



NOIDA BRANCH OF CIRC

For in house Circulation

No. – 23 (2018-2019)

February-2018



FROM THE DESK OF THE CHAIRMAN

Respected Professional Colleagues,

In this moment, when I am on the step to say you all goodbye as a Chairman of NOIDA Branch of CIRC of ICAI as my term is going to be over on 28th February, 2018, I would like to express my sincere gratitude to all my professional colleagues, Central Council Members, Regional Council Members, Managing Committee Members, dearest students and last but not the least all officials and faculties of NOIDA Branch for their constant and unconditional support extended to me during my tenure.

Friends, I have tried to meet out all the expectations of our respected members and dearest students and also tried to hold as many Educational Programs as I could do to enhance the current knowledge of the Members and Students. In the series of events, we have organized a seminar with the title of **“Talk on Budget 2018”** on the very next date of pronouncement i.e. 2nd February 2018 of the **“Budget Announcement”**. This talk has been taken up by the eminent Direct Tax and GST wizard CA Bimal Jain and CA Kapil Goyal. As far as Students’ Event is concern, we are holding two days **National Conference** on 9th & 10th February, 2018 where the paper presenters are the CA Students from across India.

As this month is the month of Festivals and also a month of Election for new torch bearers of ICAI, its Regional Councils and Branches. we, the Managing Committee Members have decided to hold the election of our Branch on 20th February, 2018 and before the end of my tenure, we will celebrate **“HOLI”** ceremony on 26th February, 2018 at Indira Gandhi Kala Kendra, Sector-6, NOIDA.

As it is time to move ahead, I would like to share few of the important initiatives like holding **CPE hours program for members for more than 250 hours, organizing various certificates courses (Certificate course on GST, Certificate course on Concurrent Audit of Banks and Certificate Course on Forensic Accounting and Fraud Detection), Residential Refresher Course for members at Jim Corbett, International Study Tour to St. Petersburg & Moscow, National Conference 2017 for Members, National Conference 2018 for Students, GST Workshops, GST awareness programs including running “GST Sahayta Kendra” at the Branch premises.**

Besides, during my tenure Members and Students also participated in various Social activities like **Swatch Bharat Abhiyan, Tree- Plantation, Career Counseling programs in schools, Health check-up Camps and Blood Donation Camps.** More importantly, during this year; the footfall of students has increased substantially and we could succeed in completing more than **60 batches of OP/GMCS** Classes and more than 24 Batches in ITT/ Advanced ITT.

I am feeling happy to share with you all that during this financial year ending on 31st March, 2018, the branch may register the **profits to the tune of Rs. 75 Lacs** (approximately) which is one of the achievement in strengthening the branch with adequate financial discipline. We also have created the infrastructure so that we can meet out all the expectations of members and students. In the interest of students, we have started a **Reading room with a sitting capacity of 60 students** for their studies.

Before concluding this communication, I would like to invite you all to join us with family to celebrate **HOLI Festival on 26th February, 2018** and I wish you all a happy **“MAHASHIVRATRI”** too.

History never really says goodbye. History says, ‘See you later.’

...Eduardo Galeano

**WITH WARM REGARDS....
CA. ATUL AGRAWAL
CHAIRMAN
MOBILE: 9990057390
EMAIL: ATUL@AAACA.IN**

*Thank
you* 



FROM THE DESK OF THE SECRETARY

Respected Professional colleagues,

Friends, year 2017-18 has been wonderful year for branch activities for members and students. Lot of compliances and lot of reporting were completed during the each & every month for year 2017 to ICAI, NOIDA Branch.

Friends, though as branch secretary, it is my last communication to you for the year 2017-2018. I will be available for you at any time either on my mobile or through mail. Further, your suggestions for branch better and smooth running shall always be the source of inspiration for us.

