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WIRC BULLETIN

12 Days Pre Campus Orientation Programme organised by WIRC - Inaugural and Valedictory Session

In this Issue....

WESTERN INDIA REGIONAL COUNCIL
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
(Statutory Body under an Act of Parliament)
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CMA Practitioner Conclave 2017 organised by WIRC on 10th March 2017 at WIRC Office


Mr. Suunil Kini is being felicitated by CMA V.V. Deodhar, Past President ICAI


CMA Kailash Gandhi, Vice Chairman, WIRC


CMA Ashwin Solanki


CMA Saswata Banerjee


CMA Aditya Umarji


CMA Umesh Kurne


CMA Nayana Savala


CMA Vinay Mulay

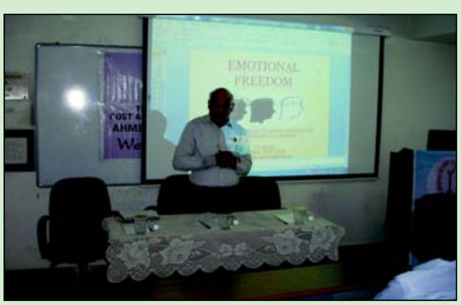

View of audience

International Women's Day Celebration at WIRC, Mumbai


CMA R. Jayashri lighting the lamp


CMA Kailash Gandhi felicitating CMA Poonam Shah


CMA Kailash Gandhi felicitating Ms. Srivastav, WIRC Staff



CMA P. D. Modh addressing during CEP on Emotional Freedom organised by Ahmedabad Chapter on 25th March 2017.

Speaker Dr. P. Subramanian honoured by CMA Vivek Bhalerao, Chairman, PD Committee, Navi Mumbai Chapter during CEP organised by Navi Mumbai Chapter.


CAM Harshad Deshpande, RCM delivering his lecture during seminar on Insolvency and Bankruptcy Code organised by Indore-Dewas Chapter on 29th March 2017.

From the Desk of Chairman . . . ✍

This new Financial Year has indeed started with a Big Bang!!!

GST laws and rules are approved by both the houses of Parliament, stock market is at multi-year high and there is strong optimism in the business community about the FY 2017-18.

Both the houses of Parliament have passed four legislations to pave the way for roll out of the historic Goods and Services Tax (GST) from the target date of July 1. The four Bills are the Central Goods and Services Tax Bill, 2017, the Integrated Goods and Services Tax Bill, 2017, the Goods and Services Tax (Compensation to States) Bill, 2017 and the Union Territory Goods and Services Tax Bill, 2017. WIRC will be conducting various programs on GST for capacity building and knowledge sharing. All our chapters are also taking proactive steps to bank on this opportunity. The Navi Mumbai Chapter is organizing Annual Seminar (Goods & Services Tax) on 8th & 9th April 2017 at Vashi, Navi Mumbai.

WIRC is organizing Two Days Workshop on Co-operative Societies Audit on 15th & 16th April 2017 at YASHADA, Pune. Details are published in this issue.

During the month, number of programs were also organized at WIRC for the benefit of members. CMA Practitioner Conclave 2017 on 10th March 2017 at WIRC Office, CEP on Insolvency and Bankruptcy Code (IBC) on 25th March 2017 at Borivli SMFC, CEP on Acitivity Based Costing at Thane SMFC.

At Pre-Campus Orientation programme, for December 2016 Final pass out students, 60 students across Western Region attended the program. We have conducted excellent session for 12 days at WIRC, where the students gained immense knowledge and know-how, which will help them in their career development. Regional Director of West Shri A. K. Chaturvedi was the Chief Guest of the inaugural session, who guided the students for their career. Campus is organized at Mumbai on 21st & 22nd April 2017. I request all of you to promote the campus placement within the companies / organizations of your reach.

I, on my behalf and on behalf of WIRC Council, convey greeting for the ensuing festivals.

With warm regards.

CMA Pradip H. Desai

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Ref. No.: CMA (3)/2017 **March 31, 2017**

NOTICE

Extension of time for CEP Credit Hours for renewal of Certificate of Practice (COP)

Dear Members,

As you are aware that in case of members holding Certificate of Practice (COP), as per the Guidelines for Mandatory Training for all Members of The Institute under Continuing Education Programme, it is mandatory to undergo minimum mandatory training of 15 hours per year commencing from 1st April to 31st March. If the COP of members is not renewed for the year 2017-18 owing to shortfall in CEP hours, it might cause hardship to those members who thrive exclusively on practice notwithstanding the fact that compliance of prescribed minimum requirement of CEP hours is mandatory for renewal of Certificate of Practice.

In view of the above, it is decided by the Council of the Institute to grant an extension upto 15th May, 2017 to complete the requirement of CEP credit hours for renewal of COP of the members for the year 2017-18.

(Kaushik Banerjee)
Secretary

OBITUARY

CMA S. R. Kale, Past Chairman of WIRC (1986-87) has passed away on 30th March 2017 due to ill health at the age of 81 at his residence at Vile Parle, Mumbai.

When the news received at WIRC Office, on 31st March, 2017 WIRC Staff Members observed two minute silence.

Members present at Thane SMFC on 31st March 2017 also observed two minutes silence before starting of CEP.

May the departed soul rest in peace.

Statement about Ownership and other particulars about Newspaper "WIRC BULLETIN" as required to be published in the first issue of every year after the last day of February.

FORM IV (See Rule 8)

1.	Place of Publication	:	Mumbai
2.	Periodicity of Publication	:	Monthly
3.	Printer's Name	:	Mr. Harshad S. Deshpande
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6.	Publisher's Name	:	Mr. Harshad S. Deshpande
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	Nationality	:	Indian
	Address	:	Same as above
8.	Name & Address of individuals who own the Newspaper and Partners or Shareholders holding more than 1% of the total capital.	:	The newspapers is wholly owned by the Western India Regional Council of The Institute of Cost Accountants of India. (Address as above)

I hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/-
31st March 2017 Harshad S. Deshpande

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

WESTERN INDIA REGIONAL COUNCIL (WIRC)

Announces:

"Two Days Workshop on Co-operative Societies Audit"

- For Members in Practice & Members in Service

Inaugural Address by

Honorable Shri Chandrakant Dalvi IAS

Commissioner Cooperation and Registrar of Cooperative Societies, Maharashtra State

Mandatory Training for Empanelment as an Auditor

(As per the requirement of the Authorities, in panel of Auditors under Co-operative Act, Members attending the Workshop will only be empaneled)

Date : **Saturday, 15th April 2017 and Sunday, 16th April 2017**

Time : **9.30 a.m. to 5.30 p.m.**

Venue : Yashwantrao Chavan Academy of Development, Administration (YASHADA) Rajbhavan Complex, MDC Auditorium, Baner Road, PUNE 411 007

Speakers : **Dr. Anand Jogdand,** Additional Commissioner, Co-operatives Societies, Pune
Shri Rajesh Jadhawar, Additional Registrar, Co-operatives Societies, Pune
Shri Rajendra Deshpande, Chief Exe. Officer, Mahesh Sahakari Bank Ltd.
Shri Shrikant Jadhav, DGM, Mahesh Sahakari Bank Ltd.
Shri Sanjay Wable, Consultant
Shri Prakash Kondpalle, Chief Faculty, JSBL Solutions Pvt. Ltd.

Registration Procedure

Registration: only on prior booking. NO SPOT REGISTRATION

On-line (by RTGS/NEFT) or Off-line (Cheque /Demand Draft) drawn in favour of 'WIRC of ICAI', payable at Mumbai, should be sent along with a copy of registration form to WIRC Mumbai.

Details for Bank Transfer (for NEFT)

Account Name: The Institute of Cost Accountants of India - WIRC.
Bank: Bank of Baroda.SB A/c. No: 27940100022156. Branch: Horniman Circle, Mumbai,
IFSC Code: BARB0PBBMUM. (5 Character is Zero) MICR Code: 400012111. PAN : AAATT9744L

Participation Fee - Rs.2,500/- (Rupees Two Thousand & Five Hundred only)

For details please check - www.icmai-wirc.in

Hotel Accommodation Available :

Hotel	Double Occupancy	Single Occupancy
YASHADA Tel.: 020 - 2560 8000 Extn.: 8354	Rs. 4,400/- + 15% Service Tax	Rs. 3,500/- + 15% Service Tax
Hotel President, Prabhat Road, Pune Tel.: 020 - 6626 5555	Rs. 3,200/- + 19% Tax	Rs. 2,900/- + 19% Tax
Hotel Amrita Executive Baner Tel.: 020 - 6500 8572	Rs. 2,000/- + 19% tax	Rs.1600/- + 19% Tax

Understanding GST Determination of Value of Supply Rules

CMA Harshad S. Deshpande, RCM-WIRC
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The Goods and Services Tax (GST) regime came a step closer to meet its 1st July target of rollout, on 29th March 2017 with the LokSabha approving four supplementary legislations.CGST Bill 2017, IGST Bill 2017, UTGST Bill 2017 and The Goods & Service Tax (Compensation to States) Bill 2017 passed by LokSabha on 29th Mar 2017 as Money Bills. Immediately passage of the Bills, Government released draft Rules as under:

1. Input Tax Credit Rules
2. Valuation Rules
3. Transition Rules
4. Composition Rules
5. Revised Invoice Rules
6. Revised Payment Rules
7. Registration Rules
8. Refund Rules
9. Return Rules

Valuation rules are one of the very important rules which will enable the taxable person to ascertain the value of supply on which GST will be payable.

Section 15 of CGST Act provides for value of supply as under :

15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

Sub rule 2 & 3 prescribes inclusions and exclusions from value of supply

(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.

Hence incase the Value of supply is not as per section 15(1) the value shall be determined in such manner as prescribed. The manner in which such value will be determined is prescribed under GST Determination of Value of Supply, Rules

GST Determination of Value of Supply, Rules will be applicable in following cases

1. Supply of goods or services where the consideration is not wholly in money
2. Supply of goods or services or both is in between distinct or related persons
3. Supply of goods or services or both when price is not the sole consideration
4. Supply of goods or services or both in respect of certain supplies

Rule 1 Value of supply of goods or services where the consideration is not wholly in money

For consideration other than wholly in money, Value shall be :

a) Open market Value of the goods / service supplied or
b) If open market value is not available in such case Money received plus money as equivalent to consideration not received
c) In case value cannot be determined by above mentioned methods then value of supply of like kind & quality.
d) In case the value cannot be determined on the basis of like kind & quality then the value as per rule 4 (Cost + 10%) & 5 (Residual value method) in sequential manner.

For this purpose explanations to rules prescribes

(a) "open market value" of a supply of goods or services or both means the full value in money, excluding the integrated tax, central tax, State tax, Union territory tax and the cess payable by a person in a transaction, where the supplier and the recipient of the supply are not related and price is the sole consideration, to obtain such supply at the same time when the supply being valued is made.

The open market value has below important components,

i) Value for a transaction when Supplier & recipient are not related will be taken
ii) In case of such transaction price should be sole consideration
iii) The comparable transaction should be at the same time
iv) The value will not include any taxes &cess.

There are certain issues arising as the word used are "Open Market Value". Whether only transaction with respect to taxable person will be considered or the value may be derived from the market. E.g. If A sells to B @ Rs 1,000 & to C who is related party @1,200 whereas the open market price is Rs 1,100 whether the value to unrelated buyer @Rs1,000/- will be considered or open market price of Rs 1,100/-.

In case of multiple supplies which value to be considered ?

In the same example above if A has also sold to D @Rs1,150, then which value to be considered. There also will be price difference on account of volume. How to deal in such situations is not clear from the draft.

(b) "supply of goods or services or both of like kind and quality" means any other supply of goods or services or both made under similar circumstances that, in respect of the characteristics, quality, quantity, functional components, materials, and reputation of the goods or services or both first mentioned, is the same as, or closely or substantially resembles, that supply of goods or services or both.

Similar Concept of identical & similar goods brought from earlier Customs rules.

Rule 2 Value of supply of goods or services or both between distinct or related

Value incase of supply of Goods or Services or both between Distinct (having multiple registrations in different or within states) or Related shall be :

a) Open market Value of the goods / service supplied or

b) In case value cannot be determined by above mentioned methods then value of supply of like kind & quality.

c) In case the value cannot be determined on the basis of like kind & quality then the value as per rule 4 (Cost + 10%) & 5 (Residual value method) in sequential manner

Incase the recipient is eligible for full ITC the Invoice value will be deemed to be open market value.

The valuation of supply between distinct and related persons will get covered in this clause. By virtue of the provisiothe Invoice value will be accepted as open market price and the Valuation as determined by the registered person will be accepted as valuation unlike earlier Excise laws which mandated for different valuation methods. This will reduce lot of litigation in valuation which is revenue neutral in broader sense.

Rule 3 Value of supply of goods made or received through an agent -

Valuation in case of Supply through agent will be :

a) Open Market Value

b) 90% of value charged of goods of like kind & quality to unrelated customer by the agent where goods are intended for further supply at the option of supplier

c) In case the value cannot be determined on the basis of above then the value as per rule 4 (Cost + 10%) & 5 (Residual value method) in sequential manner.

Rule 4 Value of supply of goods or services or both based on cost

If value is not determined under rules 1 to 4, Value will be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules

Similar provision in excise laws pertaining CAS-4 for goods is extended to Trading & Services. Cost of Manufacture / Production / Acquisition or Cost of provision of such services will be computed as per Cost Accounting Standards issued by Institute of Cost Accountants of India

Rule 5 Residual method for determination of value of supply of goods or services or both

If value is not determined under rules 1 to 4, Value will be determined using reasonable means consistent with the principles and general provisions of section 15 and these rules

However, Supplier of service may opt for this rule by passing rule 4 (i.e. Cost + 10%).

