



**SBS** | *Interns'*  
**Digest**  
An attempt to share knowledge

By

**Interns of  
SBS and Company LLP**

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## AUDIT

### OVERVIEW ON STATUTORY AUDIT

Contributed by Samatha & Vetted by CA Sandeep Das |

#### Audit

An Audit is an independent examination of financial information of any entity, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon.

#### Purpose of Audit

The purpose of every Audit depends upon the nature of the Audit. However, Statutory Audit purpose is to determine whether an organization is providing a fair and accurate representation of its financial position and financial performance and its cash flows and the change in equity for the year ended on that date.

#### Different types of Audits

1. Statutory Audit
2. Internal Audit
3. Forensic Audit
4. Tax Audit
5. Information systems Audit
6. Environmental and Social Audit
7. Compliance Audit
8. Concurrent Audit
9. Risk based Audit
10. Due Diligence Audit
11. Investigation Audit
12. Operational Audit
13. Efficiency Audit
14. Cost Audit
15. Specific other Audits

#### Requirement of various types of Audits

It is difficult to audit every process, compliances in depth to a micro level. To improve the efficiency, every concerned statue requested to perform Audit along with statutory audit if the respective Acts are applicable. Hence, every Audit will focus on its main area of control and results in effectiveness of compliances and operations.

Examples are as follows:

Statutory Audit – concentrates on all the statutory provisions applicable to respective entity.

Tax Audit – mainly concentrates in the Income tax provisions

Internal Audit – concentrates on the areas which are mentioned in the scope

Specific Audits – concentrates on the Specific areas which are mentioned in the agreement.

### Statutory audit

Statutory means anything regulated by laws of the state. Any Audit regulated by the statute can be called as a Statutory Audit. In general parlance, Statutory audit is the official inspection of a company's accounts typically by an independent body. More elaborately put, it is the audit of books of accounts of a company, according to the requirements of a statute, to ensure fair and accurate representation of its financial records. There are many types of audits in India prescribed by different regulatory bodies. However, commonly, the term 'statutory audit' deals with the requirements of the Companies Act, 2013.

### Difference between Statutory and Internal Audit

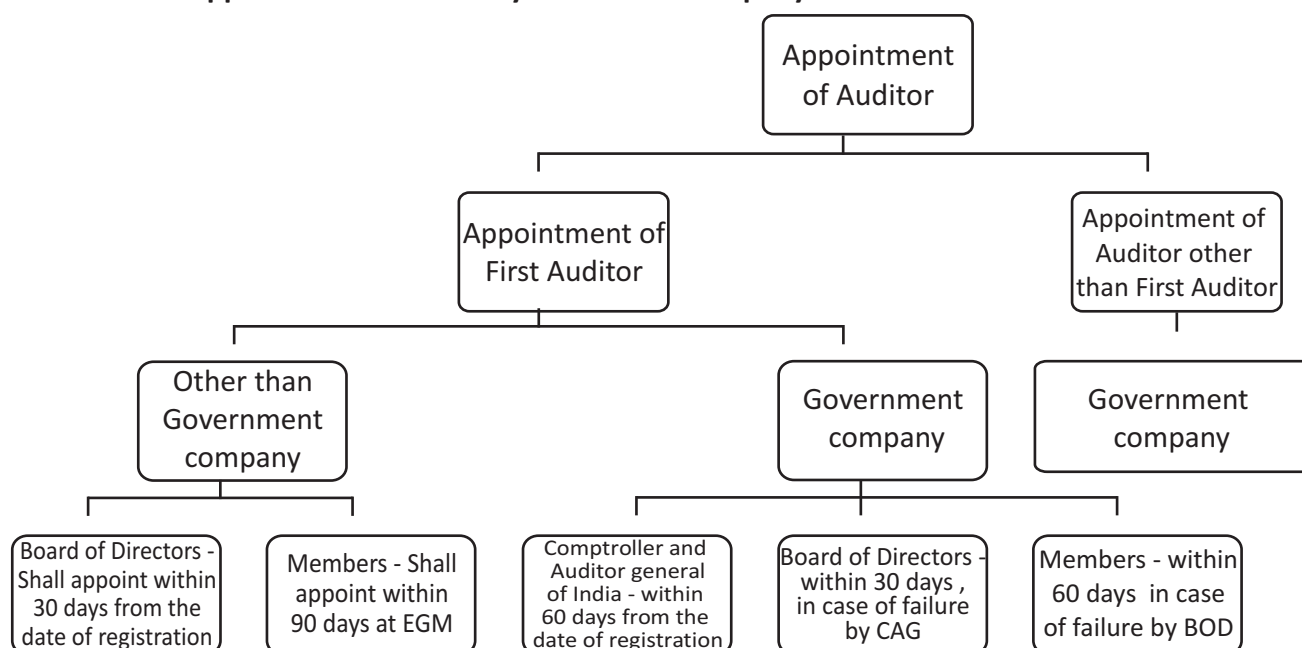
Particulars	Statutory Audit	Internal Audit
Applicability	It is applicable to every company mentioned in section 2 of the companies Act, 2013. i.e. every company registered under the companies Act, 2013 or under any previous laws	Every listed company; Every unlisted company - if paid up share capital is $\leq$ 50 Cr turnover $\leq$ 200 Cr during the preceding financial year; Outstanding loans and borrowings from the public financial institutions $\leq$ 100 Cr at any point of time during the preceding financial year; Outstanding deposits $\leq$ 25 Cr at any point of time during the preceding financial year. Every Private company - if turnover $\leq$ 200 Cr during the preceding financial year; or Outstanding loans or borrowings from the public financial institutions is $\leq$ 100 Cr at any point of any time during the preceding financial year.

Appointment	By the shareholders of the organisation.	By the Management u/s 138 or Audit Committee u/s 177, Companies Act 2013.
Status	Independent person	Internal or External Person(Optional).
Qualification	Chartered Accountant having Certificate of Practice	According section 138 of the companies Act 2013, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.
Scope of work	Determined by the Law	Determined by the appointing authority.
Objective	To express true and fair view on the financial statements	It Depends upon the nature of Audit. Generally, to assess the adequacy and effectiveness of the process controls designed by the Management.
Suggestions	Need not to do unless specifically asked for	To make suggestions to the management as to how to run the business efficiently
Method of Testing	Sample checking is allowed	will be based on the scope of work
Reports	To be submitted to the shareholders	To be submitted to the management / as mentioned by appointing authority
Prosecution for Professional misconduct by ICAI	Prosecuted in case of misconduct	Only if the Internal Auditor is a CA, he will be prosecuted.
Removal	According to section 140 of the Companies Act 2013, The auditor appointed under section 139 may be removed from his office before the expiry of his term only by a special resolution of the company, after obtaining the previous approval of the Central Government in that behalf in the prescribed manner.	Can be removed by the Management or the Directors / Those charged with governance.
Remuneration	Fixed by the shareholders in the general meeting. But for the first Auditor Board will fix the Remuneration.	Fixed by the management / Audit Committee / Those charged with governance.

Watch dog	Acts as a watch dog for the stake holders	Acts as watch dog for the for the management.
Satisfaction	Carried out for the satisfaction of the stakeholders	Carried out for the satisfaction of the Management.
Attending meetings	According to section 146 of the Companies Act 2013, All notices of, and other communications relating to, any general meeting shall be forwarded to the auditor of the company, and the auditor shall, unless otherwise exempted by the company, attend either by himself or through his authorised representative, who shall also be qualified to be an auditor, any general meeting and shall have right to be heard at such meeting on any part of the business which concerns him as the auditor.	Has no such right, unless specifically stated.
Tax Audit	Is eligible to perform the Tax Audit also.	Is not eligible to perform the Tax Audit
Major Obligations	Is to ensure that financial statements are true and fair	It Depends upon the nature of the Audit. Generally, is to ensure that effectiveness of Internal control systems.

In this article we attempted to mention the procedures for Statutory Audit its Appointment, Execution and Reporting, of a company as per the provision of companies act 2013.