***With Best Wishes & Regards,
CA TANUJ KUMAR GARG
SECRETARY
MB: 9899508755
Email: tanujgargca@gmail.com***

*Thank
you* 



CA PRAVEEN KUMAR SINGHAL
VICE CHAIRMAN – NOIDA BRANCH OF ICAI
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INSOLVENCY PROFESSIONALS : A NEW PROFESSIONAL OPPORTUNITIES

As India's banks try and resolve the bad loans that have long burdened the industry and pose a significant macroeconomic risk, insolvency professionals stand to get a big career boost. Chartered Accountants, Cost Accountants and Company Secretaries are said to be rushing to get themselves qualified as Insolvency Professionals. This is said to be just the beginning. If the bankruptcy process unfolds as it's meant to, thousands of insolvency professionals will be needed to oversee the process and run distressed assets.

Before knowing about the depth knowledge of the rules and regulations of The Insolvency and Bankruptcy Code, 2016, we should know how to become a registered Insolvency Professional.

A. WHAT IS INSOLVENCY ?

Insolvency is the situation where an entity or a firm cannot raise enough cash to meet its Obligations, or to pay debts as they become due for Payment.

Insolvency can be said in two ways :

- A Firm is said to be insolvent if it cannot meet its need and cannot pay its dept.
- A Firm is said to be insolvent if its Liability is more than its Asset by checking its Troubleshooting.

B. WHY NEED AN INSOLVENCY PROFESSIONAL ?

As, there is growing NPA's there is a wide demand for Insolvency Professionals, RBI asked banks to take defaulters through the insolvency process, for which the Insolvency Professionals are in demand.

C. WHO CAN BE AN INSOLVENCY PROFESSIONAL ?

- I. A Graduate having 15 Years of Experience in Management after receiving such degree or
- II. A Person having 10 Years of Experience as -
 1. A Chartered accountant - member of ICAI or
 2. A Company Secretary - member of ICSI or
 3. A Cost Accountant - member of ICMA or
 4. An Advocate - member of Bar Council

D. HOW CAN A PROFESSIONAL CAN DO THE COURSE OF INSOLVENCY PROFESSIONAL ?

1. **REGISTRATION FOR COURSE**
 - a. You have to visit the site <https://certifications.nism.ac.in> for one time Registration.
 - b. If you are a new candidate, please click on "New Account" for fresh one-time registration.

Kindly keep the following documents handy before proceeding for Registration :

1. Scan copy of Pan card (in jpeg format, below 1 MB),
2. Scan copy of Photograph (in jpeg format, below 1 MB),
3. Scan copy of Aadhar card (in jpeg format, below 1 MB), and
4. Educational Qualification and Employment details.

2. **REGISTRATION FOR EXAMINATION**

- a. **After getting registration use your Email address and Password to login and enroll for the Limited Insolvency Examination Course.**
- b. **After login, you can access the following : -**
 1. Date wise and Exam center wise seat Availability for examination.
 2. Schedule a Test / Enroll Online.
 3. Make Payment using Credit Card / Debit Card/ Net Banking.
 4. Download Admit Card / Study Material.

c. **TAKE THE LIMITED INSOLVENCY EXAM**

The exam will be conducted online at selected examination center at their own computer systems. You have to answer 86 objective questions (MCQs) of 100 Marks within allocated two hours. There is a negative marking system and $\frac{1}{4}$ marks will be deducted for wrong answers(s). You have to secure at least 60 marks after negative marking to clear the limited insolvency examination.

E. **WHAT CONTENTS NEED TO BE STUDIED DURING INSOLVENCY PROFESSIONAL COURSE ?**

The syllabus for the “Limited Insolvency Examination” is as under:

Sl. No	Coverage	Weight (%)
a.	The Insolvency and Bankruptcy Code, 2016 (Entire Code)	20
b.	Rules and Regulations under the Bankruptcy Code (All Rules and Regulations notified under the Code till 31st December, 2017)	20
c.	(I) The Companies Act, 2013 <ul style="list-style-type: none"> • Chapter III Prospectus and Allotment of Securities • Chapter IV Share Capital and Debentures • Chapter V Acceptance of Deposits by Companies • Chapter VI Registration of Charges • Chapter VII Management and Administration • Chapter IX Accounts of Companies • Chapter XV Compromises, Arrangements and Amalgamations • Chapter XVII Registered Valuers • Chapter XVIII Removal of names of the companies from the register of companies • Chapter XX Winding-up of the companies • Chapter XXVII NCLT and NCLAT (II) The Partnership Act, 1932, and	10