Rule 6 (1) Determination of value in respect of certain supplies -

Valuation in the specified supplies should be under this rule over riding the Rules & Act

Rule 6 (2) The value of supply of services in relation to purchase or sale of foreign currency, including money changing,

Valuation in the specified supplies should be under this rule over riding the rules & Act

Value of supply will be

a) Difference in buying & Selling RB reference rate at that time multiplied by total units of currency, If RBI reference rate is not available 1% of gross amount

b) At the option of supplier value will be deemed to be 1% of gross amount exchanged for amount upto INR 1 Lakh subject to minimum INR 250/-

INR 1,000/- +0.5% of gross amount exchanged for amount more than 1 Lakh upto 10 Lakhs

INR 5,000/- +0.1% of gross amount exchanged exceeding 10 Lakhs subject to max Rs 60,000/-

Option to ascertain value in terms of clause (b) shall not be withdrawn during the remaining part of that financial year

Rule 6 (3) The value of supply of services in relation to booking of tickets for travel by air provided by an air travel agent

Value of supply of services in relation to booking of tickets

for Domestic Booking - 5 % of Basic Fare

for International Booking - 10 % of Basic Fare

"basic fare" means that part of the air fare on which commission is normally paid to the air travel agent by the airline

Rule 6 (4) The value of supply of services in relation to life insurance business

Value of supply of services in relation to life insurance business shall be:

(a) the gross premium reduced by the amount allocated for investment, or savings if such amount is intimated to the policy holder at the time of supply of service;

(b) in case of single premium annuity policies other than (a), 10% premium; or

(c) in all other cases, 25% of the premium in the first year and 12.5% of the premium charged in subsequent years:

If entire premium paid by the policy holder is only towards the risk cover in life insurance these provisions will not be applicable.

Rule 6 (5) Value of supply provided by a person dealing in buying and selling of second hand goods

Value of supply provided by a person dealing in buying and selling of second hand goods if no ITC is availed shall be :

Difference between Selling price & Purchase price If difference is negative then value should be ignored (taken as zero)

Rule 6 (6) Value of a token, or a voucher, or a coupon, or a stamp which is redeemable

The value of a token, or a voucher, or a coupon, or a stamp which is redeemable shall be equal to the money value of the goods or services redeemable against such voucher.

6 (7) The value of taxable services provided by such class of service providers

Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business will be valued NIL

Rule 7 Value of supply of services in case of pure agent

Concept of Pure agent in Service Tax is carried forward in GST.Expenditure incurred as Pure Agent shall be excluded from value of Supply

Rule 8 Rate of exchange of currency, other than Indian rupees, for determination of value

The rate of exchange for determination of value of taxable goods or services or both shall be the reference rate for that currency as determined by the RBI on the date when point of taxation.

The draft rules are published and comments are invited till 10th April 2017. Hence trade & Industry after carefully understanding the implications should make necessary representations to the Government. Professional have important role to make Industry & Trade understand the rules and how it will bring changes in the present business scenario.

Views on Preparedness for Transitional provisions under GST

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Sr.No.	Section	Transitional Provision	Implication / Action
1	Transitional arrangement for ITC (140) Input SERVICE	A RTP, other than a composition dealer, may take credit of CCR c/f in the return for immediately preceding period before appointed day furnished under earlier law. Credit not allowable if that amount is inadmissible as ITC under this Act Means credit eligible under GST will be C/F (Need to plan disputed credit first to utilise so no such balance c/f) All the returns required under existing law for the period of six months immediately preceding the appointed day	**Action Points** (a) All pending invoices, D/N, C/N, supplementary invoice to be processed and credit to be availed (b) All pending post facto approval /Govt dues to be cleared keeping POT in mind (c;) Specified services like motor vehicle other tha 8704 to 8711 credit to be availed in first fortnight of June-2017 so closing balance if any c/f does not contain such credit (d) Balance as per Excise return/Service Tax return/VAT return to be matched with books and credit eligible under GST to be C/F (Can be supported with CA certificate one time exercise)
2	Amount of VAT Credit c/f to be allowed as ITC 140 (1)	RTP, other than a composition dealer, may take credit of VAT credit c/f in the return for immediately preceding period before appointed day furnished under earlier law. Credit not allowable if that amount is inadmissible as ITC under this Act. For VAT (Entry Tax) Return filed within 90 days from appointed day	**Action Point** Condition for VAT :- C Forms, F- Forms or any other forms uploaded (no pendency)
3	Un availed cenvat credit on capital goods not carried forward in return to be allowed 140 (2)	Balance 50% credit of CG items credit availed during April-17 to June -17 are allowed to take credit in electronic credit ledger under GST " Unavailed cenvat credit " means amount of cenvat credit remains after subtracting the amount of cenvat credit already availed in respect of CG under earlier law from aggregate amount of cenvat credit to which person was entitled in respect of CG under earlier law.	**Action point:** (a)All CG received till 30.06.2017 credit to be availed and statement for balance 50% to be kept ready for availment of balance 50% in July-2017 with separate identification for disclosure in GST return and reconciled with books also.
4	Credit in certain cases like consignment agent, Depot, dealer etc. 140 (3)	A RP, who was not liable to be registered under existing law or dealer, importer, depot, shall be entitled to take credit of finished goods held in stock subject to following condition. input or goods are used for making taxable supplies Eligible for input tax credit RP is in possession of invoice or document evidencing Invoice issued not earlier than 12 months immediately preceding the appointed day Taxable person shall pass on the benefit of such credit by way of reduced price to the recipient	**Action point:** Depot, dealer, importer and consignment agent to start working and any stock older than 12 months may be cleared before GST to salvage credit. Antiprofiteering clause condition of passing of cenvat benefit to customer to be ensured. If documents for goods held in stock is not available credit is allowed 40% of CGST so better either stock material have reference duty documents or not to avail such disputed credit. Stock of such goods to be stored in identifiable separately.
5	Credit of Eligible duties & taxes i.r.o. inputs or input services in transit. 140(5)	A RTP will be eligible to take credit of eligible duties and taxes i.r.o. input or input services recd. on or after appointed day (but duty or tax has been paid before appointed day), provided entry passed in BoA/cs within 30 days from appointed day	**Action points :** Provision relating to CG in transit is missing or may be CG should be received in pre GST period only as post GST items capitalized will be CG which need decision before procurement.

Sr.No.	Section	Transitional Provision	Implication / Action
		Period of 30 days may be extended by further 30 days A statement needs to be furnished in prescribed format for such credit Eligible to take credit in Electronic Credit Ledger means under GST Law	Further all are input other than CG so few consumables like spares and accessories of CG will be under input as per news definition of input under GST. List of input and input services in transit to be made in required format to avail credit under GST and disclosure of same in GST return with separate identification in books of accounts
6	Re-credit pending 140(9)	Where CCR on input services reversed due to non-payment of consideration within 3 months, such credit can be reclaimed provided that taxable person made payment within 3 months from appointed day. 140(9)	**Action point** (a) Re credit pending issue should be minimum in view of GST preparedness as under GST credit eligibility with a condition to pay value+GST within three months
7	Transitional provision relating to Job work 141	Input removed for Processing, testing, repairing, reconditioning or any other purpose recd. on or after appointed day within 6 months from appointed day Period of 6 months may be extended by further 2 months Manufacturer and job worker need to declare the detail of input held in stock at job worker in prescribed format.(141(4)	**Action points.** All pending job work challans to be cleared before 30.06.2017 as far as possible. For pending challans as on 30.06.2017 declaration to be obtained in required format from job worker (Registered /unregistered)
8	Miscellaneous transitional provision 142 Duty paid on goods returned 142 (1) Pending refund claims to be disposed of.142(3)	Credit on return goods allowed within 6 months from appointed day (Old Rule 16) Every claim for refund filed under earlier law shall be disposed of as per earlier law and amount accruing shall be paid in cash. Where claim is rejected, the amount rejected shall lapse Where CCR has been c/f, no refund shall be allowed (If cr availed no refund)	**Action points:** All return goods credit to be availed before 30.06.2017 as far as possible
9	Supplementary invoice for upward 142(2 a) Refund claim filed after appointed day. 142(4)	Supplementary invoice for upward revision in contract price 142(2) Downward revision credit note 142 (2b) Pending Refund shall be paid in Cash and filed after appointed day refund also in cash	**Action points:** (a) All refund claim to be filed before 30.06.2017 for export made till 31.05.2017 (b) All invoices relating to export of goods beyond Indian port to be received for export made till 31.05.2017 by Insurance and CHA/Shipping line
10	Refund claim filed after appointed day for services not provided. 142(5)	Refund for services not provided shall be paid in cash means any excess ST paid will be settle through refund only	**Action Points** All excess ST paid need to be adjusted by issuance of credit note before appointed day to avoid refund route. Any pending credit note /debit note to be completed before appointed day to avail adjustment facility instead of refund route which need additional compliance.
12	Goods/Services supplied after appointed day in reference of contract entered before appointed day 142(10) (11) (12) (13) Deduction of Tax at Source.142 (13)	Goods /services received till 30.06.2017 (ST/ VAT)Tax applicable pre GST period Goods/ services received after 01.07.2017 GST applicable GST invoice For goods and Services only differential tax is payable (GST -VAT/ST already paid) Where a supplier has supplied goods i.r.o. which tax was to be deducted at source under earlier law, no tax shall be deducted by deductor where payment to supplier is made on or after appointed day.	**Action point ;** This is for long term contract so other than this all contract to be cleared/closed in pre GST period as far as possible. For Works contract service provider credit will be calculated as per manner prescribed. (GSTpayable -VAT/ST Paid credit allowed) Action point Now WCT (TCS) on works contract will part of GST return Mob 9998975889 rajendrarathi162@gmail.com Views on Preparedness for Transitional provisions under GST

A Note on Prior Period Income

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ABSTRACT

The study examined prior period income reported by sample firms during the period AY 2010-11 to 2014-15. 1,251 firm years observation were made, out of which 943 firm years observed prior period income reported, reporting a total value of Rs. 28,752.87 crores of prior period income. Out of total prior period income reported, provisions written back contributed to Rs. 25,393.27 crores of prior period income, repressing almost 88 percent of the prior period income with Bharat Heavy Electricals Ltd. writing back Rs. 1,756.66 crores of provisions in a single accounting year 2014-15. The study highlights prior period income, non-cash prior period income, various provisions written back during the study period.

INTRODUCTION

Indian accounting standard 5 (here after AS-5), on Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, allows firms to report prior period item in the year in which it is discovered. Prior period items as defined in the standard are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. As stated in para 17 of AS-5, errors may occur as a result of mathematical mistakes, mistakes in applying accounting policies, misinterpretation of facts, or oversight. Given the nature of prior period items these should generally be infrequent, and also stakeholders would not expect from a firm to commit accounting errors quite often. In the current study I have examined prior period income reported by Indian firms.

For the study Nifty 500 index was taken as a base, firms from following (refer to table-1) manufacturing industries were identified and studied from AY 2010-11 to AY 2014-15. Study is based on 1251 firm year observations, as for few firms' data was not available for the study period. For the studydata was taken from CMIE Prowess database.

Table 1

SAMPLE DESCRIPTION

S.No.	Industry	Number of Firms
1	Automobiles	30
2	Cement	15
3	Chemicals	10
4	Consumer Goods	68
5	Fertilisers and Pesticides	11
6	Industrial Manufacturing	49
7	Metals	18
8	Paper	3
9	Pharmaceuticals	36
10	Textiles	16

Table-2 provides details about the number of sample firms reporting prior period income during the study period. Out of 1251 firm year observations, 943 (75%) firm years observed prior period income reported.For the AY 2014-15, almost 77 percent of the sample firms reported prior period income.

Table 2

FIRMS REPORTING PRIOR PERIOD INCOME

Particulars	2015	2014	2013	2012	2011	Total
Total Firms	252	252	251	249	247	1251
Firms Reporting Prior Period Income	195	193	192	181	182	943
Percentage of Firms Reporting Prior Period Income	77.38	76.59	76.49	72.69	73.68	75.38

Table-3 provides descriptive statistics for reported prior period income. During the study period (1251 firm years observation) a total of Rs. 28,752.87 crores of prior period income was reported by sample firms. In the AY 2013-14, 193 firms in total reported prior period income of Rs. 8,030.27 crores. In the AY 2014-15, Bharat Heavy Electricals Ltd. reported a prior period income of Rs. 1,757.90 crores.

Table 3

DESCRIPTIVE STATISTICS FOR PRIOR PERIOD INCOME

Particulars	2015	2014	2013	2012	2011
Mean	32.36	41.61	27.17	26.26	24.41
Minimum	0.01	0.01	0.01	0.01	0.02
Maximum	1757.90	1607.98	1724.97	1453.90	952.55
Sum	6310.59	8030.27	5216.84	4752.52	4442.65
Count	195	193	192	181	182

Prior period income can be either cash income or non-cash income. Non-cash prior period income is usually a product of accounting accruals which may be at the discretion of management. Table-4 provides details about number of firms reporting non-cash prior period income during the study period. It can be observed almost 96 percent of the firms reporting prior period income have had reported non cash prior period income. During the AYs 2013-14 and 2012-13 almost 97 percent of the firms reporting prior period income have had reported non cash prior period income.

TABLE 4

FIRMS REPORTING NON-CASH PRIOR PERIOD INCOME

Particulars	2015	2014	2013	2012	2011	Total
Firms Reporting Prior Period Income	195	193	192	181	182	943
Firms Reporting NonCash Prior Period Income	187	187	186	172	173	905
Percentage of Firms Reporting Non Cash Prior Period Income	95.90	96.89	96.88	95.03	95.05	95.97

Table-5 provides a further analysis of firms reporting non-cash prior period income. In the following table, column-1 indicates non-cash prior period income as a percentage of total prior period income. In following columns number of firms is indicated against the percentage slabs for each of the study year. Out of 905 firm year observations with non-cash prior period income reported, 646 firm years observed that 100 percent prior period income was non-cash prior period income.

Table-6 provides further details about the firms reporting non-cash prior period income. It can be observed that out of 905 firm year observations with non-cash prior period income reported, 900 firm years observed that there were some provisions written back.These written back provisions resulted into income for the year in which provisions were reversed. During the study period the total amount of provisions written back was Rs. 25,393.27 crores, with Bharat Heavy Electricals Ltd. writing back Rs. 1,756.66 crores of provisions in a single accounting year 2014-15.

