



**THE KOLHAPUR BRANCH OF
WIRC OF THE INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF INDIA**



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CA Sushant Gundale
Chairman

Chairman's Communication

Dear Professional Colleagues,

“Dream is not what you see in sleep, Dream is something which doesn't let you sleep”

This quote by our beloved past president of India Dr. A.P.J. Abdul Kalam inspires us to dream big. Dreams transform into thoughts and thoughts result in action. Dreams are the seeds of change. Nothing ever grows without a seed and nothing ever changes without a dream

In last month we have conducted the Virtual Seminar on MVAT Amnesty Scheme the speaker was CA Umesh Sharma Sir. As his expertise being in the subject, he explained the scheme in an easy way and the knowledge he gave helped the members.

As the exams are getting near, in the last month we have conducted the Mock test paper for the benefits of the students for both final and Intermediate levels.

We have conducted four subject fast track revision lectures for the Intermediate level students namely Costing, Financial Management and Economics for Finance, Accounting Standards, Direct Tax. For the CA Final Students, we had kept doubt solving and interaction session of Financial Reporting and Direct Tax. The feedback was very satisfactory and the program had a great success.

Two study circles meeting of Stock Market have been conducted and the had a good response and thought sharing. In the coming month the same will be conducted on 2nd and 4th Thursday.

In the coming month we have arranged a 3Hrs. CPE program on “Audit of Urban Coop Banks, Co-op Society, RBI Circular and Master Direction’ of CA Sunil Nagaonkar Sir, and “All about Housing Society - Formation, Audit, Compliances, Returns and Taxation” of CA Ramesh Prabhu Sir. The said program is in virtual mode organised by Committee for Members in Practice (CMP), ICAI and it is Hosted by Amravati Jointly with Kolhapur, Ahmednagar, Akola, Jalgaon branches of WIRC of ICAI.

The website launch that was postpone in the last month will be done in the month the dates will be announced soon.

Thank You

CA SUSHANT GUNDALE
CHAIRMAN



KOLHAPUR BRANCH OF WIRC OF ICAI

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Kolhapur Branch of WIRC of ICAI

Details of Programme Held in the Month of April, 2022

	Date		Programme Name	Topic	Students/ Members	Speakers name	Venue	CPE Hours
	From	To						
1	27-03-2022	12-04-2022	Mock Test Series - I	Intermediate and Final	Students	-	ICAI Bhawan, Kolhapur	-
2	04-04-2022	20-04-2022	AICITSS - MCS	Physical KOP-MCS-24	Students	-	ICAI Bhawan, Kolhapur	-
3	04-04-2022	20-04-2022	ICITSS - ITT	Physical KOP-ITT-129	Students	-	ICAI Bhawan, Kolhapur	-
4	17-04-2022	17-04-2022	Crash Course on Cost and Management Accounting	Cost and Management Accounting	Students	CA Vinod Reddy	ICAI Bhawan, Kolhapur	-
5	18-04-2022	26-04-2022	Mock Test Series - II	Intermediate and Final	Students	-	ICAI Bhawan, Kolhapur	-
6	20-04-2022	20-04-2022	Crash Course on Financial Management	Financial Management	Students	CA Prashant Sarda	ICAI Bhawan, Kolhapur	-
7	22-04-2022	22-04-2022	Virtual CPE Meeting on Recent Important Judgements under GST Laws and Deliberation on MVAT Amnesty Scheme	Recent Important Judgements under GST Laws and Deliberation on MVAT Amnesty Scheme	Members	CA Umesh Sharma	Zoom Meeting App	2 hrs
8	24-04-2022	24-04-2022	Crash Course on Accountig Standards	Accounting Standards - Group - I & Group - II	Students	CA Jay Chawla	ICAI Bhawan, Kolhapur	-
9	25-04-2022	25-04-2022	Crash Course on Direct Tax	Direct Tax	Students	CA Vijay Sarda	ICAI Bhawan, Kolhapur	-
10	25-04-2022	12-05-2022	AICITSS - Adv.ITT	Physical KOP-ADVITT-24	Students	-	ICAI Bhawan, Kolhapur	-



Supreme court High Court Tribunal Cases

(Compiled by CA. Ajinkya Jagoje)
(Email - ajinkya.jagoje@abmlp.com)

Supreme Court Decision

■ PCIT v. Mahagun Realtors (P.) Ltd. [2022] 137 taxmann.com 91 (SC)

Issue: Whether corporate death of an entity upon amalgamation per se invalidates an assessment order done on Transferor Company?

Fact:

The facts of the present case are distinctive, as evident from the following sequence:

1. The original return of MRPL was filed under Section 139(1) on 30-6-2006. The order of amalgamation is dated 11-5-2007 - but made effective from 1-4-2006. It contains a condition - Clause 220 - whereby MRPL's liabilities devolved on MIPL.
2. The original return of income was not revised even though the assessment proceedings were pending. The last date for filing the revised returns was 31-3-2008, after the amalgamation order.
3. A search and seizure proceeding was conducted in respect of the Mahagun group, including the MRPL and other companies:
 - a. When search and seizure of the Mahagun group took place, no indication was given about the amalgamation.
 - b. A statement made on 20-3-2007 by Mr. Amit Jain, MRPL's managing director, during statutory survey proceedings under Section 133A, unearthed discrepancies in the books of account, in relation to amounts of money in MRPL's account. The specific amount admitted was Rs. 5.072 crores, in the course of the statement recorded. The warrant was in the name of MRPL. The directors of MRPL and MIPL made a combined statement under Section 132 of the Act, on 27-8-2008.
4. Upon being issued with a notice to file returns, a return was filed in the name of MRPL on 28.05.2010. Before that, on two dates, i.e., 22/27-7-2010, letters were written on behalf of MRPL, intimating about the amalgamation, but this was for AY 2007-08 (for which separate proceedings had been initiated under Section 153A) and not for AY 2006-07. The return specifically suppressed - and did not disclose the amalgamation (with MIPL) - as the response to Query 27(b) was "N.A".
5. During the assessment proceedings, there was full participation - on behalf of all transferor companies, and MIPL. A special audit was directed (which is possible only after issuing notice under Section 142). Objections to the special audit were filed in respect of portions relatable to MRPL.
6. After fully participating in the proceedings which were specifically in respect of the business of the erstwhile MRPL for the year ending 31-3-2006, in the cross-objection before the ITAT, for the first time (in the appeal preferred by the Revenue), an additional ground was urged that the assessment order was a nullity because MRPL was not in existence.
7. At no point in time - the earliest being at the time of search, and subsequently, on receipt of notice, was it plainly stated that MRPL was not in existence, and its business assets and liabilities, taken over by MIPL.