	(III) The Limited Liability Partnership Act, 2008 (Nature of LLP; Partners and their Relations; Limitation of Liability; Financial Disclosures)	
d.	(i) The Indian Contract Act, 1872 (Voidable Contracts and Void Agreements; Contingent Contracts; Performance of Contract; Novation, Rescission and Alteration of Contracts; Agency; Consequences of breach of Contract; Indemnity and Guarantee, Surety; Bailment and Pledge; Set off) (II) The Sale of Goods Act, 1930 (Sale, Condition and Warranty, Seller's Lien and Damages); (III) The Transfer of Property Act, 1882. (iv) Specific Relief Act, 1963. (v) Negotiable Instruments Act, 1881.	06
e.	(I) The Recovery of Debts due to Banks and Financial Institutions Act, 1993; (II) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002; and (III) Corporate Debt Restructuring Scheme, Strategic Debt Restructuring, and Scheme for Sustainable Structuring of Stressed Assets (S4A of RBI) (iv) The Arbitration and Conciliation Act, 1996; (v) The Limitation Act, 1963.	06
f.	General Awareness (Economy, Financial Markets, Rights of Workmen under Labour Laws and fundamental concept of Valuation)	06
g.	Finance and Accounts (Corporate Finance, and Financial Analysis, Liquidity Management, Tax Planning, GST)	06
h.	Case Laws- (There will be five questions carrying two marks each from orders of Hon'ble Supreme Court, High Courts, NCLAT and NCLT relating to Corporate Insolvency Resolution, Corporate Liquidation, Voluntary Liquidation and Fast Track Resolution Process.)	10
	Decisions of Supreme Court/High Courts	- 1 Question
	Decisions of NCLAT (CLICK HERE FOR LIST OF IMPORTANT NCLAT CASES)	- 2 Questions
	Decisions of NCLT (CLICK HERE FOR LIST OF IMPORTANT NCLT CASES)	- 2 Questions
i.	Transaction analysis on Corporate Insolvency Resolution. There will one comprehension narrating the transaction. (There will be four questions based on the case carrying two marks each.)	08
j.	Transaction analysis on Individual Insolvency Resolution and Individual Resolution. There will one comprehension narrating the transaction. (There will be four questions based on the case carrying two marks each.)	08
Total		100

This syllabus will be valid for examinations conducted from 1st January, 2018.

F. WHAT AVAILABLE LITERATURE ON THE COURSE :-

The following are some of the literature are available for preparation of such Limited Insolvency Examination :-

- ✚ Corporate Insolvency – Law and Practice by Sumant Batra

- ✚ Guide to Insolvency Professional Examination as conducted by The Insolvency and Bankruptcy Board of India by Pranav Kharavkar
- ✚ The Insolvency and Bankruptcy Code, 2016 by CA G Sekar
- ✚ Limited Insolvency Examinations by S.K. Pandab and Roshan Lodha
- ✚ Corporate Insolvency Law – Perspective and Principles by Vanessa Finch
- ✚ At web sites of the following three Insolvency Professional Agencies :-

- a. INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI (<http://iiipicai.in>)
- b. ICSI INSOLVENCY PROFESSIONAL AGENCY ([http:// icsiipa.com](http://icsiipa.com))
- c. INSOLVENCY PROFESSIONAL AGENCY OF INSTITUTE OF COST ACCOUNTANTS OF INDIA(
<http://ipaicmai.in>)

G. WHAT AFTER CLEAR THE EXAMINATION?

After passing the examination you have to get registered your self with IBBI by paying requisite fee through any one of the following three professional agency i.e.