**Procedure for Appointment of Statutory Auditor of a company**



**Process for Appointment of Statutory Auditor**

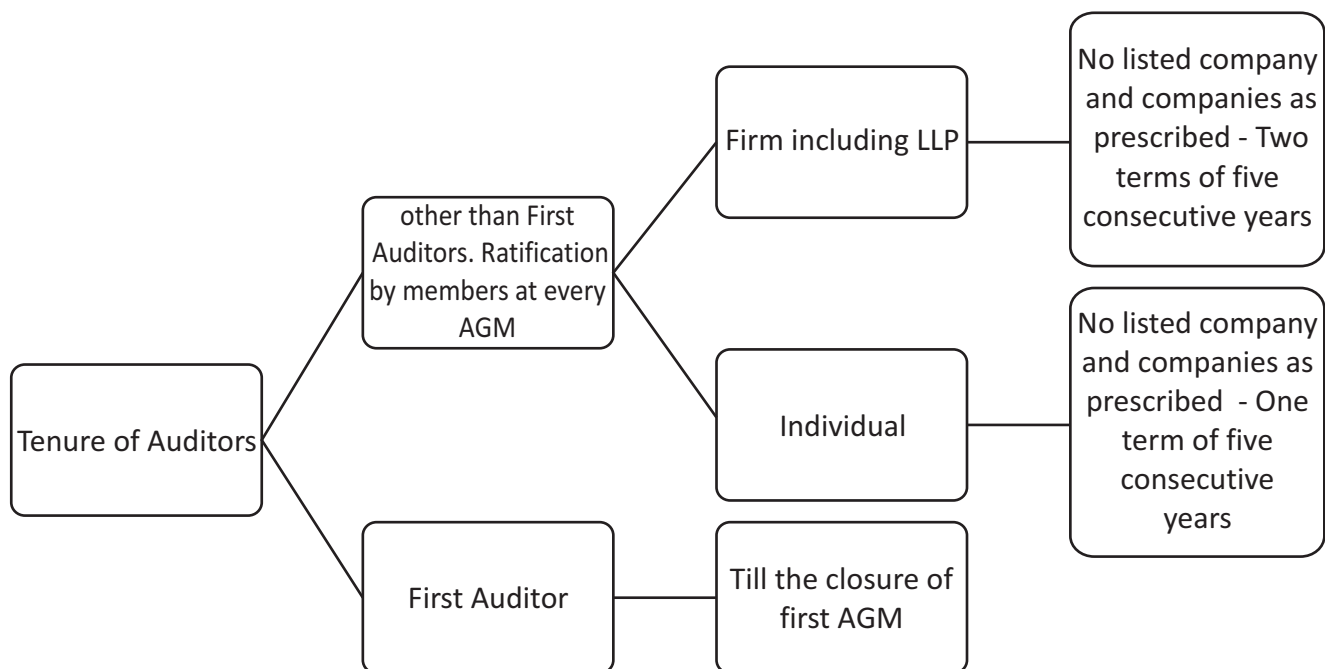
1. Intimation of Previous Auditor to the company/Removal of Auditor by the company
2. Previous Auditor resignation letter
3. Intimation(offer) is given by the client for appointing as a Statutory Auditor
4. No Objection Certificate(NOC) from the Previous Auditor
5. Letter of Acceptance
6. Extracts of Annual General Meeting

*Abbreviations**AGM – Annual General Meeting**EGM – Extraordinary General Meeting**BOD – Board of Directors**CAG – Comptroller and Auditor General**LLP – Limited Liability partnership***Forms to be Submitted to the company, ROC, ICAI, Previous Auditor at the time of Appointment of new Auditor**

Particulars	Forms and Letters to be Submitted	Forms and Letters to be received
<b>Company</b>	<p>The Auditor appointed shall submit a certificate to the appointing company that:</p> <p>(1)(a) The individual or the firm is eligible for appointment and is not disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder;</p> <p>(b) the proposed appointment is as per the term provided under the Companies Act;</p> <p>(c) the proposed appointment is within the limits laid down by or under the authority of the Act;</p>	<ul style="list-style-type: none"> <li>▪ Letter of intimation(offer) by the client for appointing.</li> <li>▪ The company shall inform the auditor concerned of his or its appointment.</li> <li>▪ Extracts of Annual General Meeting</li> <li>▪ The company shall place the matter relating to such appointment for ratification by members at every annual general meeting</li> </ul>

	<p>(d) the list of proceedings against the auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.</p> <p>(e) The individual or firm should indicate that it satisfies the criteria u/s 141 of companies Act, 2013.</p>	
<b>Previous Auditor</b>		<ul style="list-style-type: none"> <li>▪ Previous Auditor resignation letter.</li> <li>▪ No Objection Certificate(NOC) from the previous Auditor.</li> </ul>
<b>Registrar of companies(ROC)</b>		The company shall file a notice in Form ADT-1 of such appointment with the Registrar within 15 days of the meeting in which the auditor is appointed.
<b>ICAI (Institute of Chartered Accountants of India)</b>		

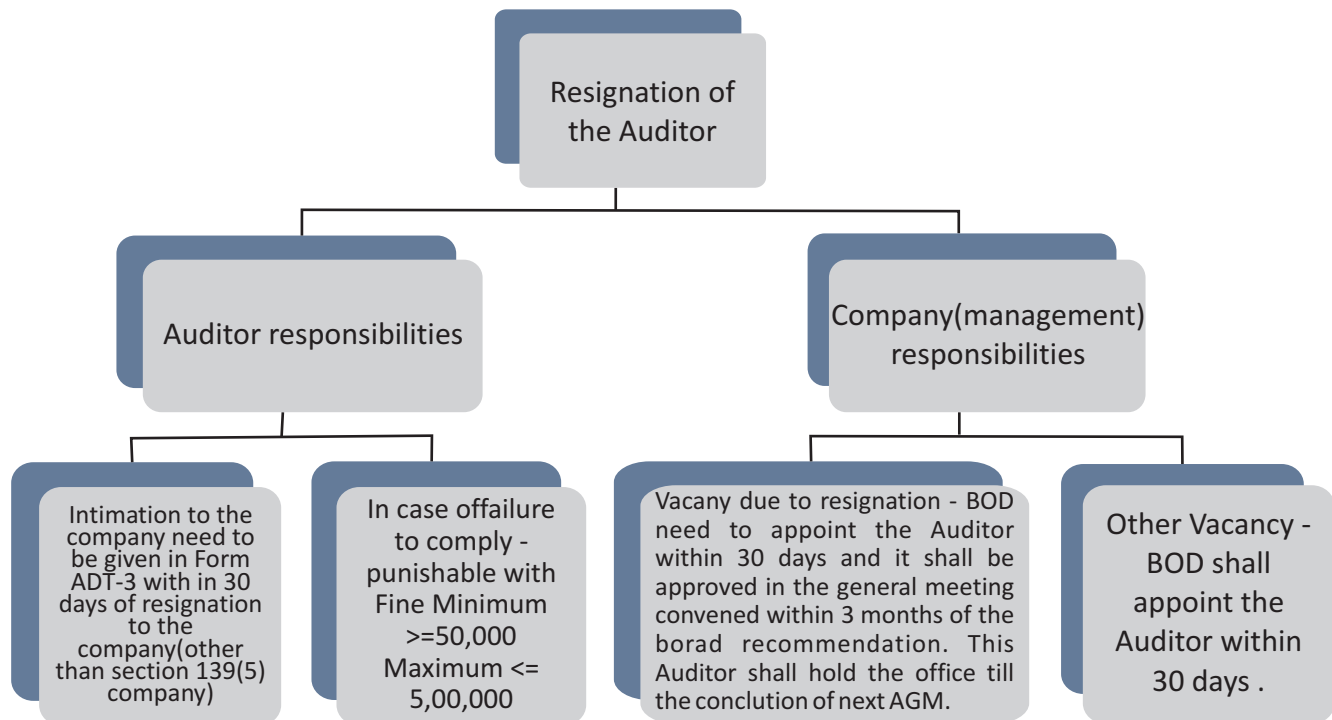
**Tenure of Statutory Auditor**





## Casual vacancy

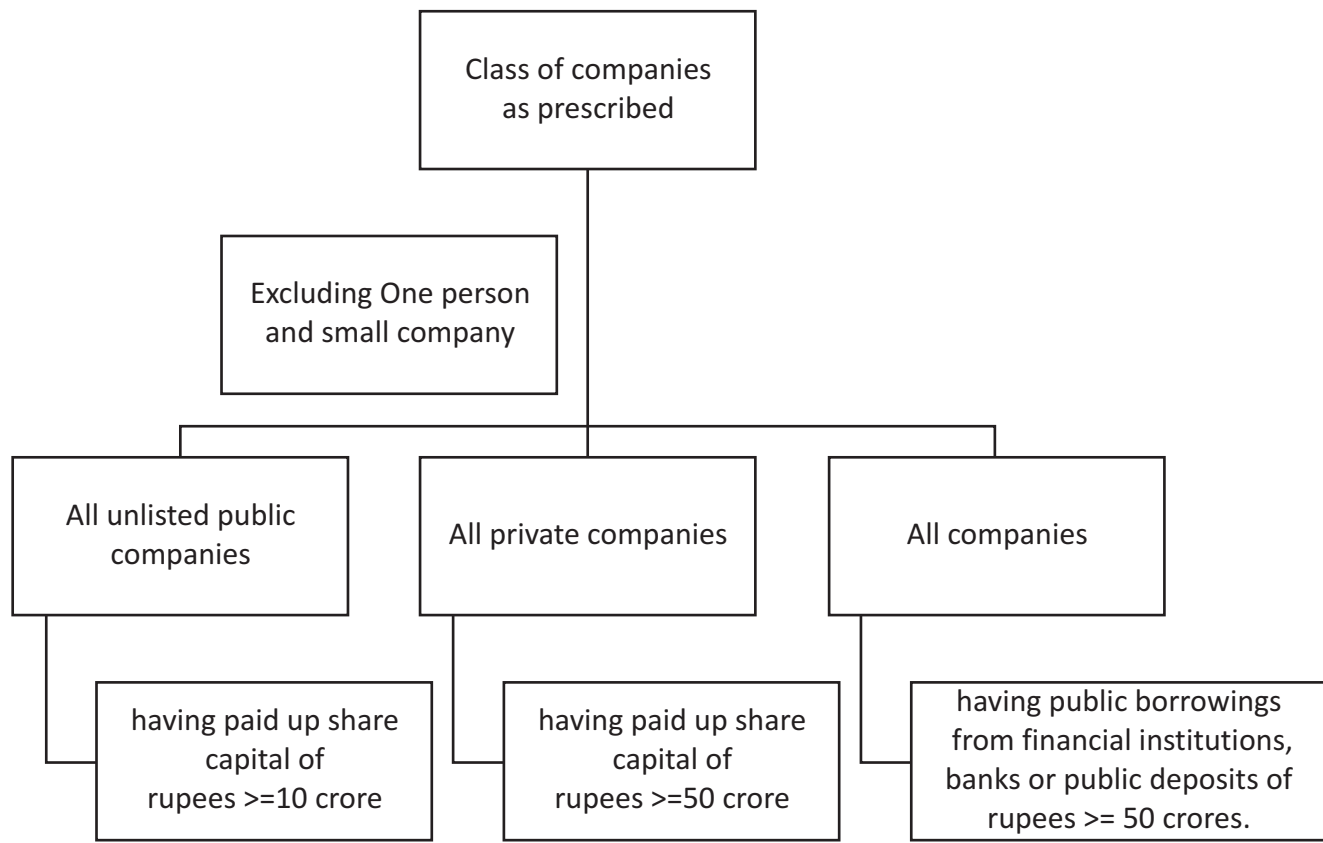
The casual vacancy has not been defined in the Companies Act, 2013. Generally, it means a vacancy caused due to death, disqualification and resignation of an Auditor. Section 140 (2) & (3) of the companies discuss about the vacancy of the Auditor caused by resignation.