HELD: Hon'ble Court, held -

- Amalgamation, thus, is unlike the winding up of a corporate entity. In the case of amalgamation, the outer shell of the corporate entity is undoubtedly destroyed; it ceases to exist. Yet, in every other sense of the term, the corporate venture continues - enfolded within the new or the existing transferee entity. In other words, the business and the adventure lives on but within a new corporate residence, i.e., the transferee company. It is, therefore, essential to look beyond the mere concept of destruction of corporate entity which brings to an end or terminates any assessment proceedings.



The combined effect, therefore, of Section 394 (2) of the Companies Act, 1956, Section 2 (1A) and various other provisions of the Income Tax Act, is that despite amalgamation, the business, enterprise and undertaking of the transferee (sic transferor) or amalgamated (sic amalgamating) company - which ceases to exist, after amalgamation, is treated as a continuing one, and any benefits, by way of carry forward of losses (of the transferor company), depreciation, etc., are allowed to the transferee. Therefore, unlike a winding up, there is no end to the enterprise, with the entity. The enterprise in the case of amalgamation, continues

Right from the time it was issued, and at all stages of various proceedings, the parties concerned (i.e., MIPL) treated it to be in respect of the transferee company (MIPL) by virtue of the amalgamation order - and Section 394 (2).

Furthermore, it would be anybody's guess, if any refund were due, as to whether MIPL would then say that it is not entitled to it, because the refund order would be issued in favour of a non-existing company (MRPL).

Having regard to all these reasons, in the facts of this case, the conduct of the assessee, commencing from the date the search took place, and before all forums, reflects that it consistently held itself out as the assessee. The approach and order of the AO is in consonance with the decision in Marshall & Sons (supra), which had held that: "an assessment can always be made and is supposed to be made on the Transferee Company taking into account the income of both the Transferor and Transferee Company."

High Court Decision

■ Peerless Hospitex Hospital and Research Center Ltd. v. PCIT [2022] 137 taxmann.com 359 (Calcutta)

Issue: Whether referral fee/commission paid to doctors by Multi-specialty hospital for referring patients to the hospital are allowable?

HELD: Hon'ble High Court, held -

- No deduction u/s 37(1) for referral fee/commission paid to doctors by Multi-specialty hospital for referring patients to the hospital.
- Applying decision in case of Apex Laboratories (P.) Ltd. v. Deputy Commissioner of Income-tax LTU [2022] 135 taxmann.com 286 (SC) - Expenditures incurred by allied health industry including hospitals, for the purpose of offering or payment of commission/bonus/freebies to the doctors for referring patients to them are immoral and opposed to public policy since acceptance of such payments or offers of like nature by medical practitioner is prohibited by law. Such expenditures are not entitled for deduction under Section 37 (1) of the Income Tax Act, 1961, as business expenditure and the same should be disallowable under Explanation 1 to Section 37 (1) of the Act.

■ Dinar Tarcar v. ACIT [2022] 137 taxmann.com 171 (Bombay)

Issue: "Finding" in appeal of the 'Company' that deemed dividend u/s 2(22)(e) cannot be taxed in its hands but can be taxed in substantial shareholder's hands. Whether such observation by CIT(A) is to be regarded as 'any finding' or 'direction' as per section 150(1) whereby notice under section 148 can be issued without any time-limit?

HELD: Hon'ble High Court, held -

- Section 150 will have to be read along with Section 153 of the IT Act which is concerned with the time limit for completion of assessments and reassessments.



- The conjoint reading of Section 150 and explanation 3 to Section 153 would mean that to sustain a reassessment in terms of Section 150 of the IT Act, the respondent needs to satisfy two conditions amongst others:- (a) The assessment or reassessment or recomputation must be in consequence of or to give effect to any finding or direction contained in an order passed by any authority in any proceedings under this Act by way of appeal, reference or revision or by a Court in any proceeding under any other law; and (b) The finding or direction contained in the order referred to above must have been rendered after the person whose return is now sought to be reassessed was given an opportunity of being heard before the said order was passed.
- CIT(A)'s observations leaving it open to department to tax the deemed dividend instead in substantial shareholder's hands is not a "direction" as direction is something that should command positive compliance. At any rate, these were passed by CIT(A) without hearing the substantial shareholder. So, "any time reopening" under section 150 "in consequence of or to give effect to finding or direction" cannot be invoked and reopening of substantial shareholder's assessment should be within time limits stipulated by section 148.
- **Malavika Enterprises v. Central Board of Direct Taxes [2022] 137 taxmann.com 398 (Madras)**
Issue: Whether time-barring of digitally issued reassessment notices, date on which they were issued by email sent is important or the date of receipt by assessee?