- a. INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI, or
- b. ICSI INSOLVENCY PROFESSIONAL AGENCY, or
- c. INSOLVENCY PROFESSIONAL AGENCY OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

H. WHAT CHALLENGES FOR AN INSOLVENCY PROFESSIONAL :

- To secure himself from the diseases of quoting lower rate for taking the IP work.
- Facing the threats from the Debtors, under Insolvency Process.
- Facing non co-operation from the Debtors, under Insolvency Process.
- Pending some rules and regulation for approval.
- Require depth knowledge and experience of the various legislatures.
- Require expert team like Valuers, Lawyers, Forensic Auditors etc.

I. WHAT OPPORTUNITIES FOR AN INSOLVENCY PROFESSIONAL :

It is a weapon given to Banks, Financial Institutions and Creditors by The Insolvency and Bankruptcy Code, 2016 against the Defaulter Debtors. We professionals get an opportunity to increase our area or practice to this field of Insolvency Profession which is not only remunerative but respective and challengeable professional work also than the traditional professional work.

With Best Wishes & Regards,

CA PRAVEEN KUMAR SINGHAL

VICE – CHAIRMAN 2017 – 18

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(M.COM, LL. B., FCA, ACWA, CS (EXE)

DISA (ICAI), MBA (FIN), IP(IIIPCAI)

*Thank
you* 

INCOME TAX



DISCUSSION ON INCOME COMPUTATION AND DISCLOSURE STANDARDS



“There is one difference between a tax collector and a taxidermist -
The taxidermist leaves the hide”

INTRODUCTION:

The authority to levy a tax is derived from the Constitution of India. Income in India is taxed following the provisions of the Income-tax Act, 1961 ('Act'). Central Board of Direct Tax ('CBDT') is a statutory authority functioning under the Central Board of Revenue Act, 1963. CBDT provides inputs for policy and planning of direct taxes in India and is also responsible for administration of direct tax laws through the income-tax department.

GENESIS OF ICDS:**Jan 1995**

Finance Act, 1995 empowered the Central Government ('CG') to notify Tax Accounting Standards ('TAS') vide section 145(2) of the Income-tax Act, 1961 ('the Act')

Jan 1996

CG notified two TAS's comparable to ICAI AS-1 and AS-5

Dec 2010

CG constituted new Committee to study harmonization of ICAI AS with the Income-tax Act and suggest Tax standards

Oct 2012

Based on final report submitted by Committee in August 2012, CG published drafts of 14 standards for public comments

Jul 2014

Section 145(2) amended vide Finance Act, 2014 to replace the term 'Accounting Standard' with the term 'Income Computation and Disclosure Standards' (ICDS)

Jan 2015

12 draft ICDS released for public comments (including intent of transition in FY 2015-16)

Mar 2015

10 ICDS notified for taxpayers following mercantile method of accounting, effective from FY 2015-16 (AY 2016-17)

Apr 2016

CBDT notified new Income-tax return forms applicable from FY 2015-16 (AY 2016-17) onwards containing a separate schedule on ICDS to capture effect of each ICDS on profits

Jul 2016

CBDT defers the applicability of ICDS to FY 2016-17 (AY 2017-18) vide its press release dated July 06, 2016 considering the recommendations by expert committee

Sep 2016

10 ICDS re-notified effective from FY 2016-17 (AY 2017-18)
old ICDS notification rescinded - vide Notification 86/2016
Prescribed relevant amendment to the format of the tax audit report vide Notification 88/2016 – Clause 13(d) and Clause 13(e) DS

OBJECTIVES OF ICDS:

ICDS were developed with a view to **minimizing tax related disputes** by bringing greater consistency in the application of accounting principles governing the computation of income. These standards were developed using the old Indian General Audit and Accounting Practices (GAAP).