## Rotation of Auditors

Unlisted companies and companies as prescribed below shall reappoint the auditors after the end of ceiling limit as said above.

The Individual or Audit firm shall not be eligible for re-appointment as auditor in the same company for five years from the completion of such term.



### Applicability of Statutory Audit

It is applicable to every company mentioned in section 2 of the companies Act,2013. i.e. every company registered under the companies Act,2013 or under any previous laws.

### Eligibility to be a Statutory Auditor

Only a Chartered Accountant(Individual/Firm/LLP) possessing a certificate of practice in India and is not disqualified u/s 141(3) of the companies Act,2013 is eligible to be a Statutory Auditor.

Here Chartered Accountant is mutatis mutandis to section 2 of the Chartered Accountant Act, 1949.

### Consequences in case of default in complying with the Statutory Audit

Section 147 of the companies Act 2013 deals with the penalty provisions for non-compliances with the sections from 139 to 146 of the companies Act 2013.

Particulars	Fine; or	Imprisonment; or	Both
<b>Company</b>	Minimum – Rs. 25000 Maximum - Rs. 5,00,000		
<b>Officer</b>	Minimum – Rs. 10,000 Maximum – Rs. 1,00,000	Minimum – A term Maximum - 1 year	Both
<b>Auditor – un intentional</b>	Minimum – Rs. 25,000 Maximum – Rs. 5,00,000		
<b>Auditor - Intentional</b>	Minimum – Rs. 1,00,000 Maximum – Rs. 5,00,000 (and)	Minimum – A term Maximum – 1 year (and)	Both
<b>Auditor – Addition to above</b>	Refund the remuneration received and need to pay the damages to all the effected persons against the loss arising out of incorrect statements made in his Audit report.		

### Formats of Statutory Audit report

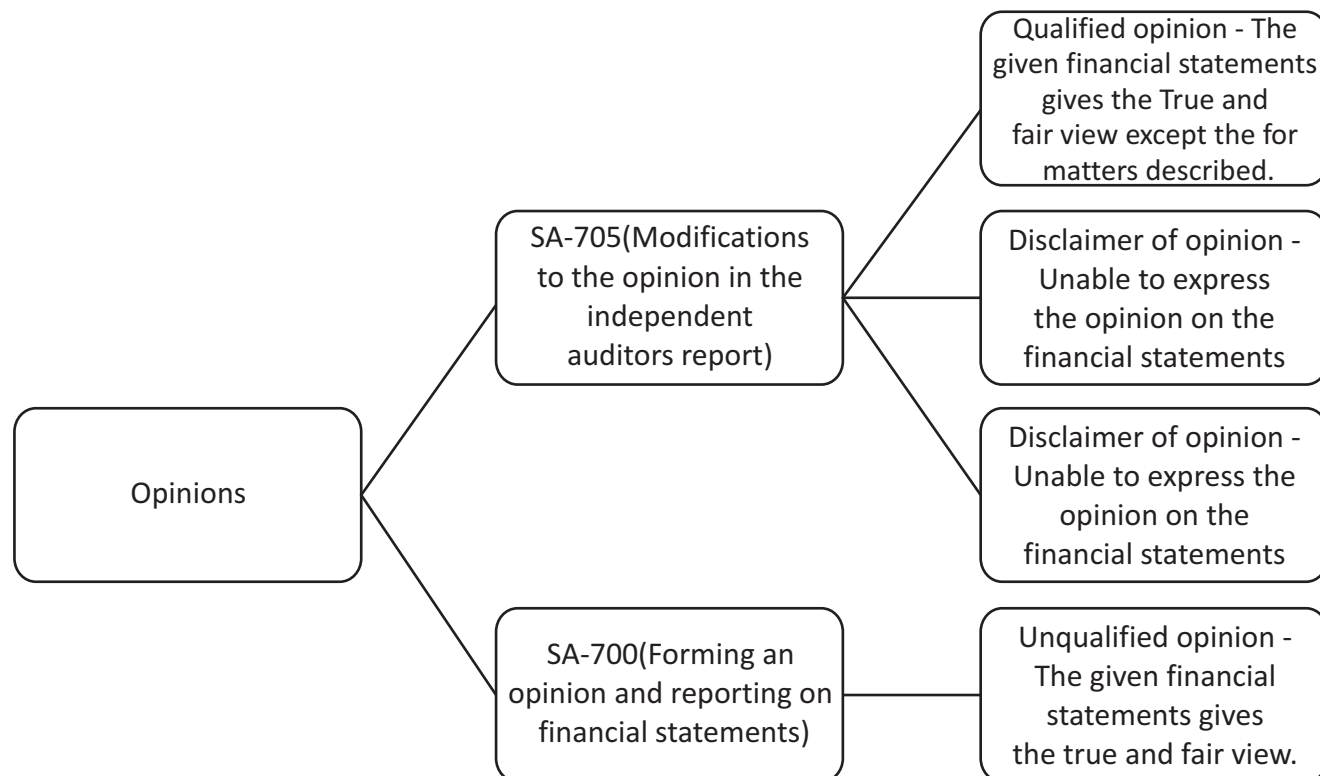
The Auditing and Assurance Standards Board is issuing the following illustrative formats of the Independent Auditor's Report on the Standalone Financial Statements under the Companies Act, 2013 and the Rules thereunder. These illustrative formats were approved by the Council of the Institute of Chartered Accountants of India (ICAI) at its Meeting held in November 2014

Illus. 1	Unmodified Opinion on Standalone Financial Statements, Emphasis of Matter Paragraphs, reporting on clause 143(3)(i) regarding internal financial controls is required	<i>Will be added to Appendix to SA 700 Forming an Opinion and Reporting on Financial Statements</i>
Illus. 2	Unmodified Opinion on Standalone Financial Statements, Emphasis of Matter Paragraphs, reporting on clause 143(3)(i) regarding internal financial controls is not required	
Illus. 3	Qualified Opinion on Standalone Financial Statements, Qualification is quantifiable, reporting on clause 143(3)(i) regarding internal financial controls is not required	<i>Will be added to Appendix to SA 705 Modifications to the Opinion in the Independent Auditor's Report</i>
Illus. 4	Qualified Opinion on Standalone Financial Statements, Qualification is not quantifiable, reporting on clause 143(3)(i) regarding internal financial controls is not required	
Illus. 5	Adverse Opinion on Standalone Financial Statements, reporting on clause 143(3)(i) regarding internal financial controls is not required	
Illus. 6	Disclaimer of Opinion on Standalone Financial Statements, reporting on clause 143(3)(i) regarding internal financial controls is not required	

The above illustrations are prescribed by the ICAI. The companies Act, 2013 in its section 143 and in its companies' auditors report order(CARO) states the points to be reported, but not the format in which it need to be reported.

By seeing the above illustration, it can be understood that by based on the opinions the formats have been prescribed.

Now will understand the summary of opinions



Along with above standards on Auditing the Auditor need to consider SA – 701 (Communicating key matters in the independent Auditors report) and SA – 706 (Emphasis on matter paragraphs and other matter paragraphs) in the Independent Auditors Report.