HELD: Hon'ble High Court, held -

- Reassessment notice for AY 2013-14 digitally signed on 31.03.2021
- Sent by email on same day at 6.42 pm but received by assessee on 1-4-2021 at 2 am
- The amended provision of Section 282A of the Act of 1961 was brought which provides that notice or document shall be signed and issued in paper form or communicated in electronic form in accordance with such procedure as may be prescribed. In the facts of the present case, it is not in dispute that notice under Section 148 of the Act of 1961 is an electronically generated notice issued on 31.3.2021.
- The petitioner could not bring any fact on record to show that notice under Section 148 of the Act of 1961 was not issued by the electronic mode, i.e., by email, on 31.3.2021 and, that too, when the fact regarding digital signature of the authority could not be disputed. In fact, the digital signature of the authority is also on 31.3.2021 and, therefore, we do not find that it is a case where notice under Section 148 of the Act of 2021 was issued on or after 1.4.2021, rather it was issued prior to the date aforesaid. Therefore it is not time-barred as it is issued within the 6 years time-limit stipulated by the old pre-amended provisions of section 148.

Tribunal Decision

- **Kalpesh Synthetics (P.) Ltd. v. DCIT, CPC [2022] 137 taxmann.com 475 (Mumbai - Trib.)**

Issue: Whether AO can disallow expenditure u/s 143(1)(a)(iv) where opinion in tax audit report is accepted by assessee?

HELD:

- Section 143(1)(a)(iv) specifically provides for an adjustment in respect of "disallowance of expenditure indicated in the audit report but not taken into account in computing the total income in the return".
- The fact remains that the tax auditor is a third party, and his opinions cannot bind the auditee (assessee) in any manner. These are mere opinions and at best these opinions flag the issues which are required to be considered by the stakeholders.
- AO cannot disallow expenditure u/s 143(1)(a)(iv) where opinion in tax audit report is contrary to the view of courts.



■ Sunil Bandacharya Joshi. V. DCIT [2022] 137 taxmann.com 343 (Bangalore - Trib.)

Issue: Whether sum received by assessee a retired professional cricketer as an ex gratia payment voluntarily made by the BCCI and represents capital receipt not of the nature of income ?

HELD:

- The A.O. held that receipt of Rs. 60 lakh is liable to be taxed u/s 56(2)(vii) of the I.T. Act.
- The CIT(A) alternatively held that the amount of Rs. 60 lakh is also taxable u/s 28(iv) of the I.T. Act.
- Hon'ble Tribunal held -
it is settled position of law that for section 28(iv) of the I.T. Act to attract, the business or profession must have been carried on by the assessee at any time during the previous year. The assessee being a retired cricketer, prima facie, section 28(iv) of the I.T. Act will not have application.
Assessee contended that registration of BCCI under section 12AA was restored by Mumbai Bench of Tribunal for relevant assessment year. Therefore, assessee was entitled to the benefit of proviso (g) to section 56(2)(vii) of the I.T. Act.

■ DCIT v. Brahmos Aerospace (Thiruvananthapuram) Ltd. [2022] 137 taxmann.com 340 (Cochin - Trib.)

Issue: Whether assessee is eligible to carry forward of loss, as the ITR filed within prescribed time, was without audited financial statements and therefore defective under section 139(9)?

HELD:

- Assessee filed its return of income for the year under consideration declaring loss of Rs. 2.96 crores within prescribed time viz. 31-10-2002 under section 139(3) read with section 139(1).
- The assessee's accounts were finally audited on 5-2-2003, which were filed by the assessee with revenue during the course of original assessment proceedings conducted by the Assessing Officer under section 143(2) read with section 143(3), but admittedly the assessee did not file revised return of income after getting its accounts audited with revised figure of income(loss) post audit.
- Hon'ble Tribunal held -
section 80 refers to the time line provided under section 139(3), which in turn refers to prescribed time under section 139(1) for filing of return of income and section 139(3) also stipulates that all the provisions of the 1961 Act shall apply as if it is a return filed under section 139(1).

Thus, by virtue of section 139(3) stipulating that all the provisions of the 1961 Act shall apply as if it is a return filed under section 139(1), section 139(9) will get applied to a return filed under section 139(3). Explanation to section 139(9) clearly stipulates that tax-audit report as well audited accounts are to be accompanied with return of income, otherwise return will be a defective return. However, the provision of section 139(9) did not stipulate that such return which is not accompanied with the prescribed documents shall be treated as non est, but it is treated as a defective return. The Assessing Officer is under obligation under section 139(9) to issue notice to the assessee giving fifteen days time or such further extended time to rectify the defect. The section 139(9) further grants power to Assessing Officer to condone the delay and treat the return as valid, even if the said defect is not rectified within the period stipulated by Assessing Officer in its notice under section 139(9), but the said defect stood rectified before assessment is completed.

It is admitted position that the Assessing Officer did not issue any such notice under section 139(9) to the assessee calling assessee to rectify the aforesaid defect. There could be several reasons for not getting the statutory audit/tax-audit done within prescribed time, but unless there is specific/express provision which stipulates that if the audit is not done within prescribed time, the loss shall not be allowed to be carried forward, one cannot expand the scope of the statute. Section 80 stipulates that return of income is to be filed within the prescribed time, which assessee did comply with although provisional financial statements were filed along with return of income. Therefore carried forward of loss cannot be denied





NO, NOT EVERYTHING IS NOT LOST.....

Analysis- Supreme Court Judgement - in Ashish Agarwal-S.148

CA SANJAY VHANBATTE

The Supreme Court in its judgement dated 04.05.2022 in UOI & ors vs Ashish Agarwal (Civil Appeal No.3005/2022) virtually reversed decisions of various High Courts (Including Bombay High Court) which had quashed all notices issued under old section 148 during 01.04.2021 to 30.06.2021.

In terms of the Taxation and Other Laws Amendment Act, 2020 (TOLA) the time limit for issue of notices u/s 148 which was expiring on 31.03.2021 was extended up to 30.06.2021.

Simultaneously, with the passing of the Finance Act, 2021, new provisions for re-opening of the assessment u/s 148A had come into being.