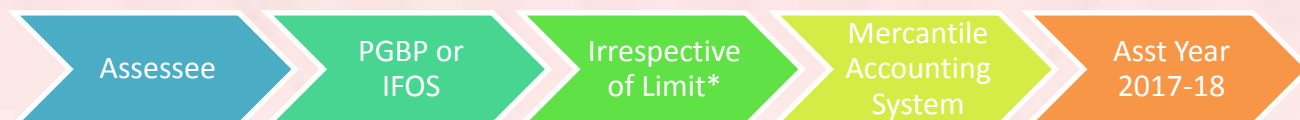




MAIN FEATURES OF ICDS:

- ✓ In case of conflict between the provisions of the Income-Tax Act, 1961 and ICDS, then the provisions of the Income-Tax Act would prevail.
- ✓ No need to maintain separate books of accounts for ICDS. It only for income computation.

APPLICABILITY:



**Except Individual & HUF who are not covered under tax audit provisions*

LIST OF ICDS:

ICDS	Relevant AS
ICDS I - Accounting policies	AS – 1
ICDS II - Valuation of Inventories	AS – 2
ICDS III - Construction Contracts	AS – 7
ICDS IV - Revenue Recognition	AS – 9
ICDS V - Tangible fixed assets	AS – 10
ICDS VI - Effects of changes in foreign exchange rates	AS – 11
ICDS VII - Government Grants	AS – 12
ICDS VIII – Securities	AS – 13
ICDS IX - Borrowing costs	AS – 16
ICDS X - Provisions, Contingent Liabilities & Assets	AS – 29

ICDS – Step to harmonize Accounting & tax:

Particulars	Amount
Profit or loss as per P&L Account	XXX
Add/Less: Adjustments to neutralize specific accounting treatment not aligned with ICDS	XXX
Ex. (1) Capital Vs. Revenue Expenditure	XXX
(2) Provision for expected losses	XXX
(3) Foreign Exchange Fluctuations	XXX
Add/Less: Specific adjustments under IT Act	XXX
Ex. (1) Depreciation/Investment allowance, Tax holiday, etc.	XXX
Taxable Income	XXX

ICDS I: Accounting Policies (AS-1)

Scope:

Deals with significant accounting policies.

Analysis:

ICDS does not recognize the concept of prudence which indicates that the marked to market loss or expected loss shall not be recognized unless permitted by any other ICDS to avoid differential treatment for recognition of income and losses. However, ICDS remains silent about the marked to market gains. Materiality concept has also been defunct although the material effect needs to be disclosed. ICDS disallows any change in accounting policy without 'reasonable cause'. Reasonable cause has not been defined by ICDS and would involve exercise of judgment by tax authorities.



Disclosure Requirements:

- All significant accounting policies adopted by a person shall be disclosed.
- Any change in an accounting policy which has a material effect shall be disclosed.
- If a fundamental accounting assumption is not followed, the fact shall be disclosed.



ICDS II: Valuation of Inventories (AS-2)

Scope:

Deals with valuation of inventories.

Analysis:

ICDS does not permit standard cost method for the purpose of inventory valuation which conflicts the allowance given by Companies Act, 2013 under Cost Record rules. Valuation of service inventory to be lower of cost or net realizable value. In case of dissolution of partnership firm or Associate of body or body of individuals regardless of the business being discontinued or not, the inventory on the date of dissolution shall be valued at **net realizable value** which is contrary to the law settled by Apex court in case of *Sakti trading Co. v. CIT* where it was held that even if on the dissolution of the firm, business is not discontinued then as per the ordinary principle of commercial accounting permits valuation of stock-in-trade to be lower of cost or net realizable value.



Disclosure Requirements:

- ✓ The accounting policies adopted in measuring inventories including the cost formulae used.
- ✓ Where Standard Costing has been used as a measurement of cost, details of such inventories and a confirmation of the fact that standard cost approximates the actual cost.
- ✓ The total carrying amount of inventories and its classification appropriate to a person.

ICDS III: Construction Contracts (AS-7)**Scope:**

Determination of income for a construction contract of a contractor.