Table 5

FIRMS REPORTING NON-CASH PRIOR PERIOD INCOME AS A PERCENTAGE OF TOTAL PRIOR PERIOD INCOME

Non-cash prior period income as apercentage of total prior period income	2015	2014	2013	2012	2011	Total
100%	138	138	126	122	122	646
90% to less than 100%	15	13	23	14	17	82
80% to less than 90%	7	8	11	9	6	41
70% to less than 80%	9	4	3	6	7	29
60% to less than 70%	2	4	5	1	2	14
50% to less than 60%	2	3	3	7	1	16
40% to less than 50%	3	4	2	3	3	15
30% to less than 40%	4	3	1	0	3	11
20% to less than 30%	1	2	7	3	5	18
10% to less than 20%	2	3	2	3	4	14
Less than 10%	4	5	3	4	3	19
Total	187	187	186	172	173	905

Table 6

FIRMS REPORTING PROVISIONS WRITTEN BACK

Particulars	2015	2014	2013	2012	2011	Total
Firms Reporting Non Cash Prior Period Income	187	187	186	172	173	905
Firms Reporting Provisions Written Back	187	186	185	171	171	900
Percentage of Firms Reporting Provisions Written Back	100	99.47	99.46	99.42	98.84	99.45

Table-7 provides details about the firms which have written back provisions during the study period. It can be observed that firms typically write back depreciation provision, tax provision and bad debt provisions apart from other provisions and credits. Few firms in a single year have written back multiple provisions.

Table 7

FIRMS REPORTING VARIOUS PROVISIONS WRITTEN BACK

Particulars	2015	2014	2013	2012	2011	Total
Provisions Written Back	187	186	185	171	171	900
Depreciation Provision Written Back	7	6	5	7	11	36
Tax Provision Written Back	78	77	70	65	74	364
Bad Debt Provision Written Back	62	70	57	53	57	299
Other Provision Written Back	147	142	141	136	132	698

Table-8 provides information about the total amount of various provisions written backduring the study period and the highest provision under each category (depreciation, tax, bad debt and other) written back in a single year.

Table 8

VALUE OF VARIOUS PROVISIONS WRITTEN BACK

Particulars	Depreciation	Tax	Bad debt	Other
Maximum Provision written back by a single firm (Rs. in crs.)	404.23	1565.97	819.55	899.58
Total Provision written back during the study period (Rs. in crs.)	1167.95	7427.65	4876	11921.67
Number of Firms	36	364	299	698

During the study period 36 firm years observed depreciation provision written back, Table 9 indicates the value of highest five depreciation provision written back. MRF in the AY 2010-11, wrote back Rs. 404.23 crores of depreciation provision.

Table 9

VALUE OF HIGHEST FIVE DEPRECIATION PROVISION WRITTEN BACK

Year	Firm	Depreciation provision written back (in Crs.)
Mar-11	M R F Ltd.	Rs. 404.23
Mar-15	Bajaj Hindusthan Sugar Ltd.	Rs. 294.76
Mar-14	Steel Authority Of India Ltd.	Rs. 117.20
Mar-13	Kansai Nerolac Paints Ltd.	Rs. 115.04
Mar-15	Escorts Ltd.	Rs. 89.31

During the study period 364 firm years observed depreciation provision written back, Table 10 indicates the value of highest five tax provision written back. Vedanta Ltd. in the AY 2013-14, wrote back Rs. 1,565.97 crores of tax provision.

Table 10

VALUE OF HIGHEST FIVE TAX PROVISION WRITTEN BACK

Year	Firm	Tax provision written back (in Crs.)
Mar-14	Vedanta Ltd.	1565.97
Mar-12	Bharat Heavy Electricals Ltd.	632
Mar-15	A C C Ltd.	309.23
Mar-14	Tata Motors Ltd.	250.83
Mar-14	Ambuja Cements Ltd.	240.75

During the study period 299 firm years observed bad debt provision written back, Table 11 indicates the value of highest five bad debt provision written back. Bharat Heavy Electricals Ltd reported the highest values of bad debt provisions written back in 4 out of 5 years. In the AY 2012-13 Bharat Heavy Electricals Ltd wrote back bad debt provisions of Rs. 819.55 crores.

Table 11

VALUE OF HIGHEST FIVE BAD DEBT PROVISION WRITTEN BACK

Year	Firm	Bad debt provision written back (in Crs.)
Mar-13	Bharat Heavy Electricals Ltd.	819.55
Mar-15	Bharat Heavy Electricals Ltd.	802.82
Mar-14	Bharat Heavy Electricals Ltd.	713.85
Mar-12	Bharat Heavy Electricals Ltd.	345.3
Mar-14	Suzlon Energy Ltd.	250

During the study period 698 firm years observed bad debt provision written back, Table 12 indicates the value of highest five other provision written back. Bharat Heavy Electricals Ltd reported the highest values of other provisions written back in 4 out of 5 years. In the AY 2014-15 Bharat Heavy Electricals Ltd wrote back other provisions of Rs. 899.58 crores.

Table 12

VALUE OF HIGHEST FIVE OTHER PROVISION WRITTEN BACK

Year	Firm	Other provision written back (in Crs.)
Mar-15	Bharat Heavy Electricals Ltd.	899.58
Mar-13	Bharat Heavy Electricals Ltd.	683.48
Mar-11	Bharat Heavy Electricals Ltd.	629.89
Mar-12	Steel Authority Of India Ltd.	625.03
Mar-14	Bharat Heavy Electricals Ltd.	561.46

Study observed few firms which reported prior period incomes in all the five years, table 13 provide details about few sample firms. It can be observed that Bharat Heavy Electricals Ltd reported prior period income in all the five years. The reported prior period income by Bharat Heavy Electricals Ltd was entirely non cash prior period income.

Table 13

PRIOR PERIOD INCOME OF FEW SAMPLE FIRMS

Bharat Heavy Electricals Ltd. (Rs. in Crs.)	Particulars	2015	2014	2013	2012	2011
	Prior period income	1758	1318.3	1725	1454	952.6
	Cash prior period income	0	0	0	0	0
	Non-cash prior period income	1758	1318.3	1725	1454	952.6
A C C Ltd. (Rs. in Crs.)	Particulars	2015	2014	2013	2012	2011
	Prior period income	444.2	298.17	97.93	354.5	231
	Cash prior period income	89.15	67.51	74.61	24.17	44.67
	Non-cash prior period income	355.1	230.66	23.32	330.3	186.3
Ambuja Cements Ltd. (Rs. in Crs.)	Particulars	2015	2014	2013	2012	2011
	Prior period income	293.2	347.29	72.28	148.8	156.2
	Cash prior period income	69.38	64.77	50.62	19.33	35.31
	Non-cash prior period income	223.8	282.52	21.66	129.5	120.9
Steel Authority Of India Ltd.						
(Rs. in Crs.)	Particulars	2015	2014	2013	2012	2011
	Prior period income	174.8	574.14	154.44	662.9	259.3
	Cash prior period income	1.68	5.62	28.7	0	0
	Non-cash prior period income	173.1	568.52	125.74	662.9	259.3
Hindalco Industries Ltd. (Rs. in Crs.)	Particulars	2015	2014	2013	2012	2011
	Prior period income	131.8	261.11	200.82	61.89	46.66
	Cash prior period income	5.24	165.98	146.38	2	3.93
	Non-cash prior period income	126.6	95.13	54.44	59.89	42.73

Note: i. Rs. Indicates Indian currency. As on December 31, 2016 1 USD = Rs. 67.95

ii. 1 Crores = 10 Millions

Reference:

Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

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Each of the authors listed on this paper have been sent a confirmation email indicating that the paper has been received. If you have further questions regarding this submission, or need to make changes, please contact Trey Carland at info@alliedacademies.biz.

Cos. (Amendment) Bill, 2016 & Key Suggestions made by Standing Committee

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The Companies (Amendment) Bill 2016 ('Amendment Bill') was introduced in Lok Sabha on March 16, 2016. The Amendment Bill was referred to Standing Committee on Finance ('Standing Committee') on April 12, 2016 for examination and report thereon. Representations were made by Professional Institutes, Industry Bodies and Ministry of Corporate Affairs ('MCA'). The Standing Committee submitted its report on December 1, 2016. This article analysis of the key suggestions made by the Standing Committee on Finance and the amendments suggested in the Amendment Bill.

Background of Companies (Amendment) Bill, 2016:

Based on Companies Law Committee Report('CLC Report'), the AmendmentBill was draftedthat proposed amendments to Companies Act, 2013. The proposed amendments are guided by following objectives:

(i) Addressing difficulties in implementation owing to undue stringency of compliance requirements,

(ii) Facilitating ease of doing business for companies, including start-ups, in order to promote growth with employment,

(iii) Harmonisation with Accounting Standards, and other financial/economic legislations,

(iv) Rectifying omissions and inconsistencies in Companies Act, 2013 and

(v) Carrying out amendments in provisions relating to qualification and selection of members of NCLT and NCLAT in accordance with Apex Court's directions.

Analysis of the Key Suggestions made by the Standing Committee:

1. **Definition of 'Related Party':** Clause (viii) of Section 2(76) of Companies Act, 2013 defines one of the 'related party' as any company which is: (i) Holding, subsidiary or an associate company of such company; or (ii) Subsidiary of a holding company to which it is also a subsidiary. The Amendment Bill proposes to amend such clause by replacing 'company' with 'body corporate', whereby, the companies incorporated outside India (such as holding/ subsidiary/associate/fellow subsidiary of an Indian company) would also be 'related party' of an Indian company. However, Standing Committee has not given its comment or opinion on the 'related party' proposed to be introduced by the Amendment Bill.
2. **Reduction in number of members below prescribed limited:** The Amendment Bill proposes to introduce Section 3A in Companies Act, 2013 and prescribe penal provisions for reduction in number of members below prescribed limited (2 in case of private company and 7 in case of public company). Standing Committee has agreed to retain the proposal of inserting such section.
3. **Reduction in number of directors below prescribed limited:** The proposal of including the liabilities of the directors, where all directors resign or vacate office and such number of directors fall below prescribed limit, was rejected by Standing Committee. The Committee cited corresponding provisions in Companies Act, 2013 (Section 168(3) and Section 174(2)).
4. **Preparation of Consolidated Financial Statements :** The Bill proposes to substitute certain provisions of Section 129 of Companies Act, 2013 (relating to 'Financial Statements'). Standing Committee agreed with the views of MCA that in absence of a statutory requirement of Consolidated Financial Statement in an overseas jurisdiction, it may be difficult to ensure compliance at a standard level. The Committee, however, clarified that there is no scope for any further exemption in the preparation and disclosure of Consolidated Financial Statements.
5. **Right of member to copies of Audited Financial Statement:** W.r.t. the right of member to copies of Audited Financial Statement (under Section 136 of Companies Act, 2013), the Bill proposes to introduce a provision whereby the copies of Audited Financial Statement are sent less than 21 days before the date of the meeting, if it is so agreed by 95% of members entitled to vote at the meeting. The Standing Committee stated that "Keeping in view the need to ensure protection of interests of minority shareholders, the suggestion made above by some stakeholders may be suitably incorporated in the Bill". With an objective of facilitating 'ease of doing business', the Committee directed MCA to exempt the companies from the requirement of uploading financial statements of foreign subsidiaries, subject to compliance of conditions.
6. **Copy of financial statement to be filed with the Registrar:** The Bill proposes to include a provision w.r.t. the filing of copy of financial statement with Registrar of Companies. Pursuant to the proposed amendment, where a subsidiary company is incorporate doutside India (which is not required to get its financial statement audited under any law of the country of itsincorporation and which does not get such financial statement audited), then the holding Indian listed company shall file unaudited financial statement along with a declaration. Standing Committee proposes to make the said proposed provision applicable to all holding companies in India

(by removing 'listed company' criteria). Standing Committee directed to make requisite changes in Companies Amendment Bill, 2016. With an objective to facilitate 'ease of doing business', the Committee proposes that where the company files consolidated financial statements (which in any case has been mandated under the law), it should be exempted from the requirement of filing individual financial statement of subsidiary companies.

7. **Eligibility, Qualifications and disqualifications of the Auditor:** Pursuant to the provisions of clause (d) of sub-section (3) of Section 141 of the Companies Act, 2013, a person who, is or his relative or partner is holding any security of or any interest in the company or subsidiary or holding company or associate company shall not be eligible for appointment as an auditor of a company. Companies Amendment Bill, 2016 proposes to define 'relative', specifically w.r.t. the said provisions, which would mean spouse of a person, and includes a parent, sibling or child of such person or of the spouse, financially dependent on such person, or who consults such person in taking decisions in relation to his investments. Based on MCA's recommendation, the Standing Committee approved to remove the words "or who consults such person in taking decisions in relation to his investments" as part of definition of 'relative'. Standing Committee stated that intended definition of 'relative' would be too broad and open-ended, leaving scope for mis-interpretation. The Standing Committee opined that "Such phraseology in the main clause or Explanations thereunder should be avoided, as it will only obfuscate the intent behind the law, leading to avoidable disputes" and proposed that the words "institutionalised consultation in the usual course of business" may be substituted to bring greater clarity.

8. **Board's Certification in Board's Report on adequacy of Internal Financial Controls:** The stakeholders recommended that the words 'Internal Financial Controls' under section 134(5)(e) of Companies Act, 2013 be replaced with 'Internal Controls Over Financial Reporting' in line with the proposed amendment of Section 143(3)(1) by the Companies (Amendment) Bill, 2016 and such certification requirements be limited to listed entities only. The Standing Committee agreed with the recommendation that certification required from Board of directors on Internal Financial Controls in a listed company is a necessary responsibility cast on the Board.

9. **Auditor Rotation:** Stakeholders in their written memorandum on 'Auditor Rotation' under Section 139 of Companies Act, 2013, submitted that unlisted Indian subsidiaries of foreign multinationals should be permitted to align their auditors with that of Parent Company, thus, exempting them from mandatory auditor rotation requirements. The stakeholder also submitted that private limited companies should also be exempted from mandatory audit rotation since there is very little public interest involved in the same. Standing Committee noted that only about 1.6% of total number of unlisted companies are required to rotate their auditors as per the prescribed criteria under Companies Act, 2013 and stated that "Since this is a miniscule coverage, it is only appropriate that subsidiaries of foreign companies and private companies are given justifiable relief depending upon their capital and turnover thresholds". Standing Committee stated that the exemption limits/thresholds prescribed under the Rules may be reviewed in consultation with ICAI.

10. **Constitution of National Financial Reporting Authority ('NFRA'):** W.r.t. the constitution of NFRA, Standing Committee stated that the existing mechanism in this regard under ICAI Act should be streamlined and strengthened without needless lyadding to regulatory levels. The Standing Committee stated that "Necessary amendments to ICAI Act may be brought before Parliament, if required, for this purpose so that adequate transparency can be ensured in maintaining accounting and auditing norms as well as ethical standards with a view to protecting the interest of investors and stakeholders."