**Forms to be submitted or received by the company, previous Auditor, ICAI, ROC at the time of reporting.**

Particulars	Forms and letters to be submitted	Forms and letters to be received
Company	Management Representation Letters	
Previous Auditor		
Registrar of Companies(ROC)		
ICAI		

**Powers and Responsibilities of Auditor (other than Government company)**

<b>Powers of the Auditor</b>	<b>Responsibilities of Auditor</b>
Right to access to the books of the account and vouchers of the company.	Duty to enquire on the matters stated in section 143(1) of the companies Act, 2013
Right to access to the records of all its subsidiaries so far related to the consolidation of financial statements.	Duty to report to the members of the company on the financial statements examined by him along with the matters stated in section 143(3) of the companies Act, 2013
Right to obtain the information's and explanations in addition to the above information.	Duty to report the fraud in any as prescribed under section 143(12) of the companies Act, 2013

**Remuneration of Auditor**

Section 142 of the companies Act, 2013 deals with the remuneration of Auditor

<b>For the First Auditor</b>	<b>Other than First Auditors</b>
The Board may fix the remuneration of the first Auditor appointed by it.	Remuneration shall be fixed in its general meeting or in such manner as prescribed.

Remuneration = Audit fee payable + Expenses incurred for Audit (Excluding fees payable for any other service rendered at the request of the company.)

**Why and What to be verified in statutory Audit**

<b>What to be verified</b>	<b>Why to be verified</b>
Every item mentioned in the financial statements which were prepared by the management.	To give a report to all the stake holders by validating the financial statements and internal controls with respective preparation and presentation of financial statements.
Every financial and non-financial matters (like Internal financial controls – IFC) which effects the Basic fundamental accounting assumptions (going concern, consistency and accrual concepts).	

## Execution of Audit

- Plan and Design an Audit approach
  - Perform Initial Planning.
  - Understand the Client's Business and Industry.
    - o What should auditors understand
      - The relevant industry, regulatory, and other external factors including the applicable financial reporting framework
      - The nature of the entity
      - The entity's selection and application of accounting policies
      - The entity's objectives and strategies, and the related business risks that may result in material misstatement of the financial statements
      - The measurement and review of the entity's financial performance
      - Internal control relevant to the audit
    - Assess Client's Business Risk
    - Set Materiality and Assess Accepted Audit Risk (AAR) and Inherent Risk (IR).
    - Understand Internal Control and Assess Control Risk (CR).
    - Develop Overall Audit Plan and Audit Program
- *Perform Test of Controls and Substantive Test of Transactions*
  - *Test of Control:* This is to assess the operating effectiveness of Internal Controls. If internal controls are assessed as effective, this will reduce (but not entirely eliminate) the amount of 'substantive' work the auditor needs to do.
  - *Substantive test of transactions:* Evaluate the client's recording of transactions by verifying the monetary amounts of transactions, this test satisfies the accuracy transaction-related audit objective for sales. Assess Likelihood of Misstatement in Financial Statement.
- *Perform Analytical Procedures and Test of Details of Balances*
  - where internal controls are strong, auditors typically rely more on Substantive Analytical Procedures.
  - where internal controls are weak, auditors typically rely more on Substantive Tests of Detail of Balance.
- *Complete the Audit and Issue an Audit report*

After the auditor has completed all procedures for each audit objective and for each financial statement account and related disclosures, it is necessary to combine the information obtained to reach an overall conclusion as to whether the financial statements are fairly presented. This highly subjective process relies heavily on the auditor's professional judgment. When the audit is completed, issue an audit report.

**Can Auditor rely on the work done by other auditors/experts**

<b>Using the work of another Auditors (SA – 600)</b>	<b>Using the work of Internal Auditor (SA – 610)</b>	<b>Using the work of Auditor Experts (SA – 620)</b>
<p>The Auditor is entitled to rely on work performed by others, provided he exercises adequate skill and care and is not aware of any reason to believe that he should not have so relied.</p>	<p>The Auditor is entitled to rely by evaluating the following:</p> <ul style="list-style-type: none"> <li>▪ The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal auditors;</li> <li>▪ The level of competence of the internal audit function;</li> <li>▪ Whether the internal audit function applies a systematic and disciplined approach, including quality control.</li> </ul>	<p>The Auditor is entitled to rely by evaluating the following:</p> <ul style="list-style-type: none"> <li>▪ Determining the Need for an Auditor's Expert</li> <li>▪ Nature, Timing and Extent of Audit Procedures</li> <li>▪ The Competence, Capabilities and Objectivity of the Auditor's Expert</li> <li>▪ Obtaining an Understanding of the Field of Expertise of the Auditor's Expert</li> <li>▪ Agreement with the Auditor's Expert</li> <li>▪ Evaluating the Adequacy of the Auditor's Expert's Work</li> <li>▪ Reference to the Auditor's Expert in the Auditor's Report</li> </ul>

**Revision of Audit Report**

As per the Guidance Note (GN - 39) on Auditor's Report on Revised Accounts of Companies before circulation to Shareholders issued by the Institute of Chartered Accountants of India (ICAI) --

- The revision of the audit report would mean issuing a revised audit report as per procedure prescribed. The auditor under no circumstances is permitted to withdraw in any manner whatsoever the audit report once issued. However, the auditor may take steps to prevent reliance on the audit report issued by him.
- It lays down the procedures to be followed by the auditor who, subsequent to the date of his report, becomes aware that facts may have existed at that date which might have affected his report had he been aware of such facts at the time of issuance of the audit report.
- The management is expected to inform the auditor of any facts which existed on the date of the audit report which may affect the financial statements

When an auditor considers that:

- Amendment in financial statements is not warranted, or
- when he advises amendment to financial statements to the management, or
- but the management does not intend to revise the same, or
- when management agrees for revision in financial statements but is unable to do so despite its bonafide intentions, but management extends its cooperation to the auditor and agrees to ensure that anyone in receipt of the previously issued financial statements together with the audit report thereon is informed of the situation and would be issued the revised audit report, the auditor may then consider issuing the revised report as under:

Audit reports can not be revised after issuing to shareholders i.e. after placing in Annual General Meeting(AGM)

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*This article is contributed by Samatha, Intern of SBS and Company LLP. The author can be reached at [interns@sbsandco.com](mailto:interns@sbsandco.com)*



## AUDIT

### CONCURRENT AUDIT OF BANKS

Contributed by Mohaseen & Vetted by CA Sreehari K

**Bank Concurrent Audit** is a concurrent audit which involves examination of the financial transactions in the bank, it is a real-time audit and hence review of transactions will be done as and when they occurred. Concurrent Audit is also can be treated as a kind of internal audit where auditor's responsibility is to review and assess the bank branch internal control system. It is part of a bank's early warning system to ensure timely detection of irregularities and lapses. It helps in preventing fraudulent transactions at branches.

Since, concurrent audit is a real-time audit and also due to large volume of transactions in the bank, the time that an auditor required to be spent in a concurrent audit of a bank will be comparatively high than any other internal audits.

#### Attendance schedule of concurrent audit:

Senior Partner attendance	–	It may be ranging from 8 to 10 days.
Audit assistant	–	20 to 25 days

During the audit, auditor has to review the nature of all transactions/ areas, further the banks will provide us the format in which we are required to submit our concurrent audit report. Such format normally will vary from bank to bank. Among all areas of audit, hereby we mentioned few areas of audit.

#### Common areas where concurrent audit is focused on:

##### 1. Revenue Leakage:

Objective of this is to identify and review area of revenue leakages on day to day basis. auditor has to review the process and control system for all those area to arrest any potentialities for revenue leakage. Further, Auditor has to reconcile the terms mentioned in documents vis-à-vis with entered in computer system. For instance interest rate of PLR+2% for one borrower, is entered as PLR+1% in CBS then the revenue loss to the bank is perpetual till the closure of such loan. Few of the areas through which bankers generate revenue are as follows:

- I. Processing, Documentation, Inspection charges, Interest etc., **on Loans and Advances**
- II. Penalty and interest for not making interest payment on time in case of CC or OD, non submission of stock statements on timely basis
- III. Charges for Ledger folios, Minimum balance, Standing instructions, Exchange on remittances, Bills collection, Locker rents, Cheque book, Cash handling etc.,
- IV. Commission on Non Fund based loans such as BGs, LCs etc.,

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##### 2. KYC Norms:

KYC is a major compliance requirement for any banker to validate the genuineness of customer identity. KYC stands for **Know Your Customer**. Few important document to be verified are:

- I. Photo Identification proof (Aadhar, Passport, Driving licence, PAN etc)
- II. Address proof (Aadhar, Passport, Driving licence, Voters identity card etc)

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**GST****TIME OF SUPPLY**

Contributed by Bharadwaja &amp; Vetted by CA Manindar K |

**Importance of 'Time of Supply' under GST:**

Under GST, tax is levied on supply of goods or services or both. The term 'supply' is of wide ambit to include sale, transfer, barter, exchange, license, rental, lease or disposal within its ambit. Though the levy is on supply of goods or services, the liability to pay GST arise only at the point of time specified under GST law. This point of time which triggers GST liability is referred in GST law as 'time of supply'.

In terms of section 39(7) of CGST Act, 2017, the GST payable on supplies for which time of supply occurs during a particular month has to be deposited with Government on or before due date for filing the monthly return viz. GSTR-3/GSTR-3B i.e. 20th of succeeding month. Say for example, if time of supply arises in the month of November, then the payment of tax should be deposited on or before 20th of December. To determine time of supply, there are separate provisions for goods and services under sections 12 and 13 respectively. With this, we proceed to understand the time of supply for goods and services in various situations.