Analysis:

Transitional provisions notified provides that ICDS will apply to all open contracts as at March 31, 2015 where cumulative revenue and costs recognized in the prior years has to be considered for the revenue recognition of these contracts from the transition date. ICDS is silent on its applicability to Real estate developers. ICDS has mandated the use of percentage completion method for the recognition of revenue from rendering services or construction contracts. Recognition of expected losses on onerous contracts is not permitted. ICDS limits the revenue recognitions to the extent of cost incurred if the outcome of construction contract cannot be reliably measured provided stage of completion is 25%; such is not in the case under AS7. ICDS includes the retention amount in the contract revenue which conflicts the Supreme Court ('SC') judgment in the case of CIT v. Shoorji Vallabhdas & Co.

**Disclosure Requirements:**

- ✚ The amount of contract revenue recognized as revenue in the period; and
- ✚ The methods used to determine the stage of completion of contracts in progress.

ICDS IV: Revenue Recognition (AS-9)**Scope:**

- Deals with the basis for recognition of revenue arising in the course of ordinary activities from:
 - Sale of goods;
 - Rendering of Services; and
 - The use by others of the person's resources yielding interest, royalties or dividends.
- It excludes from its application revenue recognition of items that are dealt by other ICDS. However, AS 9 excludes the following income:
 - Construction contracts



- Government Grants
- Hire Purchase / Lease arrangements
- Revenue earned by insurance companies

Analysis:

ICDS provides only percentage completion method for recognition of service transactions. Recognition of foreseeable losses on contract is not permitted. Interest shall accrue on **time basis** determined by the amount outstanding and the rate applicable. Royalties are accrued in accordance with the agreement unless the substance of the transaction requires some other rational basis. Dividends shall be recognized in accordance with the provisions of the Act.

Disclosure Requirements:

- **In case of Sale of Goods:** Revenue not recognized due to uncertainty in collection along with the nature of uncertainty to be disclosed;
- **In case of Services:** Method to compute the stage of completion, Amount of revenue recognized;
- Disclosures with respect to service transactions in progress at the end of the year;
- Amount of costs incurred and recognized profits (less recognized losses) up to the reporting date;
- Amount of advances received; and
- Amount of retentions.



ICDS V: Tangible Fixed Assets (AS-10)

Scope:

Deals with the treatment of tangible fixed assets.

Analysis:

Unlike AS-10, it applies only to tangible fixed assets. Depreciation and income arising on transfer of tangible fixed asset shall be computed in accordance with the provisions of the Act. The discrepancies arising under this ICDS are not much in contrary to the AS.

Disclosure Requirements:

- ❖ Description of asset or block of assets;
- ❖ Rate of depreciation;
- ❖ Actual cost or written down value, as the case may be;



- ❖ Additions or deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of –
 - Central Value Added Tax credit claimed and allowed under the CENVAT Credit Rules, 2004;
 - change in rate of exchange of currency;
 - subsidy or grant or reimbursement, by whatever name called;
- ❖ Depreciation Allowable; and
- ❖ Written down value at the end of year

ICDS VI: Effects of changes in foreign exchange rates (AS-11)

Scope:

Deals with:

- ✓ treatment of transactions in foreign currencies;
- ✓ translating the financial statements of foreign operations;
- ✓ treatment of foreign currency transactions in the nature of forward exchange contracts.



Analysis:

In respect of monetary items, exchange differences arising on the date of settlement or closing rate shall be recognized as income or expense in that previous year. ICDS reiterates the fact that capitalization of exchange differences relating to fixed assets shall be in accordance with S.43A and other similar provisions of the Act. Also, the exchange differences on translation of non-integral foreign operations to be recognized as an income or expense unlike creating foreign currency translation reserve.

Disclosure Requirements:

- ✓ No disclosure is required.

ICDS VII: Governments Grants (AS-12)



Scope:

- ✚ Deals with the treatment of Government grants.
- ✚ The Government grants are sometimes called by other names such as subsidies, cash incentives, duty drawbacks, waiver, concessions, reimbursements, etc.