11. **Start-Ups:** With an objective to ease of compliance for start-ups, the stakeholders suggested that 'start-ups' as defined under Start-Up India Program should qualify for benefits as available to small companies even if they exceed the thresholds. Based on MCA's representation as well, the Standing Committee recommended that, in conformity with Govt. policy on Start-ups, appropriate exemptions from compliances may be given to start-ups under the Companies Act, 2013. Standing Committee stated that the relevant Rules and procedures may be modified to give necessary relief to start-ups, which would enable them to organise themselves easily and do business in an unhindered and smooth manner.

12. **Removal of "Object Clause":** By Companies Amendment Bill, 2016, it is proposed to amend Section 4 of Companies Act, 2013 w.r.t. 'Object Clause', whereby a company may engage in any lawful act or activity or business, or any act or activity or business to pursue any specific object or objects, as per the law for the time being in force. By the proposed amendment, the companies would have an option to have an unrestricted or generic object clause. Standing Committee opined that "Although enumeration of detailed objects in the Memorandum of Association may not be essential, making the object clause itself redundant is far-fetched. It cannot be anybody's case that a company should incorporate itself in a vacuum without specifying the objects or its business"

Conclusion: Based on the recommendations of the Standing Committee, the Companies (Amendment) Bill 2016 will be modified. On March 31, 2017, the Union Cabinet chaired by Prime Minister Shri Narendra Modi approved the proposal to move official amendments to the Companies (Amendment) Bill, 2016. Pursuant to the PIB Release, the Bill will be introduced in the Parliament(PIB Release ID: 160389, dated March 31, 2017). ■

Concurrent Audit and Cost Accountants - Different Approach / Alternative Approach

CMA R. P. Gore

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Concurrent Audit is the sector in which presently, the Cost Accountants, although capable, are not allowed the entry or are having minuscule presence in the sector.Now a day more and more branches are coming under the review of concurrent audit due to alarming rise of NPAs in all banks. So now banks are hiring more and more concurrent auditors to ensure their operational efficiency and profitability. The sector is large, growing & has got much potentials for the profession.

In this background, under pressure from the Cost Accountant community the Banking & Insurance committeeof the Institutetook the first step. It started collecting data of Cost Accountants' firms interested in Concurrent Audit, for submitting toRBI, almost year back viz in April, 2016. In last year, there is no communication from institute or Banking & Insurance committee on this subject.(If there is some report I must have missed it.) There is as usualno progress report or status report. We do not know what was approach adopted by the institute. This note is a humble attempt to relook in to the subject & see whether we should try to have, may be, a different approach / alternative course to include us in the empanel

Let us first understand what is the Concurrent Audit.Concurrent Audit is an audit which is conducted on concurrent basis, means no specific time period of Audit is defined. It is done along with regular banking & almost on continuous basis in some specific branches considering the risk perception. It is conducted to check the daily transactions and ensure whether organisation is ensuring operational, regulatory compliance.

It is actually early warning system for the bank to ensure timely detection of irregularities & lapses which also helps in preventing fraudulent transactions at the branches

It also helps to ensure the controls & check system for the management & works to prevent loss of bank's resources by early detection.

We accountants / auditors very well know what is statutory Audit. It would be give us better understanding if we compare / find difference in these audits.

What is difference between statutory audit & Concurrent Audit -Let us see it in the table given below.

Sr No	Particular	Statutory Audit	Concurrent Audit
1	Requirement	It is statutory requirement	It is required as per RBI guidelines
2	Frequency	It is done by year end / or quarterly	It is continuous & concurrently done
3	Applicability	To all the Branches	For some specified branches, as per the RBI Guidelines
4	Purpose	To ensure that assets & liabilities as on given date & profit loss for the given period gives true & fair picture	It is actually early warning system for the bank to ensure timely detection of irregularities & lapses
5	For whom	It gives the owners & stake holders true & fair picture	It gives figures more reliability & adds to the confidence of auditors what he certifies
6	By whom	By Auditors - duely qualified chartered Accountants professionals	By chartered Accountants or retired bank employees

Once one go through the table, he understands that there is huge difference between both the audit. It is audit but not statutory audit. It is more akin to Internal Audit as its goal is to help the management to ensure that there are no irregularities, no fraudulent transactions& controls & checks are put in the operation. It goes all round the year.The Government also appreciate this fact& is insisting that more & more branches should come under preview of Concurrent audit particularly when risk perception for a particular branch is on a higher side.

Who does the concurrent audit, normally it is done by Chartered Accountants and Banks when they advertise, it is with condition that the auditor has to be from RBI approved panel of the auditors.

Whether there is RBI approved panel for concurrent auditors? No. RBI has approved norms for selection in panels of statutory auditors thus the panel isfor statutory auditors and there is no RBI approved panel for concurrent auditors.Thus, when any bank says that itwants to appoint concurrent auditor & it specifies condition of 'In panel with RBI' actually it means 'in panel with RBI for statutory audit'

The most important point here is that RBI only provide norms for empanelment & it is the institute of Chartered Accountants which does actual work of empanelment.

Does this mean that Government / RBI wants to appoint and want to restrict the appointment only to Chartered Accountants? It may not be so. Please note the circular from Department of Financial Services, Ministry of Finance, Government of India- The master circularF. No. 7/124/2012-BOA dated 26th September, 2012. Please note "General Guiding Principles" as given in the particular circular I quote, "Inspection & Internal Audit department should be strengthened with adequatemen power having requisite experience. - The team should consist of a proper mix of audit officers / Chartered Accountants /Cost Accountants/ CISA Qualified / Seniors having experience in all the Banking functions/ Juniors having basic knowledge of various banking functions." Unquote

These guiding principles are prior to the 3 types of audit given in the circular and obviously is applicable to all the three audits i.e.

1. Risk Based Internal Audit (RBIA)
2. Information Systems (IS)Audit
3. Concurrent Audit

Thus, Government authorities wants to include all the professionals as given above (Including Cost Accountants) to strengthen the working of Audit team. Presently only Chartered Accountants are included which may give a lopsided approach.

Is Government/ RBI happy with the integrity and commitment of the present concurrent Audit professionals (including Chartered Accountant)? It may be noted that RBI has asked the banks / branches vide its circular RBI/2010-11/589 DBS.CO.FrMC.BC.No.11/23.04.001/2010-11 to cross check certificate provided by the professionals. It says in the circular, "in cases where it is established that the certification given by a chartered accountant, lawyer, registered property valuer or such third party is wrong, IBA should put in place a process to issue a 'Caution List' regarding the certifier to all banks. In this connection, banks may ensure compliance to our circular DBS.CO.FrMC.BC.3/23.04.001/2008-09 dated March 16, 2009 in the matter." (It may be good idea to check with IBA if such mechanism has been established and to find out how many numbers of particular professionals are reported by IBA included in the list)

it is noted by the RBI authorities that there are some irregularities in some bank branches although they are covered under concurrent Audits.In newspaper report, in aftermath of Bank of Baroda scam case, it is stated that Various irregularities by banks such as non-submission and inordinate delays in filing of Suspicious Transaction Reports, besides opening of accounts by several entities without fulfilling Know Your Customer norms, have been noticed by Reserve Bank of India.

The observation came as part of inspection done by the central bank after last year's Bank of Baroda case in which Rs 6,100-crore (Rs 61-billion) import remittances were effected by its Ashok Vihar branch in New Delhi.

Central Bureau of Investigation and the Enforcement Directorate are probing the huge remittances to Hong Kong from the bank.

The amount was allegedly transferred in the garb of payments for imports that never took place, investigators say.

After the BoB case, RBI wrote a confidential letter to chairmen and chief executives of all commercial banks asking them to review existing policies and effect necessary improvements where warranted to avoid recurrence of such irregularities.

"While some banks have filed Cash Transaction Reports and STRs with Financial Intelligence Unit in time, in several cases either the CTRs or STRs were not filed or filed with inordinate delay or closed at the bank level without proper verification and regard to frequency of reporting in such accounts.

"Current accounts have been opened by several entities with banks, often even without fulfilling the KYC requirements.

"Several instances of banks not exercising proper due diligence have come to our notice," it said in the letter, copy of which was received in reply to an RTI query filed by PTI.

After observing some of the transactions of select banks, RBI found that risk categorisation of accounts as well as transaction processes was not done in a proper way.

"Advance import remittances have been permitted without verifying the bonafide of transactions and without carrying out proper due diligence of both the Indian clients as well as overseas suppliers, despite clear instructions in this regard from Foreign Exchange Department, RBI," it said.

Several structured remittances in the range of $80,000-99,900 have been made by the same account holder very frequently from select authorised dealer branches, the central bank said.

It added: "In many banks neither the concurrent auditors nor the internal auditors could find out irregularities in such a large scale, raising questions about the scope, coverage and capability of the internal control mechanism'

Please note that this is certificate (!!??) given by the RBI Authorities themselves & is on the records. This indicates the utter failure of the system & there can not be any worse remark than this

Then why is it that presently only Chartered Accountants get the assignments / contractsof Concurrent auditors in various banks.

1. It is the understanding PSU and other commercial banks that the panel for statutory audit is also to be used for concurrent audit. May be the statutory audit is applicable for long time and concurrent audit is comparatively new phenomena and nobody thought that for ConcurrentAudit there shouldbe a separate panel of auditors considering that it is entirely a different audit.
2. May be some particular set of professionals has built a myth saying that audit is their own domain& nobody can do audit than themselves
3. Our Institute although collected the data from members, could not bring to the RBI authorities, or may not have brought this argument forcefully that for different types of audits different set of auditors are required and different sets of panels has to be created having different norms / parameters. It is the time we have separate panel for concurrent audit
4. It may be noted that the C & AG authorities have specifically said that they only empanel for statutory audits & do not empanel for Internal audit. It may be pertinent to note that Concurrent audit is not Statutory Audit & it has lot of points which match well with Internal Audits
5. We can also bring to their notice the IBA circular which considers the Cost Accountants for concurrent Audit.

Let us chalk out further action plan. On one front, we have to present this concept before thetopmost officials of RBI that RBI has to have separate panel for concurrent audit&in the panel selection we should be considered on equal footing with other professionals. If we can get certificate / letter saying so, our position would be strong.

On second front, The Institute has to contact each & every bank & inform them that there is no RBI approved panel of Concurrent Auditors. The criteria should be removed or changed suitably.We are equally competent to do the assignment& should be given a chance to prove ourselves. Hope this exercise is found useful& may help the profession.

On third front, the institute has to arrange education / CEPs of the members. I doubt most members must not gone through the institutes' publications on this subject.

(This suggestion may be fruitful or may be, not. But maybe, we would have to think / discuss some out of box option. At present, we are not in very good position. Only consolation can be 'The present position could notget worse!!!')

■

Input Tax Credit - GST Draft Rules

Input Tax Credit (ITC) is the core concept of GST as GST is destination based tax. ITC avoids cascading effect of taxes

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- **What is input tax?**

  Ans. Input tax means the central tax (CGST), State tax (SGST), integrated tax (IGST) or Union territory tax (UTGST) charged on supply of goods or services or both made to a registered person. It also includes tax paid on reverse charge basis and integrated tax goods and services tax charged on import of goods. It does not include tax paid under composition levy.

- **Is credit of all input tax charged on supply of goods or services allowed under GST?**

  Ans. A registered person is entitled to take credit of input tax charged on supply of goods or services or both to him which are used or intended to be used in the course or furtherance of business, subject to other conditions and restrictions.

- **What is the time limit for taking ITC and reasons therefor?**

  Ans. A registered person cannot take ITC in respect of any invoice or debit note for supply of goods or services after the due date for furnishing the return under section 39 for the month of September following the end of financial year to which such invoice/invoice relating to debit note pertains or furnishing of the relevant annual return, whichever is earlier. So, the upper time limit for taking ITC is 20th October of the next FY or the date of filing of annual return whichever is earlier.

  The underlying reasoning for this restriction is that no change in return is permitted after September of next FY. If annual return is filed before the month of September, then no change can be made after filing of annual return.

- **Where goods or services received by a registered person are used partly for the purpose of business and partly for other purposes, whether the input tax credit is available to the person?**

  Ans. The input tax credit of goods or services or both attributable only to the purpose of business can be taken by registered person. The manner of calculation of eligible credit would be provided by rules.

- **Are there any special provisions in respect of banking companies?**

  Ans. A banking company or a financial institution including a non-banking financial company engaged in supply of specified services would either avail proportionate credit or avail 50% of the eligible input tax credit.

- **Mr. A, a registered person was paying tax under composition scheme up to 30th July, 2017. However, w.e.f 31st July, 2017, Mr. A becomes liable to pay tax under regular scheme. Is he eligible for ITC?**

  Ans. Mr. A is eligible for input tax credit on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and capital goods (reduced by such percentage points as may be prescribed) as on 30th July, 2017.

- **What happens where the details of inward supplies furnished by the recipient do not match with the outward supply details furnished by the supplier in his valid return?**

  Ans. In case of mismatch, the communication would be made to the both parties. If the mismatch is not rectified, then the amount will be added to the output liability of recipient in the return for the month succeeding the month in which discrepancy is communicated.

- Is input tax credit allowed only after matching?

  Ans. No, input tax credit is allowed provisionally for two months. The supply details are matched by the system and discrepancies are communicated to concerned supplier and recipient. In case mismatch continues, the ITC taken would be reversed automatically.

1. **Documentary requirements and conditions for claiming input tax credit**

(1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely:-

  (a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;

  (b) a debit note issued by a supplier in accordance with the provisions of section 34;

  (c) a bill of entry;

  (d) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31;

  (e) a document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule invoice.7;

  (f) a document issued by an Input Service Distributor, as prescribed in clause (g) of sub-rule (1) of rule 4.

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as prescribed in Chapter ---- (Invoice Rules) are contained in the said document, and the relevant information, as contained in the said document, is furnished in FORM GSTR-2 by such person.

(3) No input tax credit shall be availed by a registered person in respect of any tax that has been paid in pursuance of any order where any demand has been raised on account of any fraud, willful misstatement or suppression of facts.

2. **Reversal of input tax credit in case of non-payment of consideration**

(1) A registered person, who has availed of input tax credit on any inward supply of goods or services or both, but fails to pay to the supplier thereof the value of such supply along with the tax payable thereon within the time limit specified in the second proviso to sub-section (2) of section 16, shall

furnish the details of such supply and the amount of input tax credit availed of in FORM GSTR-2 for the month immediately following the period of one hundred and eighty days from the date of issue of invoice.

