
Cost of goods	0	0
Add: Value addition	10000	10000
Basic Price	10000	10000
Add: CENVAT @12.5%	1250	0
ADD: GST@ 18%	0	1800
Total price	11250	11800
Wholesaler/distributor		
Cost of Goods	11250	11800
Less: Input GST Credit	0	-1800
Add: Value addition	5000	5000
Basic price	16250	15000
Add: VAT@ 12.5%	2031	0
Add; GST@18%	0	2700
Total price	18281	17700
Retailer		
Cost of goods	18281	17700
Less: Input Vat Credit	-2031	0
Less: Input GST Credit	0	-2700
Add: Value addition	2000	2000
Basic Price	18250	17000
Add: VAT@ 12.5%	2281	
Add:GST @18%	0	3060
Total price paid by Consumer	20531	20060
Total value added in the	17000	17000
Total Tax paid	3531	3060

Registration

Existing assesses will be given provisional registration valid for six months

Submit details and obtain final registration within six months

Common registration for SGST, CGST and IGST -but separate registration in each State

Multiple registration within State permissible business verticle as per AS-17

Registration once turnover exceeds Rs. Ten lakhs

15-digit GSTIN). First 2 digits will be State Code. Next 10 digits Income Tax PAN. 13th digit will be entity code. 14th digit blank for future use. 15 the digit will be check digit.

ITC Credit - Transition Provisions

Cenvat Credit Balance in existing returns allowed to be carried forward to Electronic Credit Ledger

Balance 50% Credit of Capital Goods is allowed to be taken in Electronic Credit Ledger even though not carried forward in the Return

Similarly Credit of VAT carried forward in a return is also allowed to be carried forward in Electronic Credit Ledger

In both Central and State Taxes, carried forward of only those credit is allowed which is also eligible in GST

No Clarity about carry forward of unavailed credit or credit of material in transit

Returns under GST

Under GST every registered taxable person (Dealer) need to file 3 monthly return i.e. GSTR-1,2 & 3 and one annual return GSTR-8.

GSTR-1 Sales register by 10 th of the succeeding month

GSTR-2- purchase Register by 15 th of succeeding month

GSTR-3 auto-populated through GSTR-1&2 by 20 th of succeeding month

Return would be permitted to be filed both on online mode or offline mode.

GSTR-8 RECONCILIATION OF THE RETURN WITH AUDITED FINANCIAL STATEMENT

SEPARATE RECO DULY CERTIFIED BY CA IN THE FORMAT FINALISED BY GST COUNCIL.

GST Compliance Rating

Robust record base compliance viz uploading sales detail, do the activity within prescribed cutoff date failing which vendor can black listed and even single event of default may result in flagging as potential black listed, and purchase from black listed vendor will no longer be eligible for ITC.

Accounts and other record (Section 42)

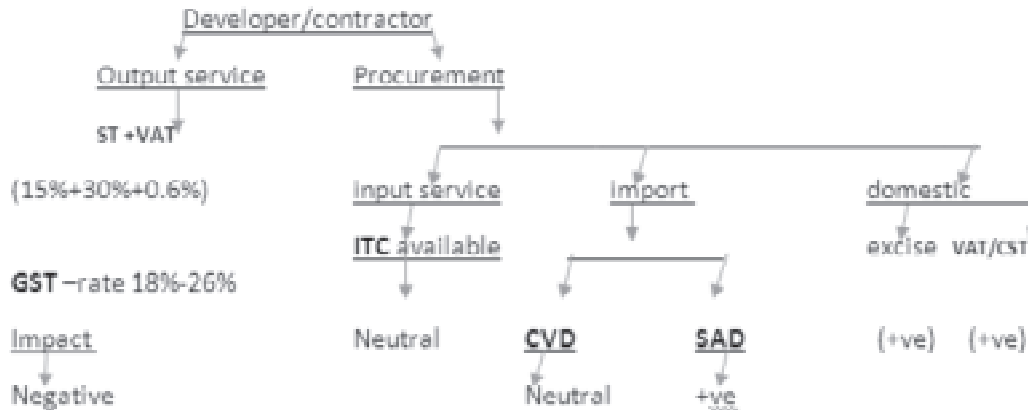
Registered person need to keep and maintain at each

place of business record of

- (a) Production and manufacture of goods
- (b) Inward or outward supply of goods and /or services (Store ledger /service entry register/DSA)
- (c) Stock of goods
- (d) input tax credit availed,

Under model GST Law different type of ITC credit register viz capital Goods, Input, Input services separately for CGST, SGST and IGST in totality 9 credit register to be maintained at each place of business.