**Time of supply for goods:**

The time of supply for goods in cases where supplier is required to collect and pay GST is earlier of the following dates:

- (a) The date of issuing of invoice (or the last day by which invoice should have been issued if invoice is not issued)(or)
- (b) The date of receipt of payment

Example: For example, XYZ Ltd sold goods worth ₹1,00,000 to Mr. York on 10.10.2017. Invoice is issued on 15.10.2017 and the date of receipt of payment is on 20.11.2017. In this case, invoice is issued on 15.10.2017 while payment is at a subsequent date. As invoice date is earlier, the time of supply is the date of invoice i.e. 15.10.2017.

However, it has been provided that in cases where the supplier receives an amount not exceeding ₹1000 in excess of the invoice amount, at the option of the supplier, the time of supply for the excess amount received which is to be adjusted with future invoice, shall be the date of issue of such invoice.

For example, Mr. A supplied goods worth to Mr. B amounting ₹9500/- on 15.10.2017 and Mr. B paid an amount of ₹10,000 and the invoice is issued on 16.10.2017. In this case, time of supply for the goods worth ₹9500/- is date of issue of invoice i.e. 16.10.2017, as it is earlier. But, for the excess amount of ₹500/- the time of supply be considered either as the date of receipt of such excess amount (16.10.2017) or at the option of the supplier, be the date of issue of invoice for next supply.

**Time of supply of goods under reverse charge:**

With respect to certain notified goods and purchases from unregistered person, instead of supplier, the recipient is required to pay the applicable GST directly to Government. In this case, the time of supply shall be the earlier of the following dates: -

- (a) Date of receipt of goods (or)
- (b) Date of payment (or)
- (c) The date immediately after thirty days from the issue of invoice by the supplier

For example, Mr. X an agriculturist, who is an unregistered person supplied the cashew nuts to XYZ Ltd on 12/07/2017. XYZ Ltd received those goods on 13/07/2017 and accounted in books of account on 14/07/2017. The amount is paid from bank account on 15/08/2017. Here XYZ is a recipient of supply and they are liable to pay tax on reverse charge basis. As the earlier date is the date of receipt of goods, the time of supply i.e. 13/07/2017.

**Time of supply of goods covered under voucher:**

In case of supply of vouchers relating to goods, the time of supply shall be the date of issue of voucher, if the supply can be identified at that point. If the supply cannot be identified at the time of issue of voucher, then time of supply shall be the date of redemption of voucher.

**Time of supply of goods in situations not covered above:**

If it is not possible to determine the time of supply of goods in the above manner, then time of supply shall be

- (a) In case where a periodical return has to be filed, be the date on which the return is to be filed (or)
- (b) In any other case, be the date on which the tax is paid.

**Time of supply of services:**

Time of supply of services where the supplier is required to collect and pay GST shall be earlier of the following dates: -

- (a) Date of issue of invoice by the supplier (That the invoice should be received within 30 days of provision of service) or the date of receipt of payment, whichever is earlier.(or)
- (b) Date of provision of service (If the invoice is not received within 30 days of provision of service) or the date of receipt of payment, whichever is earlier.(or)
- (c) Date of which the recipient shows the receipt of service in his book of account, in case where clause(a) and (b) do not apply

However, it has been provided that in cases where the supplier receives an amount not exceeding ₹1000 in excess of the invoice amount, at the option of the supplier, the time of supply for the excess amount received which is to be adjusted with future invoice, shall be the date of issue of such invoice.

For example, NET Telecom provides telecommunication service to Mr. Ramesh and issued a bill of ₹500/- for the month of November on 05.12.2017 and Mr. Ramesh paid the bill on 06.12.2017 an amount of ₹1000/-. Here, Mr. Ramesh has paid extra amount of ₹500/- which has to be adjusted with the amount due in the invoice for subsequent month. For this excess amount, the time of supply be considered either as the date of receipt of such excess amount (06.12.2017) or at the option of the supplier, be the date of issue of invoice for subsequent month.

#### **Time of supply of services under reverse charge:**

With respect to certain notified services and services received from unregistered person, instead of supplier, the recipient is required to pay the applicable GST directly to Government In this case, the time of supply shall be the **earlier** of the following dates: -

- (a) The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier.(or)
- (b) The date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier

In cases, where it is not possible to determine the time of supply in the above manner, then time of supply shall be the date of entry in the books of account of recipient of supply.

In case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of the supply or the date of payment, whichever is earlier.

For example, Mr. A, an advocate provided legal services to XYZ Ltd. Invoice is issued on 12.07.2017 and the payment is entered in the books of account of XYZ Ltd 14.08.2017 and the amount is debited from the bank account of the XYZ Ltd on 16.08.2017. As stated above, time of supply is the earlier of the date on which payment is recorded in books of accounts or debited to bank account. In the instant case, as the date on which payment is recorded in books of accounts is earlier, time of supply is 14.08.2017.

#### **Time of supply of services covered under voucher:**

In case of vouchers, the time of supply shall be the date of issue of Voucher, if the underlying service is identifiable at the time of issue. In case where the underlying service is not identifiable, then the time of supply shall be the date on which voucher is redeemed.

#### **Time of supply of services in situations not covered above:**

If it is not possible to determine the time of supply of services as stated above, then time of supply shall be as follows;

- (a) In a case where a periodical return has to be filled, be the date on which such return is to be filed (or)
- (b) In any other case, be the date on which the tax is paid.

**Time of supply of goods or services related to an addition in the value of supply by way of interest, late fees or penalty:**

As per section 15(2) of CGST Act, 2017, any excess amount that has been collected as interest, late fee, penalty for delayed payment of consideration towards supply of goods or services shall also be added to the value of goods or services and accordingly, GST is payable. In all cases where interest, late fee, penalty is paid for delayed payments, the time supply shall be the date on which such interest, late fee or penalty is received.

**Change in rate of tax in respect of supply of goods or services:**

When there is a change in rate of tax then there will be change in time of supply rules also. The time of supply must be determined in the following manner when there is a change in rate of tax.

**When supply is completed before the change in rate of tax**

Then time of supply is as follows

1. If the invoice is not issued and the payment is not received before the change in rate of tax, then time of supply shall be earlier of date of issue of invoice or payment of tax and the new rate is applicable
2. If the invoice is issued before the change in rate of tax and the payment is received after the change in rate of tax, then time of supply shall be date of issue of invoice and the old rate is applicable.
3. If the payment is received before change in rate of tax and the invoice is issued after the change in rate of tax, then time of supply shall be date of receipt of payment then applicable tax rate is old rate.

For example, Mr. A is supplied goods to Mr. B on 28th December 2017. The GST rate on goods is changed from 12% to 5% w.e.f. 1st January 2018. Mr. A issued invoice on 28th December 2017 and payment is credited in his bank account on 30th December 2017. Here time of supply is 28th December 2017 as it is earlier and the old rate is applicable.

**Supply is completed after the change in rate of tax**

Then time of supply is as follows

1. If the invoice issued and payment is received before the change in rate of tax, then time of supply shall be earliest of the date of invoice or payment and the applicable rate for that supply is old rate.
2. If the invoice is issued before the change in rate of tax and the payment is received after the change in rate of tax, then time of supply shall be date of receipt of payment and the new rate is applicable.
3. If the invoice is issued after the change in rate of tax and the payment is received before the change in rate of tax, then time of supply shall be date of issue of invoice and the new rate is applicable.

For example, Mr. A is supplied goods to Mr. B on 2nd January 2018. The GST rate on goods is changed from 12% to 5% w.e.f. 1st January 2018. Mr. A issued invoice on 29th December 2017 and payment is credited in his bank account on 4th January 2018. Here applicable rate is 5% and here time of supply is date of receipt of payment.

### **Date of receipt of payment in case of change in rate of tax**

Normally, in all the cases, the date of receipt of payment is the date of credit in the bank account of the recipient of payment or the date on which the payment is entered in the books of account, whichever is earlier.

For example, XYZ Ltd has agreed to sell goods worth Rs 100000 to Mr. York on 10.10.2017. The amount was paid by Mr. York in advance through NEFT transfer on 26.10.2017. XYZ Ltd has recorded the receipt advance in their books of accounts on 02.11.2017. Goods are supplied under invoice on 10.11.2017. In this case, as money is received prior to supply of goods, the time of supply shall be the date of receipt of payment. As stated above, the date of receipt of payment shall be earlier of the date of credit to bank account or date on which receipt is recorded in the books of accounts. In the instant case, the earlier date is the date of credit in bank account i.e. 26.10.2017. Therefore, time of supply is 26.10.2017 and accordingly, the applicable GST is required to be paid on or before 20th November 2017.

However, in the case of change in rate of tax, the date of receipt of payment is the date of credit in bank account if such credit is after four working days from the date of change in rate of tax.