(2) The amount of input tax credit referred to in sub-rule (1) shall be added to the output tax liability of the registered person for the month in which the details are furnished.

(3) The registered person shall be liable to pay interest at the rate notified under sub-section (1) of section 50 for the period starting from the date of availing credit on such supplies till the date when the amount added to the output tax liability, as mentioned in sub-rule (2), is paid.

3. Claim of credit by a banking company or a financial institution

A banking company or a financial institution, including a non-banking financial company, engaged in supply of services by way of accepting deposits or extending loans or advances that chooses not to comply with the provisions of sub-section (2) of section 17, in accordance with the option permitted under sub-section (4) of that section, shall follow the procedure specified below - 2

(a) the said company or institution shall not avail the credit of tax paid on inputs and input services that are used for non-business purposes and the credit attributable to supplies specified in sub-section (5) of section 17, in

FORM GSTR-2;

(b) the said company or institution shall avail the credit of tax paid on inputs and input services referred to in the second proviso to sub-section (4) of section 16 and not covered under clause (a);

(c) fifty per cent. of the remaining input tax shall be the input tax credit admissible to the company or the institution and shall be furnished in FORM GSTR-2;

(d) the amount referred to in clauses (b) and (c) shall, subject to the provisions of sections 41, 42 and 43, be credited to the electronic credit ledger of the said company or the institution.

4. Procedure for distribution of input tax credit by Input Service Distributor

(1) An Input Service Distributor shall distribute input tax credit in the manner and subject to the conditions specified below-

(a) the input tax credit available for distribution in a month shall be distributed in the same month and the details thereof shall be furnished in FORM GSTR-6 in accordance with the provisions of Chapter – (Return Rules);

(b) the Input Service Distributor shall, in accordance with the provisions of clause (d), separately distribute the amount in-eligible as input tax credit under the provisions of sub-section (5) of section 17 and the amount eligible as input tax credit;

(c) the input tax credit on account of central tax, State tax, Union territory tax and integrated tax shall be distributed separately in accordance with the provisions of clause (d);

(d) the input tax credit that is required to be distributed in accordance with the provisions of clause (d) and (e) of sub-section (2) of section 20 to one of the recipients 'R1', whether registered or not, from amongst the total of all the recipients to whom input tax credit is attributable, including the recipient(s) who are engaged in making exempt supply, or are otherwise not registered for any reason, shall be the amount, "C1", to be calculated by applying the following formula:-

$$C1 = (t1 \div T) \times C$$

where,

"C" is the amount of credit to be distributed,

"t1" is the turnover, as referred to in section 20, of person R1 during the relevant period, and

"T" is the aggregate of the turnover of all recipients during the relevant period;

(e) the input tax credit on account of integrated tax shall be distributed as input tax credit of integrated tax to every recipient;

(f) the input tax credit on account of central tax and State tax shall, 3

(i) in respect of a recipient located in the same State in which the Input Service Distributor is located, be distributed as input tax credit of central tax and State tax respectively;

(ii) in respect of a recipient located in a State other than that of the Input Service Distributor, be distributed as integrated tax and the amount to be so distributed shall be equal to the aggregate of the amount of input tax credit of central tax and State tax that qualifies for distribution to such recipient in accordance with clause (d);

(g) The Input Service Distributor shall issue an ISD invoice, as prescribed in sub-rule (1) of rule invoice-7, clearly indicating in such invoice that it is issued only for distribution of input tax credit.

(h) The Input Service Distributor shall issue an ISD credit note, as prescribed in sub-rule (1) of rule Invoice-7, for reduction of credit in case the input tax credit already distributed gets reduced for any reason.

(i) Any additional amount of input tax credit on account of issuance of a debit note to an Input Service Distributor by the supplier shall be distributed in the manner and subject to the conditions specified in clauses (a) to (g) and the amount attributable to any recipient shall be calculated in the manner provided in clause (d) above and such credit shall be distributed in the month in which the debit note has been included in the return in FORM GSTR-6.

(j) Any input tax credit required to be reduced on account of issuance of a credit note to the Input Service Distributor by the supplier shall be apportioned to each recipient in the same ratio in which input tax credit contained in the original invoice was distributed in terms of clause (d) above, and the amount so apportioned shall be,-

(i) reduced from the amount to be distributed in the month in which the credit note is included in the return in FORM GSTR-6; and

(ii) added to the output tax liability of the recipient and where the amount so apportioned is in the negative by virtue of the amount of credit to be distributed is less than the amount to be adjusted.

(2) If the amount of input tax credit distributed by an Input Service Distributor is reduced later on for any other reason for any of the recipients, including that it was distributed to a wrong recipient by the Input Service Distributor, the process prescribed in clause (j) of sub-rule (1) shall, mutatis

mutandis apply for reduction of credit.

(3) Subject to sub-rule (2), the Input Service Distributor shall, on the basis of the ISD credit note specified in clause (h) of sub-rule (1), issue an ISD Invoice to the recipient entitled to such credit and include the ISD credit note and the ISD Invoice in the return in FORM GSTR-6 for the month in which such credit note and invoice was issued.

5. Manner of claiming credit in special circumstances

(1) Input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs lying in stock or inputs contained in semi-finished or finished goods lying in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions - 4

(a) The input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of invoice or such other documents on which the capital goods were received by the taxable person.

(b) The registered person shall within thirty days from the date of his becoming eligible to avail of input tax credit under sub-section (1) of section 18 shall make a declaration, electronically, on the Common Portal in FORM GST ITC-01 to the effect that he is eligible to avail of input tax credit as aforesaid;

(c) The declaration under clause (b) shall clearly specify the details relating to the inputs lying in stock or inputs contained in semi-finished or finished goods lying in stock, or as the case may be, capital goods-

(i) on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act, in the case of a claim under clause (a) of sub-section (1) of Section 18,

(ii) on the day immediately preceding the date of grant of registration, in the case of a claim under clause (b) of sub-section (1) of Section 18,

(iii) on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of Section 18,

(iv) on the day immediately preceding the date from which supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of sub-section (1) of Section 18.

(d) The details furnished in the declaration under clause (c) shall be duly certified by a practicing chartered account or cost accountant if the aggregate value of claim on account of central tax, State tax and integrated tax exceeds two lakh rupees.

(e) The input tax credit claimed in accordance with clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in FORM GSTR-1 or as the case may be, in FORM GSTR- 4, on the Common Portal.

6. Transfer of credit on sale, merger, amalgamation, lease or transfer of a business

(1) A registered person shall, on sale, merger, de-merger, amalgamation, lease or transfer or change in ownership of business for any reason, furnish the details of sale, merger, de-merger, amalgamation, lease or transfer of business, in FORM GST ITC-02 electronically on the Common Portal along with a request to transfer the unutilized input tax credit lying in his electronic credit ledger to the transferee:

Provided that in the case of demerger, the input tax credit shall be apportioned in the ratio of the value of assets of the new units as specified in the demerger scheme.

(2) The transferor shall also submit a copy of a certificate issued by a practicing chartered account or cost accountant certifying that the sale, merger, de-merger, amalgamation, lease or transfer of business has been done with a specific provision for transfer of liabilities.

(3) The transferee shall, on the Common Portal, accept the details so furnished by the transferor and, upon such acceptance, the un-utilized credit specified in FORM GST ITC-02 shall be credited to his electronic credit ledger. 5

(4) The inputs and capital goods so transferred shall be duly accounted for by the transferee in his books of account.

7. Manner of determination of input tax credit in certain cases and reversal thereof

(1) The input tax credit in respect of inputs or input services, which attract the provisions of sub-sections (1) or (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempted supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-

(a) total input tax involved on inputs and input services in a tax period, be denoted as 'T';(say Rs. 30Lakh)

(b) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for purposes other than business, be denoted as 'T1'; (say Rs. 5Lakh)

(c) the amount of input tax, out of 'T', attributable to inputs and input services intended to be used exclusively for effecting exempt supplies, be denoted as 'T2'; (Say Rs.2 Lakh)

(d) the amount of input tax, out of 'T', in respect of inputs on which credit is not available under sub-section (5) of section 17, be denoted as 'T3'; (Say Rs. 2Lakh)

(e) the amount of input tax credit credited to the electronic credit ledger of registered person, be denoted as 'C1' and calculated as:

C1 = T- (T1+T2+T3)

21=30-(5+2+2) (In Lakh)

(f) the amount of input tax credit attributable to inputs and input services used exclusively in or in relation to taxable supplies including zero rated supplies, be denoted as 'T4';

(g) 'T1', 'T2', 'T3' and 'T4' shall be determined and declared by the registered person at the invoice level in FORM GSTR-2;

(h) Input tax credit left after attribution of input tax credit under clause (g) shall be called common credit, be denoted as 'C2' and calculated as:

C2 = C1- T4

(i) The amount of input tax credit attributable towards exempt supplies, be denoted as 'D1' and calculated as:

D1= (E÷F) × C2

where,

'E' is the aggregate value of exempt supplies, that is, all supplies other than taxable and zero rated supplies, during the tax period, and 'F' is the total turnover of the registered person during the tax period:

Provided that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' shall calculated by taking values of 'E' and 'F' of the last tax period for which details of such turnover are available, previous to the month during which the said value of 'E/F' is to calculated; 6

Explanation: For the purposes of this clause, the aggregate value of exempt supplies and total turnover shall exclude the amount of any duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule.

(j) the amount of credit attributable to non-business purposes if common inputs and input services are used partly for business and partly for non-business purposes, be denoted as 'D2', and shall be equal to five per cent. of C2; and

(k) the remainder of the common credit shall be the eligible input tax credit attributed to the purposes of business and for effecting taxable supplies including zero rated supplies and shall be denoted as 'C3', where,-

C3 = C2 - (D1+D2)

(l) The amount 'C3' shall be computed separately for input tax credit of central tax, State tax, Union territory tax and integrated tax;

(m) The amount equal to 'D1' and 'D2' shall be added to the output tax liability of the registered person:

Provided that if the amount of input tax relating to inputs or input services which have been used partly for purposes other than business and partly for effecting exempt supplies has been identified and segregated at invoice level by the registered person, the same shall be included in 'T1' and 'T2' respectively, and the remaining amount of credit on such input or input services shall be included in 'T4'.

(2) The input tax credit determined under sub-rule (1) shall be calculated finally for the financial year before the due date for filing the return for the month of September following the end of the financial year to which such credit relates, in the manner prescribed in the said sub-rule and,

(a) where the aggregate of the amounts calculated finally in respect of 'D1' and 'D2' exceeds the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2', such excess shall be added to the output tax liability of the registered person for a month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from first day of April of the succeeding financial year till the date of payment; or

(b) where the aggregate of the amounts determined under sub-rule (1) in respect of 'D1' and 'D2' exceeds the aggregate of the amounts calculated finally in respect of 'D1' and 'D2', such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year to which such credit relates. 7

8. **Manner of determination of input tax credit in respect of capital goods and reversal thereof in certain cases**

(1) Subject to the provisions of sub-section (3) of section 16, the input tax credit in respect of capital goods, which attract the provisions of sub-sections (1) and (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed to the purposes of business or for effecting taxable supplies in the following manner, namely,-

(a) the amount of input tax in respect of capital goods used or intended to be used exclusively for non-business purposes or used or intended to be used exclusively for effecting exempt supplies shall be indicated in FORM GSTR-2 and shall not be credited to his electronic credit ledger;

(b) the amount of input tax in respect of capital goods used or intended to be used exclusively for effecting taxable supplies including zero-rated supplies shall be indicated in FORM GSTR-2 and shall be credited to the electronic credit ledger;

(c) the amount of input tax in respect of capital goods not covered under clauses (a) and (b), denoted as 'A', shall be credited to the electronic credit ledger and the useful life of such goods shall be taken as five years:

Provided that where any capital goods earlier covered under clause (a) is subsequently covered under this clause, the value of 'A' shall be arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof and the amount 'A' shall be credited to the electronic credit ledger;

(d) the aggregate of the amounts of 'A' credited to the electronic credit ledger under clause (c), to be denoted as 'Tc', shall be the common credit in respect of capital goods for a tax period:

Provided that where any capital goods earlier covered under clause (b) is subsequently covered under this clause, the value of 'A' arrived at by reducing the input tax at the rate of five percentage points for every quarter or part thereof shall be added to the aggregate value 'Tc';

(e) the amount of input tax credit attributable to a tax period on common capital goods during their residual life, be denoted as 'Tm' and calculated as:-

Tm= Tc÷60

(f) the amount of input tax credit, at the beginning of a tax period, on all common capital goods whose residual life remains during the tax period, be denoted as 'Tr' and shall be the aggregate of 'Tm' for all such capital goods.

(g) the amount of common credit attributable towards exempted supplies, be denoted as 'Te', and calculated as:

Te= (E÷ F) x Tr

where,

'E' is the aggregate value of exempt supplies, that is, all supplies other than taxable and zero rated supplies, during the tax period, and

'F' is the total turnover of the registered person during the tax period: 8

Provided that where the registered person does not have any turnover during the said tax period or the aforesaid information is not available, the value of 'E/F' calculated by taking values of 'E' and 'F' of the last tax period for which details of such turnover are available, previous to the month during which the said value of 'E/F' is to calculated;

9. Manner of reversal of credit under special circumstances

(1) The amount of input tax credit, relating to inputs lying in stock, inputs contained in semi-finished and finished goods lying in stock, and capital goods lying in stock, for the purposes of sub-section (4) of section 18 or sub-section (5) of 29, shall be determined in the following manner namely,-

(a) For inputs lying in stock, and inputs contained in semi-finished and finished goods lying in stock, the input tax credit shall be calculated proportionately on the basis of corresponding invoices on which credit had been availed by the registered taxable person on such input.

(b) For capital goods lying in stock the input tax credit involved in the remaining residual life in months shall be computed on pro-rata basis, taking the residual life as five years;

Illustration

Capital goods have been in use for 4 years, 6 month and 15 days.

The residual remaining life in months= 5 months ignoring a part of the month

Input tax credit taken on such capital goods=Ç

Input tax credit attributable to remaining residual life=C multiplied by 5/60

(2) The amount, as prescribed in sub-rule (1) shall be determined separately for input tax credit of IGST and CGST.