Impact on real state



Project cost ----- go up ,Cash flow -----Impacted, Pos-----place of project , Transitional-----form collection drive Cenvat audit to be carried out.

Conclusion

In view of black listing provision and invoice wise matching zero % defect approach is required putting 100% internal checks and balances at multiple levels.

At Bharuch Ankleshwar we have started knowledge

sharing in every fortnight and also attended very excellent two days session of train the trainer on model GST law at Mumbai by our taxation committee as GST being complete change from manufacture to destination base consumption tax, imparting training to all staff of 80 lacs assessee (approx.) is utmost important for smooth implementation of GST and passing of benefit to end users hence training /seminar can be conducted in association of local industry association and chambers. ■

Ref. No. G/82(42)/08/2016, August 17, 2016

NOTIFICATION

In pursuance of Regulation, 146(4) of the Cost and Works Accountants Regulations, 1959, the Council of the Institute of Cost Accountants of India at its 300th Meeting held on 21st July 2016 has dissolved the following Chapters of The Institute of Cost Accountants of India.

1. Chandrapur Chapter
2. Jhagrakhand-Chirimiri Chapter
3. Konkan Chapter
4. Korba Chapter

Kaushik Banerjee
Secretary

Congratulations!!!

Dr. Janavi Yagnik from Ahmedabad has cleared Cost & Management Accounting Final Examination in December 2015. We are delighted to inform all of you that Janavi Yagnik is a Medical Professional i.e. Physiotherapist. Despite having totally different stream background, she cleared Intermediate Examination with First Attempt, and here is an example of combination of Paramedics with Core Commerce Course of Cost & Management Accountancy, which is a rarity in itself. Stood First in Ahmedabad Centre (Scored 78/100 Marks) in Strategic Cost Management Subject in CMA Final Examination conducted in December 2015.

Let us congratulate her for clearing CMA Examination and wish her bright CMA career ahead.

CHAPTER NEWS

AHMEDABAD

Chapter has organized inaugural of Oral Coaching and Felicitation of all students who passed in Dec'2015 & March'2016 Exam of Foundation, Intermediate and Final on 4/8/2016 at Haribhai Auditorium. CMA V H Savaliya, Chairman of Chapter welcomed the Chief Guest CMA Arpitbhai Patel, Managing Committee Member, Students and their Parents and gave the brief of Chapter activities. CMA Pradip H. Desai, Chairman of WIRC described the scope of work for CMA students and various MOU made by Institute with different countries. He motivated successful and newly enrolled students. CMA P.D. Modh, Chairman of Oral Coaching Committee advised about Syllabus and facility available at Chapter for students. Chief Guest complimented the successful and newly enrolled students and the newly enrolled students to join this valuable professional course in the era of Global Industrial Competition. He advised the students to keep this in mind and to work diligently with full concentration. Cost Accountant is driving force for Industry and Business. CMA Shrenik Shah, Ex-Chairman of WIRC also grace function and complimented successful students and advised fresh students for the achieving success in course. It was pleasant surprise that Dr.JahanviYagnik (Physiotherapist) was also amongst the successful CMA. Successful students of Foundation, Inter and Final Exam as well as Rank holders at National level in all examinations are awarded prizes at the hands of dignitary present in function. CMA Ashish Bhavsar, Vice Chairman of Chapter proposed vote of thanks.

NASIK-OJHAR

Seminar on "GST Law - 2016"

Chapter has organized Half Day Seminar on 'GST LAW - 2016' on 11th August 2016 during 02.30 to 07.00 PM at Nasik Engineering Cluster, Ambad, Nashik.

CMA Dr.ShilpaParkhi, Past Chairperson of Nasik Ojhar Chapter, welcomed all members and faculty. Brief introduction about the seminar and about the faculty was given by CMA Deepak Joshi. CMA R. K. Deodhar explained model GST Law 2016, definitions, features, advantages, need of proposed GST, etc. CMA PradnyaChandorkar explained process of Registration under GST, transition provisions under GST. CMA R.K. Deodhar and CMA PradnyaChandorkar also answered the quires raised by participants. More than 150 participants were attended the seminar. The programme was coordinated by Secretary CMA Prashant Yeole and Treasurer CMA SurajLahoti.