For example, Mr. A received advance of Rs. 20,000 by cheque on 12/10/2017 for supply of goods to Mr. B. The rate of said goods has been reduced from 18% to 12% on 18/10/2017. Invoice is issued on 14/10/2017 along with supply of goods to Mr. B. The cheque got credited in the bank account of Mr. A on 23/10/2017. As payment got credited in bank account after four working days from the date on which rate is changed, the date of payment shall be the date of credit in bank account i.e. 23/10/2017 and not the date on which cheque is received. In this case, old rate (18%) is applicable as the date of invoice becomes the time of supply.



**DT&MSME****LOWER OR NO DEDUCTION**

Contributed by Harini& Vetted by CA Ram Prasad |

As per Provisions of the Income Tax Act, TDS is required to be deducted at the time of making any payment or credit in the account. The tax so deducted is required to be deposited with the Government within the respective due dates.

In such cases assessee applies for refund of excess TDS at the time of filing the return of Income. However, this process takes time and is also burdensome for the assessee.

To reduce all such hardships faced by the taxpayer, Section 197 and Section 197A has been inserted in the Income Tax Act,1961 ("ACT").

**Certificate for Lower deduction of TDS (u/s 197)**

Section 197 gives a right to the assessee to apply to the Assessing Officer for obtaining a certificate that the Tax may not be deducted OR be deducted at a lower rate.

- **Eligible Person:** Any Person (whether Resident or Non-Resident)
- **Eligible Income:** Who is liable to pay Income Tax in respect of applicable provisions of the Act. (*Applicable Provisions - 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194I, 194J, 194K, 194LA, 194LBB, 194LBC & 195*).
- **Condition:** The eligible Assessee can make an application to Assessing Officer requesting him to issue the certificate for deduction of tax at a **Lower rate or for No deduction of Income Tax along** with sufficient documentation showing that the **Income Tax liability is less than the actual TDS** deducted/deductible.

**Certificate for NO deduction in case of Charitable Trust, Scientific Research Association and Such other entities (under Rule:28AB)**

Any person

- Who is in receipt of income or deemed income derived from property held under Trust wholly for charitable or religious purposes and who claims exemption under section 11 or section 12.or
- Who is required to file a return in respect of a scientific research association, such other entities (news agency, association or institution, fund or trust or university or other educational institution or any hospital or other medical institution or trade union referred to in sub-section (4C) of section 139).may make an application to the Income tax officer for the grant of a certificate for no deduction of TDS.

**However, Additional conditions to be Satisfied are:**

- Return of income for all assessment years for which such returns became due, has to be furnished on or before such application is made.
- The Person(charitable trust, scientific research association and such other entities)is for the time being approved for the purpose of exemption from income-tax.
- The applicant gives a list of deductors from whom amounts are to be received without deduction of tax at source every six months alongwith the names, addresses and the amounts received.

*Note : The certificate so issued shall be valid for the financial year specified therein unless it is cancelled by the Assessing Officer at any time before the expiry of the said financial year.*

**Let us consider the below example:**

Mr.X, aged 45 years whose is in receipt of Professional Income of Rs.10 Crores

S. No	Particulars	Case (a)	Case (b)
		Before Applying for lower deduction	On Applying for lower deduction
a.	Income from Profession	10 Crores	10 Crores
b.	TDS Deducted (u/s 194J)	1 Crore	20Lakhs
c.	Expenditure	9.1 Crores	9.1 Crores
d.	Profits & Gains form Profession	90 Lakhs	90 Lakhs
e.	Tax Payable	25,87,875	25,87,875
f.	<b>(Refund)/ Payable (b-e)</b>	<b>(74,12,125)</b>	<b>5,87,875</b>

In Case (a) Mr. X has to wait for a long time in order to get the refund. Instead of doing so MrX can obtain a certificate from A.O for lower deduction of TDS.

In Case (b) it is assumed that MrX has obtained Certificate for lower deduction of TDS @ 2%. Here he has a benefit of not having to wait for the refund and has a net benefit of Rs.68.24 Lakh in his hand. Thus, his working capital may not be blocked.

**Additional Conditions for Shareholders to get the Certificate for Lower or No Deduction: (Rule 29)**

- For claiming certificate of No deduction or Lower Deduction of Tax for DIVIDENDS (u/s 194), the shares in respect of which the certificate is sought
  - o Are shares in public Company and
  - o Stand in the name of the Shareholder and are beneficially owned by him and are not included in total income of any other person. OR
  - o Stand in the name of the Shareholder and are held by him under trust wholly for charitable and religious purpose and dividends are exempt from tax u/s 11 to 13.
- The certificate would thus cease to be valid if the person who is mentioned in the certificate transfers the shares to any other person.
- The certificate so issued shall be valid for a period not exceeding 3 years from date of its issue until it is held cancelled by Assessing Officer before its expiry.

Refer the below link for Form 13-

<http://www.incometaxindia.gov.in/Forms/Income-Tax Rules/10312000000007840.pdf>

**Documents to be submitted to ITO:**

- An application for such Lower/No deduction is required to be made in "Form 13" to the Assessing Officer.
- However other Documents may include:
  - Estimated Financials and Computation of Total Income.
  - Income Tax Returns of the Assesse for last 3 Years.
  - Audited Financial Statements and Tax Audit Reports for last 3 Years.
- PAN of the applicant is to be quoted mandatorily on the application for issuance of certificate.

**The Income Tax Officer shall consider the following, before issuance of the certificate for Lower or No deduction of TDS (Rule:28AA)**

- Tax payable on estimated income of the previous year relevant to the assessment year.
- Tax payable on the assessed or returned income of the last 3 previous years.
- Existing liability under the Income-tax Act, 1961
- Following Payments for the assessment year relevant to the previous year till the date of making application
  - o Advance tax payment
  - o Tax Deducted at Source
  - o Tax Collected at Source
- Upon scrutiny of the above, the Assessing Officer shall request the concern Assessing Officer (Officer in the jurisdiction in which the PAN of the assessee is registered) for any outstanding demands on the respective Assessee.
- On satisfaction that the existing and estimated tax liability of person justifies for Lower or No deduction of TDS and after obtaining a written consent from the concern Assessing officer about previous outstanding demands, shall issue certificate to the deductor under the advice of deductee

- Where any such certificate is given, the person responsible for paying income shall, until such certificate is cancelled by the Assessing officer or till the period as mentioned in the certificate, deduct income tax at the rates specified in such certificate or deduct no tax, as the case may be.

**Validation of the Certificate:** (Instruction no.36 dated 15<sup>th</sup> July 2009)

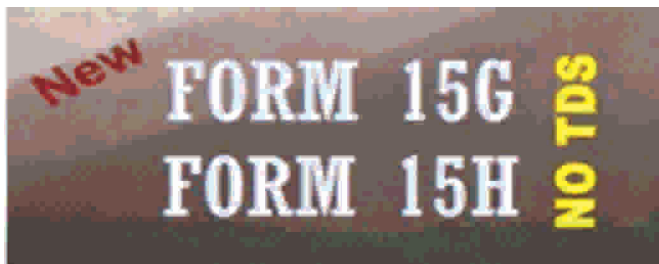
- Instances of huge default of Short deduction due to wrong quoting of Certificate Number have been observed. The scenario generally arises when the deductor accepts from deductee a manually issued lower deduction certificate by assessing officer & quotes the same in TDS statements. In this it is advisable to validate the certificate in traces. If the certificate issued is not valid as per TRACES validation, then the deductor should always insist upon an ITD system generated certificate to minimize such instances. The procedure for validation of Certificate is as follows:

**Step 1:** Login to traces website through www.tdscpc.gov.in

**Step 2:** On the Statements/Payments tab at the top, choose 197 Certificate Validation.

**Step 3:** Enter the 10-digit alphanumeric Certificate Number, PAN of the deductee and the financial year. All the 197 Certificates issued for the FY, PAN and Certificate Number Combination, will be displayed.

**No deduction to be made in certain cases (u/s 197A)**



In certain situations, the assessee is provided the advantage of not waiting for a long time for getting the Certificate. Here he can opt for Self Declaration for **NO Deduction** of TDS by virtue of Section 197A of Income Tax Act. The relaxation is also given from the certain conditions & procedures.

**Declaration to be made for NO deduction of TDS (u/s 197A)**

Under Sub Section	Eligible Person (for making the declaration)	Eligible Income (for which declaration can be made)	Declaration to be made in Form	Condition	
		Eligible person who is liable to pay tax u/s		I	II
*1	Resident Individual	194 or 194EE	15-G	▪	▪
**1A	Any Person (not being a company or a firm)	192A or 193 or 194A or 194D or 194DA or 194I	15-G	▪	▪
***1C	Individual resident in India, who is of the age of 60 Years or more at any time during the previous year.	192A or 193 or 194 or 194A or 194D or 194DA or 194EE or 194I	15-H	▪	

**Condition I:** Tax on the estimated total Income after including such income is **NIL**

**Condition II:** The income / aggregate of such incomes in respect of which tax is deducted under above mentioned sections shall not exceed the maximum amount not chargeable to tax.