It was the contention of the assesseees that the notices u/s 148 issued post 31.03.2021 ought to have been issued under the new re-opening procedure as mandated u/s 148A. This argument was upheld by various High Courts and thus S. 148 notices issued during 01.04.2021 to 30.06.2021 under old provisions became null and void.

It is reported that as many as 90,000 S.148 notices were issued by the Income Tax department during these three months. Writ petitions were filed in about 9,000 cases and in all such cases these notices were quashed by various High Courts.

In one of such cases decided by Allahabad High Court i.e. in Ashish Agarwal (supra), the department challenged the High Court order before the Supreme Court in which the above decision has been pronounced.

In a nutshell the decision of the Supreme Court is as under:

- a. The S.148 notices issued during 01.04.2021 to 30.06.2021 under old procedure shall be deemed to have been issued under section 148A under the new procedure.
- b. The AO shall provide information and material used by him for re opening to the assessee by 03.06.2022 (Within 30 days from the date of order).
- c. Assessee to reply within 2 weeks from the receipt of the information/material
- d. The requirement of conducting enquiry u/s 148A(b) is to be dispensed with as a one-time measure.
- e. The AO to pass an order u/s 148A(d) within 30 days

f. All the defenses which may be available to the assessee under section 149 and/or which may be available under the Finance Act, 2021 and in law and whatever rights are available to the Assessing Officer under the Finance Act, 2021 are kept open and /or shall continue to be available.

The decision of the Supreme Court is applicable PAN INDIA to all the assesseees irrespective of the status of the case i.e. whether writ is pending or disposed of, assessment completed or otherwise.



IMPLICATIONS

The very first impression one gathers that, the decision of the Supreme Court is against the assessee and in favour of Revenue. If one takes into account, the directions of the Supreme Court in its totality the actual effect of the decision is not so against the assessee. The following reading should make this aspect clear.

One of the important directions of the decision is that all defenses which are available to the assessee u/s 149 and to the assessee or Revenue under the Finance Act 2021 shall be continued to be so available.

ASSESSMENT YEARS 2013-14 AND 2014-15

a. The new Section 149, inter alia, provided that re-opening of the assessment years which is barred by limitation as on 01.04.2021 as per the old provisions cannot be re-opened under the new re-opening provisions.

b. This is the actual wording of the First proviso to Section 149: Provided that no notice under section 148 shall be issued at any time in a case for the relevant assessment year beginning on or before 1st day of April, 2021, if such notice could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section, as they stood immediately before the commencement of the Finance Act, 2021

c. Time limit for AY 2013-14 and 2014-15 had got expired on 01.04.2021 as per the old provisions. Hence even under the new provisions, assessments of these years cannot be re-opened. Therefore, taking this defense, which is available under the First Proviso to new S.149, the assessee can still claim that the notices u/s 148 issued during 01.04.2021 to 30.06.2021 are time barred and hence non-est.

d. Therefore, the decision of the Supreme Court should not make any difference to the assessees for AY 2013-14 and 2014-15.

ASSESSMENT YEARS 2015-16, 2016-17 and 2017-18

a. Re-opening for these years, as per the new provisions is possible only if the income escaped is Rs.50 lakhs and above and the same is represented in the form of an 'Asset'. (immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account)

b. The amendment to Section 149 wherein income represented ALSO in the form of - EXPENDITURE in respect of a transaction, event or occasion or ENTRY in the books of account is covered w.e.f. 01.04.2022 will not be applicable to such notices issued during 01.04.2021 to 30.06.2021 as the amendment is effective 01.04.2022 (brought in by the Finance Act, 2022).

c. Hence if the escapement of income represented only in the form of an Asset is less than Rs.50 lakhs, these years are also time barred as on 01.04.2021 - as per the defense available to the assessee u/s 149.

d. If the escapement of income is Rs.50 lakhs or more and if it is represented not only by an asset but also by an Expenditure or an Entry, then the re-opening is valid not only on 01.04.2021 but also today since the extended time limit of 10 years as per the new S.149 is available to the Revenue.

e. Hence as regards these three years there is no material difference for the assessee, in view of the above decision of the Supreme Court. He has to take the stand according to the facts prevailing in his own case.



ASSESSMENT YEARS 2015-16, 2016-17 and 2017-18

Time for issuance of notice under new S.149 is available without monetary limit and hence notices issued will be valid in all cases. There is no change in the position either for the assessee or for the Revenue post the decision of the Supreme Court. The remarks of the Supreme Court to the effect that ‘there is broad consensus’ amongst the advocates of assessee and Revenue on the directions given by the Supreme Court in the decision are noteworthy.

Conclusion

It is felt that, with the defenses available under the new S.149, as discussed above, the assessee is not put to much hardship by the above decision of the Supreme Court and he can continue to argue his case appropriately on the above lines.





New TDS Provision for Benefits/Perquisites provided by Business/Profession u/s 194R of The Income tax Act, 1961

CA Vaibhav Chaugule & Aditi Pise of Kunte & Chaugule

The Finance Act, 2022 inserted a new section for deducting tax at source which is section 194R in The Income tax Act, 1961, to cover cases where any benefit is provided by one person to another, arising out of business or profession.