NAVI MUMBAI

Inaugural Function for Oral Coaching on 31st July 2016

Inaugural Function for Aug-Dec Oral Coaching batch of Navi Mumbai Chapter was organised on Sunday, the 31st July 2016 at K.B. Patil College.

CMA Rajneesh Jain, CFO of Reliance JioInfocom, (Chief Guest

of the function) inaugurated the oral coaching batch by lighting the lamp. Prof. B.S. Pandey HOD of Accountancy and Commerce of Rajiv Gandhi College Arts, Commerce & Science, and Dr.VivekBhoir, Prof., K.B. Patil College were guests of honour. CMA L Prakash, Chairman of the Chapter welcomed the Guest, Members and Students.

CMA Rajneesh Jain explained the importance of CMA in the era of Global Industrial Competition. He advised the Students to work hard. Other Managing committee members also emphasised Cost Accounting Profession progress over a long period of time.

The programme was well attended by Members and Students. The Programme ended with vote of thanks by CMA M.K. Narayanaswamy and by presenting with a memento to the Guests.

CEP

On 28th August 2016 Chapter organized a CEP on Enterprise Risk Management whose keynote speaker was CMA VidyasagarTyagi, Vice-President & Head of Audit - Corporate Function, Reliance Industries Ltd. The audience included Practicing Cost Accountants, Cost Accountants in Service as well as students pursuing their career in CMA. The speaker took the subject from Simplicity to Complexity blended with his actual practical experience and explained lucidly the Enterprise/COSO Risk Management Framework and this gave an impetus for a very interactive session leading to a very good sharing of knowledge between the audience and the speaker. At the end the Vote of Thanks was provided by CMA AsitGanguly Vice-Chairman of the Chapter.

Career Guidance Programme at Ramsheth Thakur College of Commerce & Science, Kharghar

On 20th August 2016 Career Guidance Programme was conducted at Ramsheth Thakur College of Commerce & Science, Kharghar for its B.Com & BMS students, highlighting to them the importance of CMA career for the self as well as for the Nation as proper costing systems, cost analysis will and shall be the important tool for managing profits in the era of Globalisation. The talk evolved good interest among the student fraternity. The counselling session was well supported by the Principal Shri K G Tapase & Vice Principal Shri Vijay Kohli and its staff members. They promised full support to the Chapter in its future endeavour also.

Career Guidance & Counselling was conducted by Chairman CMA L. Prakash, Ex-Chairman CMA B M Sapkal, CMA VivekBhalerao, Chairman PD Committee, CMA Anil Shah, Secretary, CMA Basant Das, Ex-Secretary & CMA Sirish Mohite.

SURAT-SOUTH GUJARAT

Students Programme on "How to succeed in Professional Examination i.e. CMA exams"

The programme was organized at Surat South Gujarat Chapter's

conference Hall. About 75 students from Foundation, Inter and Final were guided by CMA P. D. Modh, Senior Practicing CMA and Educationalist. CMA Manubhai Desai, Chairman of the Chapter welcomed the faculty and students. CMA P. D. Modh elaborated themes like Positive attitude, Goal setting, Time management and Setting Priorities. He gave various tips for preparation, he also emphasis on smart work, hard work and notes, Practical examples and case study. He also put weight to prepare Institute's study notes thoroughly for exams. Students were much benefited by his wise words. Mr. Raju Kumar Rai, student volunteer proposed vote of thanks.

CEP on "Emotional Intelligence"

A CEP on "Emotional Intelligence" was organized by Surat South Gujarat Chapter on 17/7/2016 at Chapter's Office. CMA P. D. Modh, Senior Practicing Cost Accountant from Ahmedabad was invited as a Faculty for the CEP. CMA Manubhai K Desai, Chairman of the chapter gave welcome speech & offered a bouquet. The key note speaker CMA P. D. Modh dealt with the subject and gave a brief idea about it, he told that how one can deal with negative situation and converts it into the positive one. He elaborated the topics like 1) Concepts of Emotions 2) Anatomy of Brain 3) Brain Chemistry 4) Mind Rules 5) Emotional Intelligence etc. After completion of the speech, there was a live interaction also. It was applauded by one of our member from Gaziabad Chapter, NE region by mail; he said that this was a great effort to improve the quality of tomorrows CMAs' in the interest of the Nation. About 60 members from service and practice including Final students participated actively in the CEP Programme. CMA J. T. Parmar, Secretary of the Chapter offered memento & Vote of thanks.