Analysis:

Recognition of grants cannot be postponed beyond the date of accrual receipt under ICDS. ICDS does not permit capital approach for recording of government grants. Accountings of all grants are either to be reduced from cost of assets or recognized as income either immediately or over a period of time, as per its nature.

Disclosure Requirements:

- Nature and extent of Government grants recognized during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets during the previous year;
- Nature and extent of Government grants recognized during the previous year as income;
- Nature and extent of Government grants not recognized during the previous year by way of deduction from the actual cost of the asset or assets or from the written down value of block of assets and
- Reasons thereof; and nature and extent of Government grants not recognized during the previous year as income and reasons thereof.

ICDS VIII: Securities (AS-13)**Scope:**

Deals with only securities held as stock-in-trade.

Analysis:

ICDS deals with securities held as stock-in-trade and are supposed to be valued at the lower of cost initially recognized or net realizable value. ICDS has made it mandatory to value securities category wise where increase in valuation of certain securities in a particular category would set off the fall due to lower net realizable value of some securities.

Disclosure Requirements:

- ✓ No disclosure is required.

ICDS IX: Borrowing Cost (AS-16)**Scope:**

Deals with treatment of borrowing costs.

Analysis:

According to ICDS, borrowing costs needs to be capitalized even if an asset does not take substantial period of time to construct. In case of specific borrowing,

capitalization commences from the date of borrowing whereas in case of general borrowing, from the utilization of funds. Unlike AS 16, the differences arising from foreign currency borrowings to the extent they are regarded as interest cost and not considered as borrowing cost under ICDS.

Disclosure Requirements:

- The accounting policy adopted for borrowing costs; and
- The amount of borrowing costs capitalized during the previous year.

ICDS X: Provisions, Contingent Liabilities & Assets (AS-29)

Scope:

Deals with provisions, contingent liabilities and contingent assets,

Analysis:

ICDS excludes onerous contracts. A person shall not recognize contingent liability and contingent asset. Contingent Asset however, requires recognition when inflow of economic benefits is reasonably certain. A provision needs to be recognized when there is a present obligation as a result of past event and it is reasonably certain where a reliable estimate of the amount of obligation can be made.

Disclosure Requirements:

- ❖ A brief description of the nature of the obligation;
- ❖ The carrying amount at the beginning and end of the previous year;
- ❖ Additional provisions made during the previous year, including increases to existing provisions;
- ❖ Amounts used, that is incurred and charged against the provision, during the previous year;
- ❖ Unused amounts reversed during the previous year; and
- ❖ The amount of any expected reimbursement, stating the amount of any asset that has been recognized for that expected reimbursement.

Disclosure in ROI for AY 2017-18

- ❖ Relevant changes in ITR Form – Form No. 3,5 (made available till date)
 - Part A-OI – Effect on the profit because of deviation as per ICDS
 - Separate sheet on ICDS – Effect of ICDS on profit (one item for each ICDS)
- ❖ However, no effect of such figures in Schedule of BP and OS? How to make the adjustment to the total income? In 'other adjustment' row
- ❖ Consolidated figure is required
- ❖ Refer Q. 25 of the FAQs issued by CBDT

	A	B	C	D	E	F	G	H	I	J	K
1	Part A- Other Information (optional in a case not liable for audit under section 44AB)										Home
2	1	Method of accounting employed in the previous year							1	Mercantile	Next
3	2	Is there any change in method of accounting							2	No	Prev
4	3	Effect on the profit because of deviation, if any, as per Income Computation Disclosure Standards notified under section 145(2) (column 11(iii) of Schedule ICDS)							3		Validate
5	4	Method of valuation of closing stock employed in the previous year									Generate XML
6	a	Raw Material (if at cost or market rates whichever is less write 1, if at cost write 2, if at market rate write 3)							4a	(Select)	Help
7	b	Finished goods (if at cost or market rates whichever is less write 1, if at cost write 2, if at market rate write 3)							4b	(Select)	Print
8	c	Is there any change in stock valuation method (Select)							4c	No	
9	d	Effect on the profit or loss because of deviation, if any, from the method of valuation prescribed under section 145A							4d		