A brief about this section is as follows:

Purpose :	<p>Section 28(iv) of the Act states that the value of any benefit or perquisite, whether convertible into money or not, arising from business or exercise of profession is to be charged as business income in the hands of the recipient of such benefit or perquisite.</p> <p>In many cases, such recipient does not report the receipt of such benefits in their return of income, leading to furnishing of incorrect particulars of income.</p> <p>In order to track such of income received by business or profession in form of perquisites, whether in cash or kind, in annual Income Tax return, the section 194R has been inserted.</p> <p>However, it may be noted that section 194R does not specifically refer to section 28(iv).</p>
Who is liable to deduct?	<p>i) All assessee other than Individual / HUF and</p> <p>ii) In case of individual/ HUF , if turnover is as follows :</p> <ul style="list-style-type: none"> - In case of Business- More than 1 crore - In case of Profession- More than 50 Lakhs.
When it is applicable?	<p>i) Recipient of the Perquisite is Resident</p> <p>ii) Value or aggregate value of Perquisites/ Benefit Provided > Rs. 20,000/-</p> <p>iii) Perquisite is in kind or partly in cash and kind.</p>
Valuation of Perquisites	<p>Section 194 R does not contain any provision for valuation of perquisite/benefit for purpose of TDS. Whether to consider cost to the provider of perquisite/ benefit or amount assessed as income u/s 28(iv) is not clarified. Hence valuation of perquisite/ benefit will be a debatable issue.</p>
Effective Date	01/07/2022
Rate of TDS	10%
Time of Deduction	Before or at the time of releasing benefit/ perquisite to another person (Recipient).
Due date of Payment	<p>i) 7th day of subsequent month in which perquisite is provided, or</p> <p>ii) On or before 30th day of April where the perquisite provided in the month of March</p>



Perquisite provided to Employees covered under this section?	The perquisites provided to employees will attract provisions of Section 192. The section 194 R will not be applicable in this case.
Certificate for deduction at lower rate	Provisions of section 197 are not applicable to section 194R. Therefore, Certificate for deduction at lower rate cannot be applied for, in case of section 194R.
Examples of Benefit / Perquisites	<p>i) If business entities gift valuable items or car, etc. to their customers instead of granting discount, the value of said gifts could be considered as benefit or perquisite arising out of business and provisions of proposed section 194R could be attracted.</p> <p>ii) Corporates also gift valuables like vehicles, cars, etc. to their brand ambassadors, dealers, and distributors as part of sale promotion expenses.</p>





GST Notifications

CA. Gangadhar V Haldikar

GST updates - Important Changes in GST effective from 1st April, 2022

1. Following items were added to the negative list for which Taxpayer cannot opt for composition scheme.

Sl. No.	Tariff item, sub-heading, heading or Chapter	Description
4.	6815	Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks
5.	6901 00 10	Bricks of fossil meals or similar siliceous earths
6.	6904 10 00	Building bricks
7.	6905 10 00	Earthen or roofing tiles

[Notification No. 03/2022-Central Tax and 04/2022-Central Tax dated 31/03/2022]

2. Following items will be taxed @ 12% (CGST 6% + SGST 6% / IGST 12%).

Sl. No.	Tariff item, sub-heading, heading or Chapter	Description
176B	6815	Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks
176C	6901 00 10	Bricks of fossil meals or similar siliceous earths
176D	6904 10 00	Building bricks
176E	6905 10 00	Earthen or roofing tiles

[Notification No. 01/2022-Central Tax (Rate) dated 31/03/2022]



**3. Following items will be exempted from 6% of GST (CGST 3% +SGST 3%).
Therefore the following products are liable for GST @ 6% subject conditions prescribed.**

Sl. No.	Tariff item, sub-heading, heading or Chapter	Description
176B	6815	Fly ash bricks or fly ash aggregate with 90 per cent. or more fly ash content; Fly ash blocks
176C	6901 00 10	Bricks of fossil meals or similar siliceous earths
176D	6904 10 00	Building bricks
176E	6905 10 00	Earthen or roofing tiles

Conditions

- (a) credit of input tax charged on goods or services used exclusively in supplying such goods has not been taken; and
- (b) credit of input tax charged on goods or services used partly for supplying such goods and partly for effecting other supplies eligible for input tax credits, is reversed as if supply of such goods is an exempt supply and attracts provisions of sub-section (2) of section 17 of the Central Goods and Services Tax Act, 2017 (12 of 2017) and the rules made thereunder





Checklist for the AS 1 and Ind As8

CA Pradeep Patankar
CA, Dip IFR (ACCA, London)

As we are in new financial year i.e., 2022-23, the biggest challenge before us is to finalisation of books of accounts and making proper disclosures in financial statements for FY 2021-22 of the client.

I have compiled a check list for disclosures to be made in financial statements as per AS and Ind AS.

In this edition let's go through Disclosure required to be made of Accounting Policies (AS 1) and Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS 8)

AS 1 Checklist - Disclosure of Accounting Policies

Para 3 of AS 1-	The disclosure of some of the accounting policies followed in the preparation and presentation of the financial statements is required by law in some cases.
Para 9 of AS 1-	<p>Certain fundamental accounting assumptions underlie the preparation and presentation of financial statements. They are usually not specifically stated because their acceptance and use are assumed. Disclosure is necessary if they are not followed.</p> <p>Para 10 of AS 1 states that "The following have been generally accepted as fundamental accounting assumptions:—</p> <p>a. Going Concern The enterprise is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the enterprise has neither the intention nor the necessity of liquidation or of curtailing materially the scale of the operations.</p> <p>b. Consistency It is assumed that accounting policies are consistent from one period to another.</p> <p>c. Accrual Revenues and costs are accrued, that is, recognised as they are earned or incurred (and not as money is received or paid) and recorded in the financial statements of the periods to which they relate. (The considerations affecting the process of matching costs with revenues under the accrual assumption are not dealt with in this Standard)"</p>
Para 18 of AS 1-	To ensure proper understanding of financial statements, it is necessary that all significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed.
Para 19 of AS 1-	Such disclosure should form part of the financial statements.
Para 20 of AS 1-	It would be helpful to the reader of financial statements if they are all disclosed as such in one place instead of being scattered over several statements, schedules and notes.