Gurupurnima Celebration on 19-07-2016

At Chapter's Conference hall, "Gurupurnima" was celebrated by the Students of the Chapter at 6:00 pm. Five students, explaining the significance and importance of Gurupurnima day and honored gurus and gave gratitude towards them by offering flowers as a token of love and affection to CMA Manubhai Desai, Chairman of the Chapter and the Faculty member CMA Sejal Shah. CMA Manubhai Desai showered his blessings to the students for their bright career in CMA fraternity.

Independence Day Celebration

Surat South Gujarat Chapter celebrated 70th Independence Day at the campus of CMA Bhawan, Ritz Square, GhodDod Road, Surat. Ms. DivyaZaveri, Student of the Chapter and Shri Mahesh Kathiria, Retired Principal of Kendriya Vidhyalay, Surat hoisting the Flag, addressed the students and members. After the Flag hosting ceremony, students of the Chapter sang patriotic songs. Debate Programme for students and members on the topic "Indian Culture V/S Western Culture" was also arranged. Around 25 students and members took part in the debate CMA Manubhai Desai, Chairman of the Chapter Co-ordinated the programme.

Report of Full Day Seminar on GST on 27-08-2016

A full day seminar on Goods and Service Tax was organized by Chapter on 27th August 2016 at Chapter's Hall for members

and delegates from various industries. The most knowledgeable faculty on indirect taxes CMA V S Datey, authority in the area of indirect taxes practices, CMA Sanjay Bhargave and widely experienced in facility level cost management system CMA B F Modi were faculties for the seminar.

The program started at 10 am with fully packed audience having capacity of 180 seats. After the prayer by students, CMA Manubhai Desai, Chairman of the Chapter welcomed the faculties, delegates and members attending from Surat, Bharuch, Ankleshwar, Vapi and South Gujarat Region. The formal inauguration of seminar was made with lighting of lamp. In the first and third technical sessions CMA V.S.Datey in very lucid and interesting manner introduced the key aspects of GST and how it is different from indirect taxes system present in the country. In the next session he discussed in detail the intricacies of GST in terms taxable event for GST and the comprehended the terms of 'supply', 'place of supply' and 'time of supply' and other related aspects.

CMA Sanjay Bhargave very comprehensively dealt with treatment of input tax and related aspects, the heart of GST and discussed the present provisions of CENVAT and similarities and differences with proposed GST regime. CMA B F Modi covered the very important topic of procedure part in GST and role of computer system in very interactive manner with examples.

At the end, vote of thanks was proposed by Secretary CMA J T Parmar. The program was co-ordinated by Vice Chairman CMA HeenaOza. The program was attended by 180 delegates from various industries. The delegates have requested for 2-3 days workshop on GST by the same faculties once the GST related formalities are over. The Chapter has assured arranging industry delegates oriented more detailed program in near future.

Press Meet

As the Guideline by the Secretariat Department, our Chapter arranged Press Meet with local Media (various newspapers) on 24/08/2016 at Chapter's Office. Approximately 10 press Reporters and photographers attended the Press Meet. CMA Manubhai Desai, Chairman of the Chapter and CMA Bharat Savani, Managing Committee Member represented from the Chapter's side and gave Information to the media about the NEW SYLLABUS- 2016. Also the members informed regarding Result for June-2016 session. Three students from Surat were amongst the all over India Rankers. All Foundation, Intermediate and Final passed students were invited. The Chapter gave 18 new CMAs to the Society. All News Paper gave wide coverage to our result with Photographs.

VAPI-DAMAN-SILVASSA

Chapter conducted a full day seminar on "GST-practical application" on 23rd August, 2016. There were 76 participants mainly from Industry. The speakers were CMA B F Modi and CMA R M Kandoi. The program was highly appreciated by the audience".