SCHEDULE ICDS in ROI AY 2017-18

	A	B	C	D	E
1	Schedule ICDS	Effect of Income Computation Disclosure Standards on profit			Home
2	Sl. No.	ICDS	Amount		Next
3	(i)	(ii)	(iii)		Prev
4	I	Accounting Policies			Validate
5	II	Valuation of Inventories			Generate XML
6	III	Construction Contracts			Help
7	IV	Revenue Recognition			Print
8	V	Tangible Fixed Assets			
9	VI	Changes in Foreign Exchange Rates			
10	VII	Government Grants			
11	VIII	Securities			
12	IX	Borrowing Costs			
13	X	Provisions, Contingent Liabilities and Contingent Assets			
14	XI	Total Net effect (I+II+III+IV+V+VI+VII+VIII+IX+X)		0	
15					

DISCLOSURE IN Form No. 3CD for AY 2017-18**Disclosure**

Notification No. 88/2016 – Income-tax (23rd Amendment) Rules, 2016

- w.e.f 1.4.2017
- In Form 3CD, in part B, in clause 13, for sub-clause (d), the following clause shall be substituted.

(d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)

(e) if answer to (d) above is in the affirmative, give details of such adjustments:

		Increase in profit (Rs.)	Decrease in profit (Rs.)	Net Effect (Rs.)
ICDS I	Accounting Policies			
ICDS II	Valuation of Inventories			
ICDS III	Construction Contracts			
ICDS IV	Revenue Recognition			
ICDS V	Tangible Fixed Assets			
ICDS VI	Changes in Foreign Exchange Rates			
ICDS VII	Governments Grants			
ICDS VIII	Securities			
ICDS IX	Borrowing Costs			
ICDS X	Provisions, Contingent Liabilities and Contingent Assets			
	Total			

(f) Disclosure as per ICDS:

(i)	ICDS I-Accounting Policies
(ii)	ICDS II-Valuation of Inventories
(iii)	ICDS III-Construction Contracts
(iv)	ICDS IV-Revenue Recognition
(v)	ICDS V-Tangible Fixed Assets
(vi)	ICDS VII-Governments Grants
(vii)	ICDS IX Borrowing Costs
(viii)	ICDS X-Provisions, Contingent Liabilities and Contingent Assets”.

Conclusion:

- The introduction of ICDS may significantly **alter the way the companies compute their taxable income**, irrespective of whether the company reports its financial results as per Ind AS or existing AS. So that **"it is required"** for computing the income and disclose accordingly.
- ICDS is expected to put an additional compliance burden on the tax payers.
- The rationale behind issuing ICDS is to **lessen the uncertainty** of alternative accounting treatment due to flexibility offered by AS.
- Non-compliance of ICDS will result in best judgment assessment by tax authorities which may lead to prolonged litigation.



With Best Wishes & Regards,
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*Thank
you* 

SNAPS DURING SEMINAR ON UNION BUDGET-2018



SNAPS DURING RRC JIM CORBET (UTTRAKHAND)



SNAPS DURING REPUBLIC DAY CELEBRATION





MOTTO



Ya esa suptesu jagarti kamam kamam Puruso nirmimanah ।
Tadeva sukram tad brahma tadevamrtamucyate ।
Tasminloka sritah sarve tad natyeti Kascan । etad vai tat ॥

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः ।

तदेव शुक्रं तद् ब्रह्म तदेवामृतमुच्यते ।

तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येति कश्चन । एतद् वै तत् ॥

(That person who is awake in those that sleep, shaping desire after desire, that, indeed, is the pure. That is Brahman, that, indeed, is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam : desire after desire, really objects of desire. Even dream objects like objects of waking consciousness are due to the Supreme Person. Even dream consciousness is a proof of the existence of the self.

No one ever goes beyond it : cf. Eckhart : 'On reaching God all progress ends.'

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