(3) Where the tax invoices related to the inputs lying in stock are not available, the registered person shall estimate the amount under sub-rule (1) based on the prevailing market price of goods on the effective date of occurrence of any of the events specified in sub-section (4) of section 18 or, as the case may be, sub-section (5) of section 29.

(4) The amount determined under sub-rule (1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in FORM GST ITC-03, where such amount relates to any event specified in sub-section (4) of section 18 and in FORM GSTR-10, where such amount relates to cancellation of registration. 9

10: Conditions and restriction in respect of inputs and capital goods sent to the job worker

(1) The inputs or capital goods shall be sent to the job worker under the cover of a challan issued by the principal, including where the inputs or capital goods are sent directly to job-worker.

(2) The challan issued by the principal to the job worker shall contain the details specified in rule Invoice.8:

(3) The details of challans in respect of goods dispatched to a job worker or received from a job worker during a tax period shall be included in FORM GSTR-1 furnished for that period.

(4) If the inputs or capital goods are not returned to the principal within the time stipulated in section 143, the challan issued under sub-rule (1) shall be deemed to be an invoice for the purposes of this Act.

The other issue relates to challenges in claiming input tax credit. "A proviso to section 16(2) provides that, failure to make 'payment' to the vendor for supply of goods or services, within 180 days from the issue of invoice, will result in reversal of input tax credit.

"The complexity arises because the amount equal to the input tax credit availed shall be added to the output tax liability together with interest thereon. The current rate of interest is 15% per annum. When the buyer ultimately pays the vendor after 180 days, there is an adjustment for the input tax credit that had been added back, but not for interest. The interest liability remains a sunk cost,"

Formation of New Chapter, Bharuch- Ankleshwar

NOTIFICATION

In pursuance of Regulation 146 of the Cost and Works Accountants Regulations, 1959, the Council of the Institute at its 303rd Meeting held on 17th and 18th March, 2017 by virtue of power conferred therein has constituted the following Chapter of The Institute of Cost Accountants of India covering the area of Bharuch-Ankleshwar of Gujarat :

The Institute of Cost Accountants of India – Bharuch-Ankleshwar Chapter
Sarvoday High School
GIDC Plot No. 101/2 near Jaldhara Chaukadi
GIDC-Ankleshwar
Bharuch – 393 002
Gujarat.

Kaushik Banerjee
Secretary

Report on "12 days Pre-Placement Orientation Program"

As per earlier practice WIRC conducted "12Days Pre-Placement Orientation Program" for the December 2016 Final Qualified CMAs opting for Campus Placement from 15th March onwards at WIRC Office. Total 60 students participated in the programme from all over region.

Inaugural session was conducted on 15th March 2017 at WIRC Office. CMA Kailash Gandhi, Vice Chairman, WIRC welcomed the fresh CMAs and informed them about the need of the training.

Mr. A. K. Chaturvedi, Regional Director, Ministry of Corporate Affairs was the Chief Guest of the programme. CMA Syamal B. Bhattacharya, EX ED. BPCL & CMA Dhaneshchandra P. Revawala, Sr. Member were Guest of Honours.

Regional Director is his inaugural speech guided and motivated the students and offered free training for those who are willing to work under MCA, Mumbai, so that they can learn the working of Government organisation.

CMA Syamal B. Bhattacharya & CMA Dhaneshchandra P. Revawala, shared their vast experience and guided the students.

On the occasion WIRC has invited Mr. Akshay Dhande and Mr. Pankaj Bohra who have got the placement through WIRC campus of the previous batch for guiding and sharing their experience about the 12 Days Training Programme and the Campus Placements which was very well received by the students.

Valedictory session of 12 Days Pre Campus Orientation Programme was organized by WIRC on 25th March 2017 at WIRC Office.

CMA Debasish Mitra, Chairman Students, Members and Chapter Co-ordination Committee, WIRC welcomed the guests. Mr. P. Srinivasan, CFO, NOCIL was the Chief Guest for and CMA R Jayashri, VP - F & A, Reliance Industries Ltd and CMA Kalpana Mukherjee, DGM Finance, Sequent Scientific Ltd. were the Guest of Honours. Mr. P. Srinivasan presented a PPT on "How to achieve the goal and what is expectation of the Industry from Newly qualified CMAs" which was well received by students.

CMA R. Jayashri and CMA Kalpana Mukherjee addressed the CMAs and share their vast experience in the Industry and guided the students how they can reach the Top position in the Industry.

As a part of the Training Programme, PPT presentations were reviewed by Panel Members consisting CMAs Poonam Shah, Sudip Bhattacharya and Deepak Ukidave. Students were divided into 8 groups and each group had given half an hour time for presentation on different topics like GST, Insolvency & Bankruptcy Code and CSR etc. The presentations given by students were excellent and the prizes were given to group for the best presentation which was awarded to group "Nexus" on the topic "Role of Venture Capitalists and PE firms in funding SMEs" and the team was headed by Ms. Babita Gumireddy.The Best performer award was received by Ms. Devanshi Bhatt of Ahmedabad. Certificate were distributed to the participants from the dignitaries.

IRC had received excellent feedback from the students for conducting such a structured programme which benefited them a lot for appearing in Campus Placements. The programme ended with vote of thanks by CMA Poonam Shah.

Pune Central CEP Study Circle

CEP 3rd March 2017

Pune Central CEP Study Circle formed under the guidelines of the Institute of Cost Accountants of India organized its eighteenths function on 3rd March 2017. The topic of the program was 'Journey of Accounting Standards to INDAS via IFRS '. CMA Milind Date gave a lecture on this occasion and explained the entire journey right from Accounting Standards and IFRS upto the stage of INDAS. CMA Prashant Vaze, Convener of the Study Circle along with CMA Harshad Deshpande, member of WIRC arranged the Program. Members of the Institute attended the program.

CEP 24th March 2017

'Pune Central CEP Study Circle formed under the guidelines of the Institute of Cost Accountants of India organized its nineteenth function on 24th March 2017. The topic of the program was 'Activity Based Costing '. CMA Ashish Deshmukh gave a lecture on this occasion and explained as to how Activity Based Costing is being implemented in Railways as well as told about the future scope for practice in this particular area. CMA Prashant Vaze, Convener of the Study Circle along with CMA Varsha Limaye and CMA Rajendra Pardeshi (Members of the Advisory committee of the Study Circle) arranged the Program.

Key Highlights of Maharashtra State Budget FY 2017-18

CMA Prashant Vaze
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In this Article, we shall go through the major changes in the Maharashtra VAT Act and Profession Tax Act vide Maharashtra State Budget for FY 2017-18.

First Highlight of the Budget is the change in MVAT rates for the following items.

Following Goods have been exempted from levy of MVAT.

Name of the Commodity	Schedule Entry Number	Previous Rate of Tax	Current Rate of Tax
Jaggery	C-40	4%	0%
Tamarind	C-91	4%	0%
Coconut	C-68	5%	0%
Kokum/Amsul	C-68	5%	0%

MVAT won't be charged on the following items: -

1. Geo membrane necessary for Farm Pond
2. Soil Testing Kit
3. Milk Testing Kit
4. Card Swipe Machines
5. Gas & Electric Incinerators

Second Highlight of the Budget is from GST Perspective as follows: -

1. Octroi and Local Body Tax will be abolished with the introduction of GST.
2. From GST perspective, transactions within twelve nautical miles from the coastline will be deemed to be intra-state supplies.

Third Highlight of the Budget is about the proposals under Maharashtra VAT Act, 2002.

1. A mandatory and fixed part payment of 10 per cent of the disputed tax with the maximum limit of Rs. 15 crores has been fixed, which the appellant can adjust against his dues subsequently.
2. The time limit to file appeals under VAT to the High court against the decision of Tribunal is proposed to be increased to 180 days from 120 days.
3. Dues having a charge on the property of the dealer shall be deemed to have been created on the date mentioned on the demand notice. Any outstanding dues can be recovered from the directors of private company. Thus, private company and its directors will be jointly and severally liable.
4. Time limit for interest on refund of MVAT is reduced to 60 days from 90 days.
5. If on account of technical problems in the automation system, the dealer is not able to make e-payment of tax on time, the state government is empowered to waive such interest.
6. Proposal is also mooted to exempt interest (to some extent) and penalty on liability for the unregistered period in case the said dealer goes for registration under VAT act and pays the liability for unregistered period.

Fourth Highlight of the Budget is about the proposals under Profession Tax Act

1. Tax liability of persons who applies for late registration (PTRC/PTEC) has been proposed to be reduced to 4 years from the erstwhile period of 8 years.
2. Interest rates are to be aligned with interest rates under VAT.
3. Exemption on late fees is proposed on filing returns for all the dealers who file their pending returns upto 30th Sept 2017.
4. Dealers not registered under MVAT act but holding service tax no. shall also be liable to obtain PTEC no.

International Women's Day Celebration at WIRC, Mumbai

WIRC celebrated Women's Day at WIRC Office, Mumbai. CMA R. Jayashri, Asstt. Vice President (F & A), Reliance Industries Ltd, inaugurated the Programme and other prominent Lady CMAs present were CMA Padma Ganesh and CMA NaynaSavala, Practising Cost Accountant and CMA Mousami Sen, Advocate.

CMA R. Jayashri, CMA Padma Ganesh, CMA NaynaSavala and CMA Mousami Sen addressed the audience and enlightened the members about the prominent role leading by the CMAs in the financial sector.

CMA Kailash Gandhi, Vice Chairman WIRC and CMA Poonam Shah, Practising Cost Accountant coordinated entire session and all the lady CMAs and lady Staff members of WIRC were felicitated on the occasion.

Presumptive Income Computation System for Professionals

(Analysis of Section 44ADA of The Income Tax Act, 1961)

CMA (Dr.) Anil Anikhindi
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Finance Bill 2016 was passed by the parliament on 5th May 2016, and the Finance Act, 2016 was enacted on 14th May 2016, according to which some of the amendments and new provisions are being made applicable w.e.f. 1st April 2017 for Assessment Year 2017-18 relevant to Previous Year 2016-17.

Section 44ADA is newly introduced in the Income Tax Act, 1961 which makes special provision for computing Profits or Gains of profession on presumptive basis. The said section (applicable from 1st April 2017) reads as below-

(1) Notwithstanding anything contained in sections 28 to 43C, in the case of an assessee, being a resident in India, who is engaged in a profession referred to in sub-section (1) of section 44AA and whose total gross receipts do not exceed fifty lakh rupees in a previous year, a sum equal to fifty per cent. of the total gross receipts of the assessee in the previous year on account of such profession or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee, shall be deemed to be the profits and gains of such profession chargeable to tax under the head "Profits and gains of business or profession".

(2) Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.

(3) The written down value of any asset used for the purposes of profession shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.

(4) Notwithstanding anything contained in the foregoing provisions of this section, an assessee who claims that his profits and gains from the profession are lower than the profits and gains specified in sub-section (1) and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (1) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.]"

The analysis of above provision reveals following points:

1. Section 28 to 43C falling in Part D of Chapter IV of Income Tax Act, 1961 relate to Profits and Gains of Business or Profession.
2. These sections inter alia provide for taxation of Profits and Gains of Business or Profession, method of computation, various business or profession expenses deductible while arriving such profit or gain, deductions of depreciation, investment allowance, development rebate, expenditure on research, know-how, various development programs, ammortisation and other deductions for expenses relating to business or profession. It includes Section 40, which provides for amounts not deductible and some other provisions to define certain terms and treatment of certain expenses etc.
3. This section is applicable to professionals covered under section 44 AA (1) which includes, every person carrying on legal, medical, engineering, architecture, profession of accountancy, technical consultancy, interior decoration, profession of authorized representative, all film artists (such as actor, director, music director etc.) etc. Maintenance of books of accounts is mandatory for all such professionals.
4. Professionals having total gross receipts not exceeding Rs.50 Lakhs are covered under this section.
5. Under the Presumptive profit scheme, 50% or more of total gross receipts in any previous year will be deemed to be the profits or gains of such profession, chargeable to tax under the head 'Profits and Gains of Business or Profession'.
6. Assessee will not be allowed to claim any deduction as referred in section 30to 38, which includes rent, rates, taxes, repairs, insurance, depreciation, investment allowance, development rebate, technical know-how, ammortisation and other general deductions pertaining to the business or profession.
7. The assessee will have to presume the charging of depreciation on any assets used in the profession and the books of accounts will show written down value of such assets even though the actual depreciation is not deducted while calculating profit or gain. This indicates that the professional assets would be continued to be depreciated in the books of accounts to arrive at written down value in subsequent years, which may be considered in case of sale or disposal of such assets.
8. The assessee is not required to keep and maintain books of accounts as long as he is declaring his profit or gain at the rate of 50% or more of total gross receipts.

9. If the assessee claims profit or gain lower than 50%, he has to keep and maintain books of accounts and get them audited and submit the audit report under section 44AB. This indicates that, even if the gross receipts of the professionals are say Rs. 6 Lakhs and the profit or gain is claimed less than 50%, they have to comply with tax audit provisions of section 44AB.
10. Here it may be noted that, the tax audit provisions were applicable to professionals for gross receipts exceeding Rs. 25 Lakhs till the financial year 2015-2016. (relevant to Assessment year 2016-2017)

The Critical Analysis:-

1. Sub section (1) of section 44ADA states as -

   "Notwithstanding anything contained in section 28 to 43C, ..."

   Further sub section (2) of section 44 ADA states as "any deduction allowable under the provisions of section 30 to 38 shall, ... deemed to have been already given full effect ...."

   The major point in this regard is about salary or remuneration paid to working partners and interest paid to any partner in case of professional partnership firms. It can be a debatable point in view of contradictory reference of sections in 44ADA (1) and 44ADA (2). The salary or remuneration to working partner and interest to any partner is allowable as deduction as per the limits prescribed in section 40(b) (iv) and 40(b) (v). The standalone interpretation of section 44ADA (2) reveals that- the deductions of salary to working partner and interest to any partner would be allowed from the profit or gain calculated at 50% or more of the gross receipts. However, the sequential and logical reading of section 44ADA (1) reveals non applicability of any of the provisions of section 28 to 43C (which includes sections 40(b) (iv) and 40(b) (v)). This clearly means that, taxable profit or gain of profession will be equal to 50% or more of total gross receipts (not exceeding Rs. 50 Lakhs) for the assessee not willing to go for tax audit.