FULL DAY SEMINAR ON GST - 19TH AUGUST 2016 AT PUNE JOINTLY WITH ICSI, PUNE CHAPTER



CS Pavan Chandak, Vice Chairman, Pune Chapter of ICSI addressing the gathering



CMA Amit Apte, CCM, ICAI delivering his address



CMA R. P. Gore addresses the gathering at GST Seminar. Also seen CMA B M Sharma, Past President & CMA Harshad Deshpande, RCM.



CMA Sanjay Bhargave lighting the lamp during seminar on GST organized by Surat-South Gujarat Chapter



Press Meet organized by Surat-South Gujarat Chapter after declaration of Institute results.



A view of the Students Programme on "How to succeed in Professional Examination" organised by Surat-South Gujarat Chapter



CMA Shriram N. Mahankaliwar, Treasurer WIRC, P.V. Bhattad, CCM, Bibekanand Pradhan, G.M. Raymonds Ltd, K.V. Kasiviswanathan, Chairman, Nagpur Chapter & Arun Kumar, Vice Chairman, Nagpur Chapter during Workshop on "Cost Management in Textile Industries"



CMAs Anil B. Verma, Secretary, Nagpur Chapter, Shriram N. Mahankaliwar, Treasurer WIRC, P. V. Bhattad, CCM, Bibekanand Pradhan, G.M. Raymonds Ltd, K.V. Kasiviswanathan, Chairman, & Arun Kumar, Vice Chairman, Nagpur Chapter during Workshop on "Cost Management in Textile Industries"



CMA Rajneesh Jain, CFO of Reliance JioInfocom, inaugurating Oral Coaching Batch of Navi Mumbai Chapter.



CMA B F Modi addressing the GST seminar arranged by Vapi Chapter



CMA P H Desai, Chairman-WIRC addressing the Students at Felicitation function organised by Ahmedabad Chapter.



Prize distribution to a successful student by CMA V.H. Savaliya, organised by Ahmedabad Chapter.



CMA Yogesh Bhuta felicitating CMA Rajendra Aphale during CEP organized by WIRC. Also seen CMA Kailash Gandhi, Vice Chairman WIRC.



CMA Vidyasagar Tyagi felicitated by CMA Asit Ganguly, Vice-Chairman Navi Mumbai Chapter during CEP organised by Navi Mumbai Chapter.



CMAs Pradnya Chandorkar-Chairperson, R.K. Deodhar - Vice Chairman, Dr. Shilpa Parkhi & Prashant Yeole- Secretary, Nashik-Ojhar Chapter during Seminar on "GST LAW - 2016".

WIRC PD ACTIVITIES



WIRC Chairman, CMA Pradip Desai along with Vice-Chairman, CMA Kailash Gandhi and PD Chairman CMA Shriram Mahankaliwar, visited CMA Vivek Bhimanwar PS to CM Mantralaya on 24th August 2016. CMA Vivek Bhimanwar has recently elevated to IAS cadre.



WIRC Chairman, CMA Pradip Desai along with Vice-Chairman, CMA Kailash Gandhi and PD Chairman CMA Shriram Mahankaliwar, visited Mr. D. K. Jain, Additional Chief Secretary, Finance Dept. Govt. of Maharashtra.



WIRC Chairman, CMA Pradip Desai along with Vice-Chairman, CMA Kailash Gandhi and PD Chairman CMA Shriram Mahankaliwar, visited Mr. A. K. Chaturvedi, Regional Director, Office of the Regional Director, MCA, Western Region Mumbai.



WIRC Chairman, CMA Pradip Desai visited Mr. S.P. Kumar, Registrar of Companies, Maharashtra, Mumbai. Also seen CMA Kailash Gandhi, Vice-Chairman and CMA Shriram Mahankaliwar, Chairman, PD Committee, WIRC.

NEW OFFICE-BEARERS FELICITATED BY WIRC STAFF



Newly elected Chairman CMA Pradip H. Desai being felicitated by Mrs. Raksha Banjara, Senior Executive Asst. of WIRC



CMA Shriram Mahankaliwar, Treasurer, WIRC being felicitated by Mrs. Kanchan D. Shrivastava, Junior Officer of WIRC. Also seen in the picture CMA Kailash Gandhi, Vice-Chairman.

To



If undelivered please return to:

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.