**Note:** A Declaration in writing for No Deduction of tax shall be made to person responsible for paying eligible Income

**LET US TAKE AN EXAMPLE:**

\*1 (Case – A):

Mr. X, aged 55 years estimates his total income is Rs 4,00,000, of which **Rs 2,60,000 is withdrawn from the deposits made under National Savings Scheme (for which deduction is claimed earlier)**. Further his deduction includes Rs. 1,50,000 u/s 80C and pays a medical insurance premium of Rs 25,000.

S. No	Particulars		Amount in Rs
a.	Estimated Total Income		4,00,000
b.	Less: Deductions		
	u/s 80C	1,50,000	
	Medical Insurance Premium	25,000	1,75,000
c.	<b>Total Income (a-b)</b>		<b>2,25,000</b>

In this case, the first condition that the tax on the estimated total is nil stands satisfied. However, total income from deposits of Rs.2,60,000 exceeded the maximum amount not chargeable to tax (i.e., Rs.2,50,000). Therefore Mr. X does not satisfy the second condition and hence he is not eligible to furnish Form 15G in respect of such Income.

\*\*\*1C (Case – B):

However, in the above case A if Mr. X is a resident senior citizen of age 65 years, he is eligible to furnish Form 15H as he satisfies the first condition of tax liability being **NIL**.

\*\*1A (Case – C):

However, in the above case A if Mr. X is earning Rs.2,60,000 by way of Income from deposits, assuming his income and deductions to be same as above (i.e., Rs.4,00,000 & 1,75,000 respectively), he is not eligible to furnish Form 15G as his income from deposits for which tax is deducted exceeds the maximum amount not chargeable to tax (i.e., Rs.2,50,000).

For form 15G, refer the below link

<http://www.incometaxindia.gov.in/forms/income-tax%20rules/10312000000007845.pdf>

For form 15H, refer the below Link

<http://www.incometaxindia.gov.in/forms/income-tax%20rules/10312000000007846.pdf>

### **Responsibility of Person Receiving the Income:**

A Declaration in writing for No Deduction of TDS is to be furnished in duplicate to Person responsible for paying eligible Income The declaration may be furnished in any of the following manners, namely (*Rule 29C of Income tax rules*).

- In paper form.
- Electronically after duly verifying through an electronic process. (The process of electronic furnishing is provided on the website of different banks)
- The declarant shall mandatorily quote his/her PAN in Form 15G/15H.
- If an assessee has multiple deposits across different branches of the same bank or different banks, they will need to submit these forms at each branch separately.
- Where payments are received from same person for more than once a year declaration may be furnished only once before first payment becomes due.
- Whenever the estimated total income changes and new investments are made one need to file new Form 15G /15H providing particulars for the same. In case of old investments, he needs to provide total number of earlier declarations filed and aggregate amount of incomes for which such forms have been filed. (*notification no 6/2017*).

### **Responsibility of Person Paying the Income:**

- It is the responsibility of person paying eligible Income (Payer/Deductor) to furnish one of the copy (as received by him from deductee) to the Commissioner of Income-tax or before the 7th day of the next month following the month in which the declaration is furnished to him. *Hence the information is passed on the Income-tax department for further enquiries on the same, if any.*
- The Payer/Deductor, shall allot a unique identification number to each declaration received by him in Form No.15G and Form No.15H respectively during every quarter of the financial year.
- **Allotment of UIN:** The UIN will consist of 3 fields:
  - a) 10-digit alphanumeric SEQUENCE - H000000001 or G000000001 (which Start with 'G' or 'H', based on whether this is a Form 15G or 15H followed by 9 digits)
  - b) Financial year for which the Form 15G/ 15H is being submitted. E.g.: 2017-18
  - c) The TAN of the payer/ deductor. E.g.: AAAA00001A
  - d) Therefore, format of UIN is
    - o For 15G: "G000000001201718AAAA00001A"
    - o For 15H: "H000000001201718AAAA00001A"
- Declaration is to be verified through an electronic process.
- Paper Declaration received by deductor shall be digitalized and shall bear sequence number out of the same series as used for online submission.
- UIN running sequence number series shall be reset to 1 in case of each TAN of payer at the start of each financial year.
- The payer shall upload Form 15G/15H received during the quarter in e-filing website (*procedure is mentioned below*)

▪ **Reconciliation Mechanism:**

- o Apart from uploading declarations, the payer of income shall have to include transactions in quarterly declaration statements (i.e., in Form 26Q) even if no TDS is deducted during the year.
- o The payer shall quote "Sequence Number" (*Field "a" of UIN*) in quarterly T.D.S statement against the transactions covered under form 15G/15H statement.
- o The payer will be responsible for reconciliation of allotted UIN through reporting in quarterly TDS statements as well as through uploading of declarations on quarterly basis.

**Declaration to be retained for 7 years:** The declaration so received shall be maintained by the deductor for the period of seven years from the end of the financial year in which such declaration is received for purpose of verifications or any proceedings under the Act.

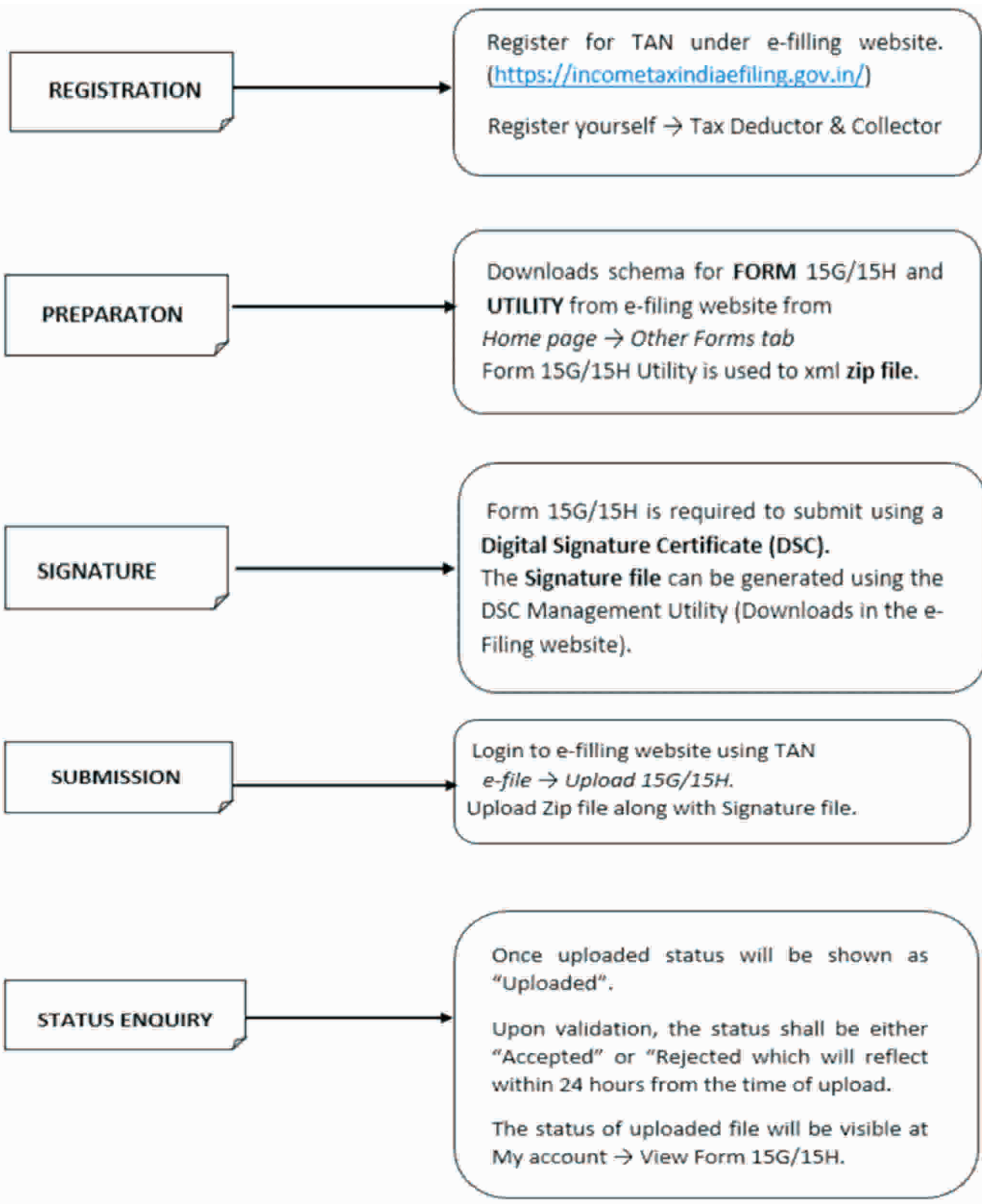
**In case of False Statement in Declaration:(u/s 277)**

The person shall be punishable:

Tax Evasion	Imprisonment		Additional Punishment
	From	Extend upto	
Exceeds Rs.25,00,000	6 months	7 years	Fine
Other Cases	3 months	2 years	Fine

**Procedure for Submission of declaration in Form 15G/15H:**

Notification No 7/2016 dated 4/5/2016 has laid down procedure for submission of declaration in Form 15G/15H as follows:



This article is contributed by Harini, Intern of SBS and Company LLP. The author can be reached at [interns@sbsandco.com](mailto:interns@sbsandco.com)



**FEMA****FEMA UPDATES****I. Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017**

RBI vide Notification No. FEMA 20(R)/ 2017-RB dated 7th November 2017 has notified the new FDI Principal Regulation named as “FEM (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017” in supersession of Notification No. FEMA 20/2000RB (FDI Principal Regulation) and Notification No. FEMA 24/2000 FEM (Investment in firm or proprietary concern in India) Regulations, 2000, both dated May 3, 2000.