Other Relevant Provisions:-

Section 44AB

" Every person,-

(a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds 19[one crore rupees] in any previous year or

(b) carrying on profession shall, if his gross receipts in profession exceed fifty lakh rupeesin any previous year; or

(c) carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AEor section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or,

(d) carrying on the profession shall, if the profits and gains from the profession are deemed to be the profits and gains of such person under section 44ADA and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his professionand his income exceeds the maximum amount which is not chargeable to income-tax in any previous year; or

(e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year, get his accounts of such previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed :"

Analysis:-

1. Every professional having gross receipts more than Rs. 50 Lakhs is covered for compulsory tax audit.
2. Every professional having gross receipts not exceedingRs. 50 Lakhs and has claimed profit or gain lower than 50% is also mandatorily covered for tax audit from the financial year 2016-17 (relevant to assessment year 2017-18).

Section 194C Explanation (i) (l) provides for applicability of Tax Deduction at Source (TDS) provisions to individual or HUF assessees covered under section 44AB tax audit. As such, if any individual professional claims profit or gain less than 50% (as explained above) for the current financial year 2016-17, he has not only to comply with tax audit provisions but also to comply with TDS provisions in the subsequent financial year 2017-18. If such professional makes any payment to contractors (section 194C), payment of commission or brokerage (194 H) , payment of rent (194 I), payment of fees for professional or technical services (194J), he has to comply with TDS related provisions like tax deduction, TDS payment, filing of TDS returns, issue of TDS certificates etc.

It may be interested here to that section 44AD is applicable for business assesses to compute profit or gain of business on presumptive basis. In such case eligible business except business of plying, hiring or leasing goods carriages (covered under section 44AE) having turnover or gross receipts less than Rs. 2 crore and eligible assessee(i.e. individual or HUF or partnership firm)are covered to claim 8% or more of their turnover as deemed profit or gain of business. Here also, section 28 to 43 C are not applicable as referred in section 44AD (1) and deductions under section 30 to 38 are not allowed as referred in section 44AD (2). However upto Asst. year 2016-17, salary and interest paid to partners was allowed to be deducted from such presumptive profit as per the "proviso" after section 44AD (2). This proviso is deleted w.i.f. 1st April 2017.

Interestingly it may be also noted that under section 44AE, the presumptive profit scheme applicable for

"Transporters" (assesse engaged in the business of goods carriage and owning upto 10 vehicles-- Minimum profit Rs.90000 per vehicle), the deduction of salary and interest to partners is still permitted as per the proviso after section 44AE (3). This proviso is not deleted as yet.

The contradictory provision as explained above is seen in this section also. As such the partnership business firms, covered under section 44AD, may not be getting deduction for salary to working partners and interest to any partners. But business firms covered under section 44AE are getting further deduction for salary and interest to partners after arriving at presumptive profit.

Furthermore, Section 44AB (a) provides for tax audit of business assesses having turnover more than Rs. 1 Crore but Section 44AD provides for compulsory tax audit for those business assessee claiming profit less than 8% of total turnover. This means even if the turnover is less than 1 Crore and assessee claims profit less than 8%, he has to comply with the maintenance of books of accounts and tax audit provisions.

Section 44 AD (4) provides for non applicability of provision of presumptive profit (8%) for subsequent five assessment years, if the assessee declares profit less than 8% for any previous year. As such he has to maintain the books of accounts and comply with the tax audit provisions for subsequent five assessment years, even if his profit is more than 8% of turnover during such five years. However, the said provision is not applicable to professional assessee.

The readers may also note that the information of Gross Turnover/Receipts, Presumptive Profit, Sundry Debtors, Sundry Creditors, Stock in Trade and Cash Balance is required to be given in the ITR-4 (Sugam) return which is applicable for Presumptive Income assessees. Hence it is imperative that even if any assesse declares his profit on presumptive basis, he has to maintain the books of accounts and prepare Balance sheet to enable him to fill above information in the Return.

Conclusion :

All professionals covered under section 44AA, will have to carry the impact of above referred provisions applicable from the current financial year 2016-17. Especially, professional partnership firms (having gross receipts not exceeding Rs.50 lakhs) will have to pay more tax by way of presumptive profit at 50% of the total gross receipts without claiming any deduction, especially salary to working partners and interest to any partners. Otherwise, they have to go for compulsory tax audit and other applicable provisions. It is expected that the CBDT should clarify about the said contradictory provisions at the earliest to enable the professional assessees to compute their income for the previous year 2016-17 properly by taking legitimate deductions of payment of salary to working partners and interest to partners.

WIRC CEP Report

WIRC organized CEP on Insolvency and Bankruptcy Code (IBC) on 25th March 2017 at Borivli SMFC. CMA RajkumarAdukiawas the faculty. CMA Nitin Chikhale, welcome CMA Adukia by offering bouquet. In his address he dealt with the various points such as Presentation AgendaThe need for an Insolvency and Bankruptcy 'Code' and not 'Act', Analysis of The IBC, 2016, Related amendments to other Enactments, How to get work, Professional opportunities, How to pass limited solvency examination. More than 40 members attended the CEP.

* * * * *

WIRC organized CEP on Advance Excel on 29th March 2017 at WIRC. Mr. Imran Khan was the speaker.Topics like Dashboards and Slicers, Scenarios, Goal Seek. Data Table etc were very well covered during the CEP. CMA Kailash Gandhi, Vice chairman WIRC was present on the occasion.

* * * * *

WIRC organized CEP on Activity Based Costing on 31st March 2017 at Thane SMFC. CMA Deverajan Swaminathan was the speaker. CMA G. A. R. Rao felicitated CMA Deverajan Swaminathan by offering bouquet. More than 30 members attended the CEP.

Report on CMA Practitioner Conclave 2017

WIRC had organized CMA Practitioner Conclave 2017 on 10th March 2017 at WIRC Office, Pune. CMA Kailash Gandhi, Vice Chairman WIRC welcomed all the Speakers & delegates and shared the theme of the program. CMA Practitioner Conclave 2017 was unique program for the practicing members to explore new avenues of practice and to network.

In First technical session Mr. SuunilKini, Eminent Corporate Trainer share the important ideas on how Practicing CMA's can build their Corporate Image. The session helps the members in understanding the requirement of Image building and how to do it successfully while operating their consulting business.

In second Technical session various opportunities for Practicing Cost Accountants were shared by members. The topics and the speakers are as follows.

- Cost Audit by CMA Ashiwin Solanki
- Management Audit by CMA Saswata Banerjee
- Capital Market by CMA UmeshKarne
- Supply Chain Management by CMA Vinay Muley
- Indirect Taxation by CMA Aditya Umarji

Programme ended with vote of thanks by CMA Vaibhav Joshi.

MIS Reports to Monitor, Control & Reduce Electricity Cost

CMA Rajesh Kapadia

In Manufacturing Industry, Electricity, either Purchased or Self Generated or Both, is required

(1) To run Manufacturing Operations and Supporting Utilities like Filtered Water, Demineralised Water, Boiler, Cooling Tower, Chilled Water, Air Compressor Units as well as

(2) For Supporting Activities like Stores for Raw Materials, Packing Materials & Consumable Stores, Warehoue for Storing & despatching Finished Products and

(3) For Office Areas of Finance, Costing, HR, Company Secretary, Purchase, Marketing etc.

It is imperative for CMA Department to monitor, control & reduce Cost of Electricity as Electricity Cost often forms 70 % to 80 % of total utility cost including Electricity required for running Manufacturing Operations.

For this, CMA Departments should prepare & submit MIS Reports as mentioned in Annexure-I&Annexure II :

Utilities of these MIS Reports:

MIS Report as mentioned in Annexure I

(1) It provides at a glance trend of productwise consumption of electricity per Unit of Output. Here, only consumption for Production Cost Centres should be considered.

(2) Any increase in consumption as compared to previous year requires the focus and attention of the management

(3) Usaually, consumption of electricity per Unit of Output depends upon volume of output also.

So, better the Capacity Utilisation for a product, lower should be the consumption per unit of output.

MIS Report as mentioned in Annexure II

(1) It provides at a glance trend of cost centrewise consumption of electricity.

(2) Any increase in consumption without any corresponding increase in output requires focus and attention of the management.

(3) To monitor, control & reduce electricity consumption, management should focus on A Category of Cost Centres which may account for atleast 70 % of total electricity consumption.

Conclusion :

Once the MIS Reports as mentioned in Annexure I& Annexure II are submitted by CMA Department, maximum benefits can be taken by the Management by properly discussing the various facets of both these Reports with Concerned Departments which will Ultimately result in Taking of Corrective Actions to Monitor, Control & Reduce Electricity Cost, Where ever possible.

Annexure I

Quantitative Consumption of Electricity Per MT of Product for Key Products

Sr. No.	Key Products	Unit	FY 2015-16	FY 2014-15	FY 2013-14
1.	Product 1	KWH/MT			
2.	Product 2	KWH/MT			
3.	Product 3	KWH/MT			
4.	Product 4	KWH/MT			
5.	Product 5	KWH/MT			
6.	Product 6	KWH/MT			
7.	Product 7	KWH/MT			
8.	Product 8	KWH/MT			
9.	Product 9	KWH/MT			
10.	Product 10	KWH/MT			

Annexure II

Cost Centerwise Consumption of Electricity with consumption of each cost center expressed as % of total consumption (In Kwh)

Sr.No.	Particulars	FY 2015-16	%	FY 2014-15	%	FY 2013-14	%
	Production Cost Centers						
1.	1						
2.	2						
3.	3						
4.	4						
5.	5						
6.	6						
7.	7						
	Utilities Cost Centers						
8.	1 - Filtered Water						
9.	2 - DM Water						
10.	3 - Boiler						
11.	4 - Cooling Water						
12.	5 - Chilled Water						
13.	6 - Air Compressor						
14.	7 - Nitrogen						
	Other Cost Centers						
15.	1 - Stores						
16.	2 - Ware House						
17.	3 - Office						
	Total						

CHAPTER NEWS

AHMEDABAD

CEP on "Emotional Freedom"

Chapter organized CEP on "Emotional Freedom" on 25/03/2017 at Chapter office. CMA P D Modh has faculty for the CEP. CMA P D Modh elaborated the topic & explained in details 'how the emotions are generated sources emotions and how to regulate distractive emotions. The speech was followed by lively interactions with the participants. Members from service & practice participated actively in the CEP program.

Press Meet:

Chapter arranged press meet with local media (various newspapers) on 24/02/2017 at Chapter's office. Approx. 10 press reporters & photographers & Electronic media attended the press meet. CMA Manas Thakur, President of ICAI, CMA P H Desai, Chairman of WIRC, CMA Vinod H Savalia, Chairman of Ahmedabad Chapter and managing committee members of chapter attended the Press Meet and provide information to the media about result of Foundation, Intermediate and Final course of Dec'16 session examination, also explained about the bright future for CMA's in practice and service. All newspapers and TV channels circulated wide coverage to our result.

INDORE-DEWAS

Indore Dewas Chapter organised a seminar on 29th March 2017 on Insolvency and Bankruptcy Code (IBC), NCLT, Law on Benami transactions and Future & Options. CMA Vineet Chopra, the Chairman, welcomed the participants and informed about the new avenues for Cost Accountants under Insolvency matters. Hon'ble Official Liquidator, High Court of Madhya Pradesh, Mr. M . K. Sahu was the Chief Guest, he inaugurated the program and discussed about the international & Indian scenario under Insolvency practice. Second technical session was taken by CMA Harshad Deshpande, he discussed at length the concept of insolvency and key provisions under IBC, he also informed about the opportunities available to Cost Accountants and how to prepare for the IBC exams.

Advocate Vijayesh Atre discussed about Law and Procedure before NCLT in Insolvency matters. Advocate Mahesh Agrawal gave an insight on the law relating to Benami transactions and important amendment in income tax after demonetisation. CMA Mayank Agrawal, took the session on Futures and Options as a Hedging cum Trading Tool, he explained the concept of F & O and discussed in detail about the capital market operations. The session was well participated.

Program was concluded with vote of thanks by CMA Niranjan Shastri.

KALYAN-AMBARNATH

Prize Distribution Function:

On 5th February 2017, Chapter organized Prize Distribution Function at Swami Hansmuni Maharaj Degree College of Commerce, for the Students Foundation Inter and Final passing Dec2016 examination. CMA M.R. Dudani Chairman of Chapter welcomed the Chief Guest CMA Vinay Shukla - Finance Head, Jubilant Life Sciences Ltd., Ambernath.

CMA Vinay Shukla, Chief Guest shared valuable tips with students for completing CMA course and informed about many placement opportunities for CMA in Private and Public Sector, Banking Sector, and emerging areas of practice in Goods & Service Tax.

More than 50 students passing Dec 2016 examination have attended the function.,

Soft Skills & Communications Seminar

During the month of March 2017 Chapter organized Communication /Soft skills seminars for the benefit of Intermediate students. Prof. Krishna Naidu, delivered motivational and personality development lecture and informed the student's value of communication skills for students perusing professional courses.

Continued Education Programme

Chapter organized Series of CEP Lectures during the month of March 2017. On 11thMarch Prof.Reshmi Gurnani, delivered lecture on "Impact of Demonetization ". On 18th March Prof. Bhavna Binwani, on 'G.S.T. THE ROAD AHEAD '. On 25th March Prof. Rakesh Kalwani, delivered lecture on 'Bankruptcy And Insolvency Code 'On 30th March CMA G.B.Shamnani, delivered lecture "Corporate Governance"

NAGPUR

Chapter observed the Swachhta Diwas, along with International Women's Day on 8th March, 2017.On this occasion, Plantation was done in the Chapter premises, saplings of plants were distributed to women members, Managing Committee & staff.

CMA P.V. Bhattad Immediate Past President ICAI, CMA Shriram Mahankaliwar, Treasurer, WIRC & Members of Managing Committee were present on the occasion.

* * * * *

Chapter organised Workshop on "Awareness of Foreign Trade Policy" at Chapter Premises on 18th March, 2017. Mr. B.S. Gopalkrishnan, Foreign Trade Development Officer, Joint DGFT, Nagpur was the speaker.