<p>Para 21 of AS 1-</p>	<p>Examples of matters in respect of which disclosure of accounting policies adopted will be required are contained in paragraph 14. This list of examples is not, however, intended to be exhaustive.</p> <p>Para 14 of AS 1 states that "The following are examples of the areas in which different accounting policies may be adopted by different enterprises :</p> <p>(a) Methods of depreciation, depletion and amortisation (b) Treatment of expenditure during construction (c) Conversion or translation of foreign currency items (d) Valuation of inventories (e) Treatment of goodwill (f) Valuation of investments (g) Treatment of retirement benefits (h) Recognition of profit on long-term contracts (i) Valuation of fixed assets (j) Treatment of contingent liabilities."</p> <p>Further para 15 of AS 1 states that "The above list of examples is not intended to be exhaustive".</p>
<p>Para 22 of AS 1-</p>	<p>Any change in an accounting policy which has a material effect should be disclosed. The amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable. Where such amount is not ascertainable, wholly or in part, the fact should be indicated. If a change is made in the accounting policies which has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.</p>
<p>Para 23 of AS 1-</p>	<p>Disclosure of accounting policies or of changes therein cannot remedy a wrong or inappropriate treatment of the item in the accounts.</p>
<p>Para 24 of AS 1-</p>	<p>All significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed.</p>
<p>Para 25 of AS 1-</p>	<p>The disclosure of the significant accounting policies as such should form part of the financial statements and the significant accounting policies should normally be disclosed in one place.</p>
<p>Para 26 of AS 1-</p>	<p>Any change in the accounting policies which has a material effect in the current period or which is reasonably expected to have a material effect in later periods should be disclosed. In the case of a change in accounting policies which has a material effect in the current period, the amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable. Where such amount is not ascertainable wholly or in part, the fact should be indicated.</p>

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

<p>Para 27 of AS 1-</p>	<p>If the fundamental accounting assumptions, viz. Going Concern, Consistency and Accrual are followed in financial statements, specific disclosure is not required. If a fundamental accounting assumption is not followed, the fact should be disclosed.</p>
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<p>Para 28 of Ind AS 8-</p>	<p>When initial application of an Ind AS has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:</p> <ul style="list-style-type: none"> (a) the title of the Ind AS; (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions; (c) the nature of the change in accounting policy; (d) when applicable, a description of the transitional provisions; (e) when applicable, the transitional provisions that might have an effect on future periods; (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: <ul style="list-style-type: none"> (i) for each financial statement line item affected; and (ii) if Ind AS 33, Earnings per Share, applies to the entity, for basic and diluted earnings per share; (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (h) if retrospective application required by paragraph 19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. <p>Financial statements of subsequent periods need not repeat these disclosures.</p>
<p>Para 29 of Ind AS 8-</p>	<p>When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:</p> <ul style="list-style-type: none"> (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment: <ul style="list-style-type: none"> (i) for each financial statement line item affected; and (ii) if Ind AS 33 applies to the entity, for basic and diluted earnings per share; (d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and (e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. <p>Financial statements of subsequent periods need not repeat these disclosures.</p>
<p>Para 30 of Ind AS 8-</p>	<p>When an entity has not applied a new Ind AS that has been issued but is not yet effective, the entity shall disclose:</p> <ul style="list-style-type: none"> (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Ind AS will have on the entity's financial statements in the period of initial application.
<p>Para 39 of Ind AS 8-</p>	<p>An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.</p>



Para 40 of Ind AS 8-	If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.
Para 49 of Ind AS 8-	In applying paragraph 42, an entity shall disclose the following: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction: (i) for each financial statement line item affected; and (ii) if Ind AS 33 applies to the entity, for basic and diluted earnings per share; (c) the amount of the correction at the beginning of the earliest prior period presented; and (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. Financial statements of subsequent periods need not repeat these disclosures.



Option Terminology

CA Onkar Rashinkar

1. Options and Option Terminologies:

Options are nothing but hedge instruments used by trader or investor to protect their portfolio from unexpected reversal or to make some extra amount of profit in limited capital intake. Options are form of derivative instrument which give an option buyer the right to buy or sell any stock or index at a chosen price at some point in the future. Option buyers are charged by some amount called as premium in order to take the position which can be exercised at any point of time at the discretion of the buyer if he is profitable or it will expire worthless at the time of expiration of the contract. The basic difference between stock and option is that Stock gives you a small piece of ownership in the company depending upon number of stocks held by an investor whereas options are just a contract that gives the buyer right to buy or sell an underlying at specific price and at a specific date.

2. Call Option :

There are mainly two types of options - Call option and Put option. A call option gives a right to buy, or call for, a particular stock or index at a fixed price even if the price of underlying is on higher side.

3. Stock Option:

Stock options are mainly an option contract which allows a trader or an investor to buy or sell specific number of shares of a particular stock at a particular price on a particular date. Investment in stock option will enable the buyer to buy share with minimal amount of capital and with less risk which will provide potentially high reward on smaller capital

4. Index Option:

Index options are also like Stock option but Index options are highly volatile and highly liquid where investor is betting on the movement of the underlying index like Nifty, Banknifty, Financial Nifty etc

5. Parties to the Option Contract :

There are always two parties to the option contract, a buyer and a seller. Seller of an option contract is also called as a writer of option. So whenever an option is purchased there should be equivalent seller for the same who is known as writer of option. Buyer of an option will be enjoying marginally higher amount of return with less capital investment with lesser amount of risk which is limited to the premium amount paid by a buyer. On the other hand Seller of an option will require marginally higher amount of capital investment which gives less amount of return with huge amount of risk which is unlimited

6. Pricing of Option :

Option prices are called as Option Premium. Premium is the amount which is to be paid by the buyer of an option to purchase the contract. Calculation of premium requires a lot of data and lot of Greeks like Alpha (α), Theta (θ), Delta (δ), Beta (β), Gamma (γ) and Interest rates. In case of an option buyer, he has high amount of return with less amount of risk but for an option seller, he has less amount of return with high amount of risk

7. Pay off to the Option Buyer and Option Seller :

As we know buyer of option has high/ unlimited amount of return with less amount of risk (limited to the premium paid) and seller of an option has less amount of return (limited to the premium paid) with high amount of risk, let us understand this with an example.