For more details refer above notification.

**II. Risk Management and Inter-Bank Dealings – Simplified Hedging Facility**

1. RBI vide A.P. (DIR Series) Circular No. 11 dated 09th November 2017, invited attention to AD Category -I banks regarding FEM (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA. 25/RB-2000 dated May 3, 2000), as amended from time to time, Master Direction - Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time, and the announcement made in the Statement on Developmental and Regulatory Policies Reserve Bank of India dated August 02, 2017 (para 7) on the simplified hedging facility.
2. The scheme of simplified hedging facility was first announced by the RBI in August 2016 and the draft scheme was released on April 12, 2017. The facility is being introduced with a view to simplify the process for hedging exchange rate risk by reducing documentation requirements, avoiding prescriptive stipulations regarding products, purpose and hedging flexibility, and to encourage a more dynamic and efficient hedging culture.
3. Necessary amendments vide Notification No. FEMA 388/2017RB dated October 24, 2017 have been made to the principal regulation as given below

Under the principal regulations, a new para 5C to be added:

**“5C. Permission to resident and non-resident entities to undertake hedge transactions with the simplified procedures**

Notwithstanding anything contained in paras 4, 5, 5A and 5B, resident entities with foreign currency exposures and non- resident entities with rupee exposures, other than individuals, may hedge underlying exchange rate risk arising out of transactions permitted under Foreign Exchange Management Act, 1999, or rules or regulations or directions or orders made or issued thereunder, subject to such simplified terms and conditions as may be set forth in the directions issued by the Reserve Bank from time to time.”

4. The guidelines of this facility are given in Annex I to this circular and this facility will be effective from January 01, 2018.

For more details relating to Annex I, refer the aforesaid circular.

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*These updates are contributed by Sunil Kumar and vetted by CA Murali Krishna G of SBS and Company LLP, Chartered Accountants. For any queries, please reach at [gmk@sbsandco.com](mailto:gmk@sbsandco.com)*

**COMPANIES ACT, 2013****RULES, CIRCULARS, NOTIFICATIONS AND ORDERS ISSUED DURING THE MONTH OF NOVEMBER, 2017****RULES**

- **The Companies (Filing of Documents and Forms in Extensible Business Reporting Language), Amendment, Rules, 2017, Dt: 06.11.2017:**

Vide the said amendment rules, the Ministry has amended the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 ["Principal rules"] in relation to the content of the Form AOC-4 XBRL, and have provided for the XBRL Taxonomy relating to preparation of Financial Statements under Companies (Indian Accounting Standards) Rules, 2015, for the companies to which Ind-As is applicable.

[http://mca.gov.in/Ministry/pdf/Scan\\_XBRL\\_09112017.pdf](http://mca.gov.in/Ministry/pdf/Scan_XBRL_09112017.pdf)

- **The Companies (Accounts) Amendment Rules, 2017, Dt: 07.11.2017:**

Vide the said amendment rules, the Ministry has amended the Companies (Accounts) Rules, 2015 ["Principal rules"] has made some changes to the Form AOC-4, with specific reference to information in connection with the Specified Bank Notes in the Financial Statements by the Company, and the reporting of the same by the Statutory Auditors in their Report.

[http://mca.gov.in/Ministry/pdf/CompaniesAccountsamendmentsRules\\_09112017.pdf](http://mca.gov.in/Ministry/pdf/CompaniesAccountsamendmentsRules_09112017.pdf)

**NOTIFICATIONS**

- **Designation of Special Court; Dt: 03.11.2017:**

Vide the said Notification, pursuant to the provisions of Section 435 (1) of the Companies Act, 2013, the Central Government, with the concurrence of the Chief Justice of the High Court of Judicature at Madras, has designated the XV Additional Court, XVI Additional Court of City Civil Court, Chennai, as a Special Court for the State of Tamil Nadu except Districts of Coimbatore, Dharmapuri, Dindigul, Erode, Krishnagiri, Namakkal, Nilgiris, Salem and Tiruppur, for speedy trial of offences punishable with imprisonment of two years or more.

[http://mca.gov.in/Ministry/pdf/NotificationSpecialcourt\\_04112017.pdf](http://mca.gov.in/Ministry/pdf/NotificationSpecialcourt_04112017.pdf)

**CIRCULAR**

No Orders were issued during the month.

**ORDERS**

No Orders were issued during the month.

*These updates are contributed by CS D V K Phanindra of SBS and Company LLP, Chartered Accountants. For any queries, please reach at [phanindra@sbsandco.com](mailto:phanindra@sbsandco.com)*

## INCOME TAX

## INCOME TAX UPDATES

NOTIFICATION / CIRCULAR NUMBER	DATE of Issue	EXPLANATION
Notification No. 79/2017	08 <sup>th</sup> August 2017	For purpose of section 54EC: The bonds issued by Indian Railway Finance Corporation Limited which are redeemable after three years shall be categorised as <b>“Long-term specified asset”</b>
Notification No. 83/2017	30 <sup>th</sup> August 2017	For purpose of sec 10(18): Asadharan Suraksha Seva Praman Patra awarded for Exceptional courage or conspicuous Gallantry displayed by personnel of Research and Analysis Wing and Director General (Security) and as <i>certified by Head of the Department to this effect.</i>
Notification No. 8/2017	13 <sup>th</sup> September 2017	For deduction of TDS on the interest earned on deposits made under Capital Gain Account Scheme, 1988 by a deceased depositor, TDS is required to be deducted and reported against PAN of <ul style="list-style-type: none"> <li>• Depositor - TDS on the interest income accrued for and up to the period of death of the depositor</li> <li>• Legal heir - TDS on the interest income accrued for the period after death of the depositor</li> </ul> <i>unless a declaration is filed under <sup>1</sup> Rule 37BA (2) of Income Tax Rules, 1962.</i>
Notification No. 87/2017	27 <sup>th</sup> October 2017	For the purposes of the Section 80G(2)(b): "Arulmigu Kapaleeswarar Thirukoil, Mylapore, Chennai," is considered as place of historic importance and a place of public worship of renown throughout the state of Tamil Nadu.
Notification No. 95/2017	9 <sup>th</sup> November 2017	For the purposes of the Section 10(46): Any income arising to <b>“Telangana Building and Other Construction Workers Welfare Board”</b> (a board established by the Government of Telangana) in the form of: <ul style="list-style-type: none"> <li>• Cess received</li> <li>• Registration and renewal fee collection from the Building and other construction workers and</li> <li>• Interest received on deposits</li> </ul> Subject to specific conditions.

<sup>1</sup>Where under any provisions of the Act, the whole or part of the income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or part of such tax deducted, as the case may be, shall be given to the other person and not to the deductee.

Circular No. 27 /2017	3 <sup>rd</sup> November 2017	<p>The said circular clarified that</p> <p>Any cash sale of the agricultural produce by its cultivator to the trader for an amount less than Rs 2 Lakh will NOT: -</p> <ul style="list-style-type: none"><li>• Result in any disallowance of expenditure under section 40A (3) of the Act in the case of trader.</li><li>• Attract prohibition under section 269ST of the Act in the case of the cultivator</li><li>• Require the cultivator to quote his PAN/ or furnish Form No.60.</li></ul> <p>i.e., any cash sale of agricultural produce for an amount of Rs. 2 lakhs or more by a cultivator to trader prohibited under section 269ST.</p>
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*These updates are contributed by Harini and vetted by CA Ram Prasad of SBS and Company LLP, Chartered Accountants. For any queries, please reach at [caram@sbsandco.com](mailto:caram@sbsandco.com)*

**SATURDAY SESSIONS**

S.No.	Event	Date	Speaker	Venue
1	Taxability shares	09/12/2017	Madhuri.A	SBS - Hyd
2	Value of Supply under GST		Divya Sree	SBS - Hyd
3	Vouching of cash transactions	16/12/2017	Madhulika	SBS - Hyd
4	Project Exports		Visweswara Rao	SBS - Hyd
5	Peer Review	23/12/2017	Prudhvi	SBS - Hyd
6	TDS Provisions(194A, 194IA)		Murali	SBS - Hyd
7	An overview and establishment of SEZ	30/12/2017	Sauchit	SBS - Hyd
8	Composition Scheme under GST		Bharadwaja	SBS - Hyd
9	An Overview of Manufacturing sector in India	06/01/2018	Sai Krishna	SBS - Hyd
10	Clubbing of Income		PV.Harini	SBS - Hyd

**SESSIONTIMINGS: 2:30 to 4:30 PM***Filing of income tax returns - Madhulika**Hotel industry Audit(Food and beverages) - Sarvani (2)**Income from House Property - Sai Varun**Meaning and scope of Supply - Sukanya**Remittance of Assets by Non-Residents - Sunil (2)*



## Team SBS

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