PIMPRI-CHINCHWAD-AKURDI

Seminar on 'Activity Based Costing (ABC)' held on 4th March 2017

Chapter has organized seminar on 'Activity Based Costing (ABC)' on Saturday, March 4, 2017 at CMA Bhawan, Pimpri,CMA Ashish Deshmukh, Chairman, of the Chapter was the faculty.

CMA Ashish Deshmukh in his speech said that, in the recent Budget 2017, our Finance Minister Shri. ArunJately said that Indian Railways is working on adoption of Activity Based Costing in Indian Railway. It is nice to find that Indian Railway are adopting and changing its mindsets and policy towards cost optimization and to recover from losses despite of higher revenues. Indian Railways earns a lot through advance ticket booking but still carries losses it its books and this is the reason that first time our Indian Government is aggressively looking ahead of adoption of costing methods in its railway operating process. He focused on how Activity Based Costing can be implemented and covered the following topics under ABC Implementation Guide for Indian Railway.

Seminar on 'Profit Optimization by integrating Cost & Energy Audit (ECORE)' held on 11th March 2017

Chapter has organized seminar on 'Profit Optimization by integrating Cost & Energy Audit (ECORE)' on Saturday, March 11, 2017 at CMA Bhawan, Pimpri,

Dr. Ravi Deshmukh, Managing Director-PPS Energy Solutions and CMA Dhananjay Kumar Vastyayan - Practicing Cost Accountant were the faculties.

The first session was conducted by Dr. Ravi Deshmukh. In his speech, he focused on Importance of the Energy and highlighted the How to reduce Cost by Energy Audit.

The second session was conducted by CMA Dhananjay Kumar Vatsyayan. In his speech, he said - Profit Optimization is simply a process of doing all the efforts to achieve the maximum profit from all business operations. It is also a process of carefully cutting down the unnecessary or avoidable costs of production. He highlighted on Profit Optimization By integrating Cost & Energy Audit

Seminar on 'GST - Final Draft Provisions' held on 17th March 2017

Chapter has organized seminar on 'GST - Final Draft Provisions' on Friday, March 17, 2017 at CMA Bhawan, Pimpri,

CMA BhaveshMarolia, Treasurer - PCA Chapter has introduced the faculty CMA L D Pawar, Secretary & RCM - WIRC of ICAI and felicitated him by offering memento.

CMA L D Pawar said in his speech that the Government is ready for GST and GST network is also ready, so we should get ready for the same. GST migration of existing registered persons is already been started. GST Rules (Business Process reports) for Registration, Payment, Returns & Refund are approved by GST Council. Other four GST Rules composition, valuation, input tax, credit transitions will be finalized and approved by the GST Council on 31st March 2017. He also stated that the Draft CGST/SGST/UTGST/IGST & Compensation to States Laws are finalized and approved by the GST Council and will tabled in current session. He focused on the GST rates which have been approved by the GST Council and said that the Council has approved raising the CGST, SGST peak tax rate from 14 per cent to 20 per cent each, amounting to a peak rate of 40 per cent, the maximum ceiling is only for future contingencies.

He highlighted on the main features of GST Bill and concepts of CGST, SGST/UTGST and IGST.

Communication and Soft Skills Training for Intermediate Students

Chapter has conducted Communication and Soft Skills Training for Intermediate students from 25th, 27th& 29th March 2017 at CMA Bhawan, Pimpri, Pune. The eminent faculty in Communication & Soft Skills Mr. Sunil Mirchandani has conducted this training for three days for the benefit of students.

NAVI MUMBAI

Chapter of Cost Accountants organized a CEP programme on the theme "Emerging E.Commerce" on 19th March, 2017 at Karmaveer Bhaurao Patil College Vashi. The speaker for this event was Dr. P. Subramanian, CEO, M/ s. E Star Commerce Exchange LLP, Navi Mumbai. The speaker in his lucid style elaborated the topic (ecommerce) and explained in details the ecommerce trade and provisions governing e-commerce trade followed by lively interactions with the participants. Members from service and practice, including students participated actively in the CEP Programme.

CMA L Prakash, Chairman & CMA Vivek Bhalerao, Chairman-PD Committee of the Chapter welcomed the Guest, Members and Students. CMA KVVS Murthy Treasurer of the chapter welcomed the speaker by offering a bouquet.Some of the major areas covered in the presentation were Emerging E-Commerce, Technology evolution, Critical factor for success, Trends ,E-Commerce Opportunities etc.

The seminar concluded with the presentation of memento to the speaker by CMA Vivek Bhalerao (Chairman PD Committee) and vote of thanks proposed by CMA M. K. Narayanaswamy (Ex. Vice Chairman of the Chapter).

SURAT SOUTH GUJARAT

SILVER JUBILEE CELEBRATION

Chapter was founded on 23rd March 1992 and completed 25 years of its establishment on 23/03/2017 and celebrated Silver Jubilee programme in a grand way. On first day I,e. on 23/03/2017 Pooja was organized at Chapter's premises at 1.00 p.m. About 28 students and members donated blood.

On 24/03/2017 inaugural session of Silver Jubilee was organized. Chief Guest of this session was Shri B. S. Agrawal, President the Southern Gujarat Chamber of Commerce and Industries. CMA Manubhai Desai, Chairman of the Chapter welcomed the guest, delegates, members and students. CMA Dr.HeenaOza , Vice Chairperson of the Chapter shortly narrated the growth story of 25 years of the Chapter. CMA Amit Apte, CCM and Chairman PD, Banking and Insurance Committee of ICAI, CMA D. V. Joshi, Past President, CMA P. H. Desai, Chairman WIRC were on the dais. CMA R N Bhave, the founder Chairman of the Chapter and renowned faculty on IFRS also graced the occasion. At the end of the Inaugural session Souvenir of the Chapter indicating journey of the Chapter for the last 25 years was also released. Seminar on Sugar Industry jointly with PD, Banking and Insurance Committee of the Institute was conducted at the Chapter's Auditorium. CMA Amit Apte, Central Council member and Chairman of professional Development, Banking and Insurance committee had co-ordinated the seminar. He gave scientific data comparison about production and consumption of sugar by Sugar Industries in India and abroad for last 10 years. CMA D. V. Joshi elaborated the history of the Sugar Industries. Various issues of Sugar Industries and how to reduce cost in the industry was discussed and well appreciated by the participants. Formal vote of thank was presented by CMA Dr.Heena S. Oza.

On 25/03/2017 Seminar on the subject "GST- one nation one tax ease of doing business" was organized in the Chapter's Auditorium from 10 am to 4 pm. CMA V S Datey, CMA MalavDalwadi and Mr. AvinashPoddar was the faculties. At that time the message from the President of our Institute CMA Manas Kumar Thakur was displayed to all. CMA V S Datey explained basis of forthcoming GST implementation and complexities involved. CMA MalavDalwadi explained in details the formalities and process of filing various returns. Mr. AvinashPoddar is also renowned faculty on GST and explained in brief about the GST. Interaction session with CMA V. S. Datey was very interesting. Formal vote of thanks was presented by CMA JitendraParmar, Secretary of the Chapter. MOC was conducted by CMA Dr. Leena Painter.

Students of the Chapters who passed exams in last three sessions were felicitated at the hands Shri B. A. Parikh, Vice President of Sarvajanik Education Society, Surat and former Vice Chancellor of the Veer Narmad South Gujarat University. On the occasion cultural programme was organized by famous "Malhar Group. CMA Ashok Nawal, Centarl Council Memebr and Chairman of Taxation Committee of the Institute complimented the Chapter for its Silver Jubilee and blessed the meritorious students especially the Rank holders.

PUNE

Women's Day Celebration

On 8th March 2017, Lady CMA members and all other members and office staff of Chapter celebrated Women's Day. More than 20 lady members along with Chapter staff, lady students and faculties actively participated in the session. The theme of the session was "Love Yourself". Managing Committee member and Past Chairperson of the Chapter CMA Dr. Madhuvanti Sathe, who is also a respected faculty in the field of NLP Counselling conducted a small workshop on 'how to understand oneself to optimise the joy of living'. The session was very interactive and everybody participated actively and enjoyed the group activities. Then it was CMA Radhika and CMA Anuradha Dhavalikar, who enthralled the participants by melodious songs and audience appreciated their performance. CMA Anuradha shared her experiences as a woman and the mindset of the society at large, when it comes to empathise feelings of a woman. Everybody was speechless after hearing her heartfelt incidences. CMA VarshaLimaye expressed that she is proud to be a woman. CMA Meena Vaidya presented a poem by famous poetess Hon'ble Amruta Pritam, expressing a woman's feelings towards her man. This was followed by a joyous moment of cutting of a delicious cake by all ladies and girls. The programme concluded with a hope that more number of lady members will be attending next year's Womens' Day function.

CEP Reports

On 11th March 2017 CEP was arranged on "Corporate Social Responsibility" and faculty for the program was CMA Sameer Gupte. CMA Sameer Gupte explained the various provisions of CSR Act 2013 and activities covered under Schedule VII of the Act. He also spoke about the various cases of CSR activity. The session ended with answers to the queries from the members. The session ended with vote of thanks.

On 18th March 2017 CEP was organized on "IFRS & CMA's". CMA Keshav Kulkarni was faculty for the programme. CMA Keshav Kulkarni explained the various concepts of IFRS and explained the changes it has brought in accounting. He also simultaneously explained how these changes have been incorporated in Indian Accounting Standards through IndAS. During the session ICAI -Pune Chapter felicitated the members CMA Varsha Limaye, CMA Anuradha Dhavalikar and CMA Sailaxmi Mudliyar for passing the DISA Certification examination conducted by the Institute. CMA Shubhankar Limaye was also felicitated for passing the Actuarial Exam of Institute of Actuaries of India.

On 25th March 2017 CEP was arranged on "Work Life Balance and CMA". CMA Pramod Jain was the Speaker. CMA Pramod Jain explained the members how to utilize extensively the special features given by nature to the human being to maintain the work life balance. It was live and interactive session. More than 25 members attended the program.

The program was well received by the participants and some of the memberswho could not attend the program have requested the Chapter to arrange the session again. ■

CMA P. V. Bhattad, Mrs. Minakshi Telgote & Mrs. Pallavi Shamkule Corporator, Nagpur Municipal Corporation, CMA Shriram Mahankaliwar, CMA Arunkumar, CMA Anil Varma during Swachhata Diwas observed by Nagpur Chapter on 8th March 2017

CMA S. N. Mahankaliwar, CMA P. V. Bhattad, Shri Sunil Lahane (Dy. Commissioner Sales Tax, Chandrapur, Shri Chandrakant Kachhave, Dy. Commissioner, Sales Tax, Nagpur and CMA K.V. Kasiviswanathan, during GST Seminar organised by Nagpur Chapter

Mr. B. S. Gopalkrishnan, Foreign Trade Development Officer, Joint DGFT, Nagpur Inaugurating the Workshop on "Awareness of Foreign Trade Policy" organised by Nagpur Chapter on 18th March 2017

CMA Sanjay Deshpande felicitating CMA Milind Date during programme organised by Pune Central CEP Study Circle on 3rd March 2017.

CMA Suresh Pimple (Ex. Chairman of Aurangabad Chapter during CEP on Information System Audit organized by Aurangabd Chapter on 18th March 2017

CMA Vinay Shukla, is being felicitated by CMA M.R. Dudani during Felicitation function organised by Kalyan Ambernath Chapter on 5th February 2017

CMA Ashish Deshmukh delivering lecture during CEP organised by Pimpri-Chinchwad-Akurdi Chapter.

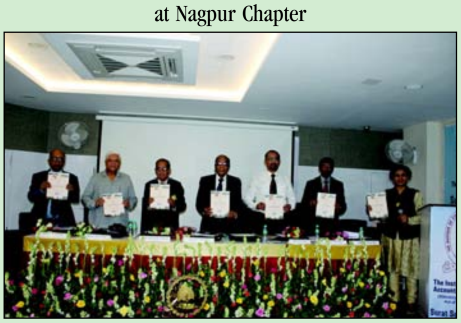
CMA Bhavesh Marolia, felicitating faculty Mr. Sunil Mirchandani during CEP organised by Pimpri Chinchwad Akurdi Chapter.

CMA Bhavesh Marolia, felicitating faculty CMA L. D. Pawar, Hon. Secretary during CEP organised by Pimpri-Chinchwad-Akurdi Chapter.

International Womens Day Celebrations at Nagpur Chapter

CMA Pramod Jain delivering lecture for CEP on 25th March 2017organised by Pune Chapter.

Cake Cutting Ceremony arranged on occasion of International Woman's Day 2017 at ICAI- Pune Chapter.



Release of the Souvenir during Silver Jubilee Celebrations of Surat South Gujarat Chapter

Mr. Imran Shaikh delivering lecture during CEP organised by WIRC on 29th March 2017

CMA G.A.R. Rao, felicitating CMA Devarajan Swaminathan during CEP organised by WIRC on 31st Mar. 2017

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CMA L. D. Pawar, Hon. Secretary WIRC & CMA B. M. Sharma, Chairman, GST Advisory Board, ICAI felicitating Shri Chandrakant Dalvi, IAS Commissioner Co-operation & Registrar of Co-operative Societies, Maharashtra State.

Visit to Commissioner Cooperation, Maharashtra State. L to R. CMAs Rajendra Gore, Prashant Vaze, L. D. Pawar, Varsha Limaye, B. M. Sharma, Ashok Kundap, Harshad Deshpande & Deepak Marne.

CAMPUS PLACEMENTS - Fresh CMAs

The Institute of Cost Accountants of India is planning a Campus Interview for the students who passed their Final Examination in December 2016.

Date: Thursday 21st April & Saturday, 22nd April 2017

Venue: SGSJK's Aruna Manharlal Shah Institute of Management & Research, R. B. Kadam Marg, (Jivdaya Lane), Near MTNL Exchange, Off: L.B.S. Marg, Ghatkopar (W), Mumbai 400 086.

For details & Registration Contact :

WIRC-ICAI - Mr. K. P. Unnikrishnan, Joint Director - Admn.
Mob: 9892025045 • Tel.: 022-2287 3476 • E-mail: wirc@icmai.in

All Corporates, Financial Institutions, Management Consultants, Cost Accountants are invited for participation in the Campus Interview to select talents from our Institute

Participation fee Structure for Corporates

Registration fee for Campus placement	**Rs. 15,000/-** + Service Tax Programme *(common for all locations)*
Participation Fee	**Rs. 10,000/-** per location + Service Tax

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