Example : Mrs Ananya has bought a 2200 Call option of Reliance (CMP : Rs 2200) by paying a premium of Rs. 50/-

a. Call Buyer :

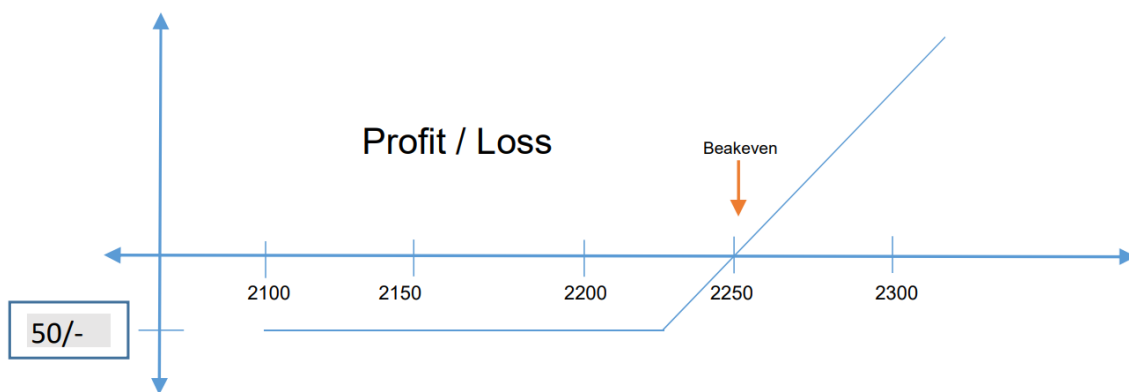
In case of call buying, ananya can lose maximum Rs 50/- if the prediction goes wrong but on the other hand if her prediction is on correct side then she can earn higher reward.

So herein payoff will be as follows

Max Loss : Rs 50/-

Breakeven : Rs 2,250 (Rs 2,200/- + Option Price of Rs 50/-)

Profit : Unlimited



b. Put Buyer :

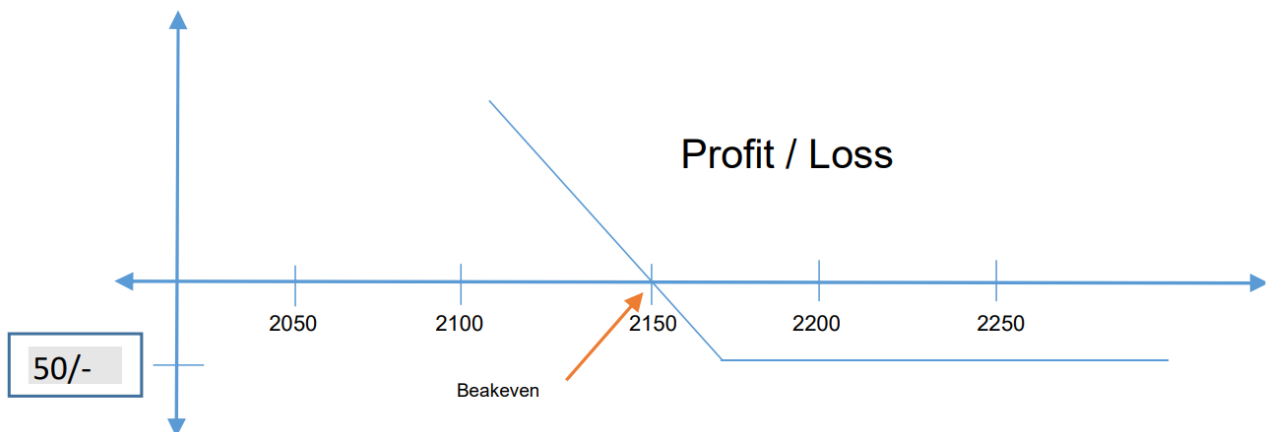
In case of Put buying, ananya can lose maximum Rs 50/- if the prediction goes wrong but on the other hand if her prediction is on correct side then she can earn higher reward.

So herein payoff will be as follows

Max Loss : Rs 50/-

Breakeven : Rs 2,150 (Rs 2,200/- (-) Option Price of Rs 50/-)

Profit : Unlimited





c. Call Seller/Writer

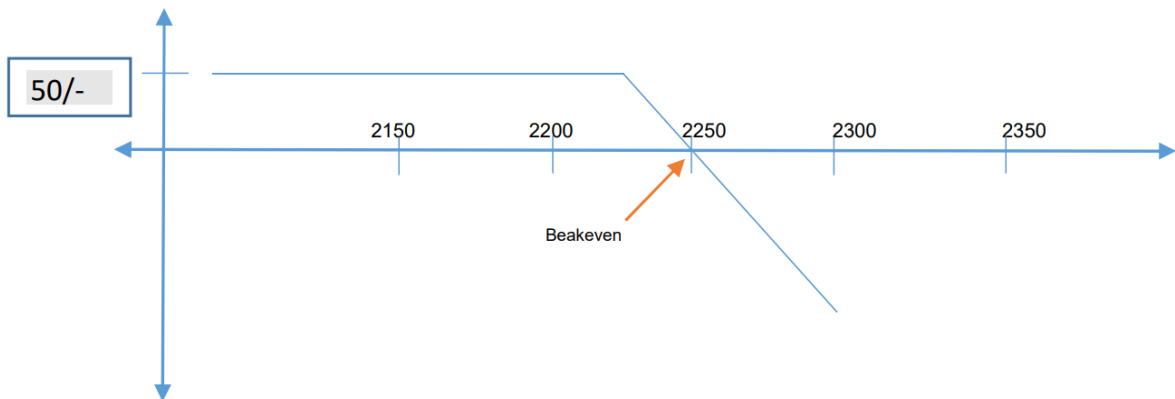
In case of Call selling or Call writing, anyone can gain maximum Rs 50/- if the prediction goes right but on the other hand if her prediction is on wrong side then she can lose higher.

So herein payoff will be as follows

Max Profit : Rs 50/-

Breakeven : Rs 2,250 (Rs 2,200/- (+) Option Price of Rs 50/-)

Loss : Unlimited



d. Put Seller/Writer

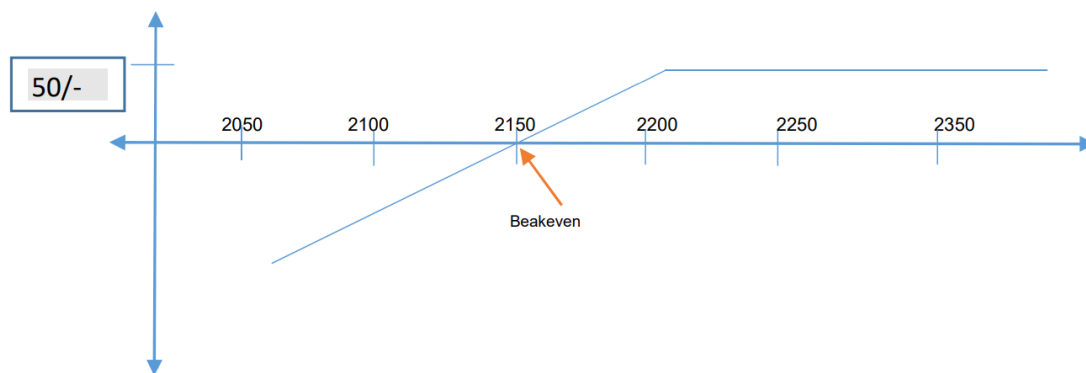
In case of Put selling or Put writing, anyone can gain maximum Rs 50/- if the prediction goes right but on the other hand if her prediction is on wrong side then she can lose higher

So herein payoff will be as follows

Max Profit : Rs 50/-

Breakeven : Rs 2,150 (Rs 2,200/- (-) Option Price of Rs 50/-)

Loss : Unlimited



Particulars	Max Profit	Max Loss
Call Buyer	Unlimited	Amount of Premium
Put Buyer	Unlimited	Amount of Premium
Call Seller	Amount of Premium	Unlimited
Put Seller	Amount of Premium	Unlimited



Compliance Calendar for May 2022

CA Prasanna Kamble of Kunte & Chaugule

Sr.No	Particulars	Due Date
1	Due date for deposit of Tax deducted/collected for the month of April, 2022. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan	7-May-22
2	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of April, 2022 has been paid without the production of a challan	15-May-22
3	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of April, 2022	15-May-22
4	Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of April, 2022	15-May-22
5	Due date for issue of TDS Certificate for tax deducted under section 194M in the month of April, 2022	15-May-22
6	Quarterly statement of TCS deposited for the quarter ending March 31, 2022	15-May-22
7	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes have been modified after registering in the system for the month of April, 2022	15-May-22
8	Submission of a statement (in Form No. 49C) by non-resident having a liaison office in India for the financial year 2021-22	30-May-22
9	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of April, 2022	30-May-22
10	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of April, 2022	30-May-22
11	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of April, 2022	30-May-22
12	Issue of TCS certificates for the 4th Quarter of the Financial Year 2021-22	30-May-22
13	Quarterly statement of TDS deposited for the quarter ending March 31, 2022	31-May-22
14	Return of tax deduction from contributions paid by the trustees of an approved superannuation fund	31-May-22
15	Due date for furnishing of statement of financial transaction (in Form No. 61A) as required to be furnished under sub-section (1) of section 285BA of the Act respect for financial year 2021-22	31-May-22



Sr.No	Particulars	Due Date
16	Due date for e-filing of annual statement of reportable accounts as required to be furnished under section 285BA(1)(k) (in Form No. 61B) for calendar year 2021 by reporting financial institutions	31-May-22
17	Application for allotment of PAN in case of non-individual resident person, which enters into a financial transaction of Rs. 2,50,000 or more during FY 2021-22 and hasn't been allotted any PAN	31-May-22
18	Application for allotment of PAN in case of person being managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in Rule 114(3)(v) or any person competent to act on behalf of the person referred to in Rule 114(3)(v) and who hasn't allotted any PAN	31-May-22
19	GSTR-7 (For the month of April, 2022)	10-May-22
20	GSTR-8 (For the month of April, 2022)	10-May-22
21	GSTR-1 (For the month of April, 2022)	11-May-22
22	GSTR-6 (For the month of April, 2022)	13-May-22
23	IFF (Optional) (For the month of April ,2022)	13-May-22
24	GSTR-3B (For the month of April, 2022)	20-May-22
25	GSTR-5 (For the month of April, 2022)	20-May-22
26	GSTR-5A (For the month of April, 2022)	20-May-22
27	Due date for payment of Provident Fund, ESI contribution for employers who have paid wages to their employees for April 2022.	15-May-22
28	Due date of PF filing return for month of April 2022.	25-May-22
29	LLP Annual Return (Form No.11) for FY2021-22	30-May-22
30	Half Yeraly Return w.r.t Reconciliation Of Share Capital (half year ended) (PAS-6-A-only for Limited Companies)	30-May-22
31	Due date for payment of PT for the month of April where tax liability is more than Rs.100,000/-. (Monthly)	31-May-22



Kolhapur Branch of WIRC of ICAI Activity for the month of April, 2022

CA Vinod Reddy conducted
lecturer on Costing



CA Prashant Sarada conducted lecture
on Financial Management



CA Jai Chawla conducted on Accounting Standards



CA Vijay Sarada conducted lecture on Direct Tax

