



NOIDA BRANCH OF CIRC

For In house Circulation

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FROM THE DESK OF THE CHAIRMAN

My Esteemed Professional Colleagues



I am of the firm believes that despite the festive season you all might be engaged in discharging your professional responsibilities along with preparation for celebration of one of the important festival of our country “**Dipawali**”. I am sure, you all must have charged up yourself during the auspicious days of “**Durga Puja**” which is again necessary to keep us moving ahead in our personal professional and social life. Friends as per the Hindu mythology this entire month of “**ASHWIN**” are really a very auspicious month which always develops a positive energy and vibration in our lives.

During my previous communications I have discussed about the new challenges in the professions and about the responsibilities casted by new Indian Laws on our shoulders. There are certain difficulties which are being faced by our professional brothers, especially by the Medium and Small enterprises and the new comers in the professions. The policies and the decisions taken by our Hon’ble Prime Minister are being reviewed periodically and corrective measures are being taken by our Government from time to time.

I understand that it is really difficult to change the system in one day but at the same time it is also true that there must be a strong will power to change the system without having a fear of losing anything. Implementation of any law or policy of the Government is always in the hands of Officers down the line and at time it becomes difficult to get the results immediately.

Over a year of 71 years of Independent, we could get familiarized with the various laws of the country and most of the existing laws got replaced with the new Law of GST considering the motive of meeting out the concept of uniform law all over the country. We all are very much capable enough to adapt the new Laws and to educate the society and the members of the society so that all of us will be law compliant. And I believe as a professional it is our duty to educate our society for economic development of citizen of India and our country as well.

No Doubt, the move of Swachh Bharat Abhiyaan launched by Hon’ble Prime Minister on 2nd October 2014 was really a good move, however, the motive of said campaign can be achieved only when we all may start participating into the said campaign.

Friends, as you are aware our managing committee is constituted to deliver with continuous education and other activities for members and students, we have decided to hold weekly seminars on Fridays and/or Saturdays depending upon the availability of the subject experts/speakers on various topics/

subjects for members and monthly seminars for students as per the guidelines issued by BOS of ICAI. In the month of October, we propose to have an Interaction program with the Chief Commissioner of Income Tax, NOIDA along with his entire Team of Senior Officials.

We also have scheduled for having Diwali Celebration at Branch premises on 18th October 2017 at the Branch premises. As far as, International Study Tour which is from 23rd -29th October 2017 is concerned, I would like to appraise that almost 20 participants are participating in this tour and the participation is even from the cities like Kolkata, Pune, Meerut. I am sure this International Tour will be a great opportunity for all participants for networking.

I am also pleased to inform you that with the efforts of entire managing committee, we could get the approval of holding **National Conference for CA Students on 1st & 2nd December 2017** and **National Conference for members on 23rd & 24th December 2017** which will be organized with the support and guidance of you all and we will shortly call a meeting of members who would be interested in sharing responsibilities for holding these programs for making these programs a grand success.

"The celebrations go on for many hours,' said the woman. Above her, in the sky, a firework exploded, showering multi-colored flames across the stars. 'You can pay fealty at any time.' Another firework tore open the sky, streams of color painting the woman's shift blue and green, throwing their shadows downwards. For a moment, the woman's shadow self-moved against the shadow Fillingham, pressing to him, and then another explosion above them sent them dancing apart, wavering, their edges rimed with yellow and reds, and then the woman was moving again".

— Reggie Oliver

Wish you a very Happy Diwali...

With warm professional regards....

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*Thank
you* 



SECRETARY WRITES.....

Respected Professional colleagues,

I am delighted again to interact with you this month through this E-newsletter.

Friends, The entire world is celebrating birthday of our father of nation on 2nd Oct every year, who had quoted once, “there is a higher court than all courts of justice and that is the court of conscience”. In fact, for Gandhiji, the professionalism was intertwined with ethics, call of conscience and service to the nation. The month of October, this year is a holy month as the every alternate day is festival day as per Hindu Mythology. For Chartered Accountants (CAs), the month is a festive month but also work’s worship month as so many last date are falling for our professional works. Please make the right combination of work and pleasure.

Friends, the entire managing committee of your branch shall always welcome your suggestions for the better of profession as well for branch functioning.

Wishing you all a very Happy Deepawali

***With Best Wishes & Regards,
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*Thank
you* 



Key Differences between Ind AS and IFRS under Asset Group

MCA has notified 40 Indian Accounting Standards (Ind ASs) vide its notification dated February 16, 2015 and March 30, 2016. Indian Accounting Standards are the set of converged accounting standards notified by the MCA which are in line with IFRS as issued by the IASB but subject to certain carve outs (differences) as notified by the MCA. Ind AS are almost similar to the IFRS but with few carve outs so as to make them suitable for Indian Economic Environment. A carve out essentially means that certain requirements of an accounting standard under IFRS will not be adopted.

In this article a summary of significant **differences between Ind AS and IFRS under Asset Group** is provided.

International Accounting Standard 2 *Inventories*

1. Elimination of option on recognition of inventories as an expense based on function-wise classification

Paragraph 38 of IAS 2 dealing with recognition of inventories as an expense based on function-wise classification, has been deleted keeping in view the fact that option provided in IAS 1 to present an analysis of expenses recognised in profit or loss using a classification based on their function within the entity has been removed.

In Ind AS 2 this option has been deleted since Ind AS 1 permits only nature-wise classification of expenses.

International Accounting Standard 16 *Property, Plant and Equipment*

1. Elimination of option to reduce the government grant in arriving at the carrying amount of property, plant and equipment.

IAS 16 provides in relation to the measurement of cost, the carrying amount of an item of property, plant and equipment may be reduced by government grants in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

In Ind AS 16, Paragraph 28 has been deleted since Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, does not permit the option of reducing the carrying amount of an item of property, plant and equipment by the amount of government grant received in respect of such an item, which is permitted in IAS 20.

International Accounting Standard 17 *Leases*

1. Measurement of land and building classified as investment property and valued at fair value model.

As per paragraph 18-19 of IAS 17, Separate measurement of the land and buildings elements is not required when the lessee's interest in both land and buildings is classified as an investment property in accordance with IAS 40 and the fair value model is adopted.

Not Applicable since Ind AS 40, Investment Property, prohibits the use of fair value model. Accordingly, paragraph 18-19 of Ind AS 17 has been deleted.

2. Treatment of escalation of lease rentals due to the general inflation

No guidance under IFRS

Paragraphs 33 and 50 of Ind AS 17 have been modified to provide that where the escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals shall not be straight lined.

International Accounting Standard 20

Accounting for Government Grants and Disclosure of Government Assistance

1. Elimination of option to measure the non-monetary government grants at nominal value

IAS 20 gives an option to measure non-monetary government grants either at their fair value or at nominal value.

Ind AS 20 requires measurement of such grants only at their fair value. Thus, the option to measure these grants at nominal value is not available under Ind AS 20.

2. Elimination of option to present grants as deduction in arriving at the carrying amount of the asset.

IAS 20 gives an option to present the grants related to assets, including non-monetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Ind AS 20 requires presentation of such grants in balance sheet only by setting up the grant as deferred income. Thus, the option to present such grants by deduction of the grant in arriving at the carrying amount of the asset is not available under Ind AS 20.

International Accounting Standard 23

Borrowing Costs

1. Guidance on exchange difference arising from foreign currency eligible for capitalisation

IAS 23 provides no guidance as to how the adjustment prescribed in paragraph 6(e) is to be determined.

However in Ind AS 23, paragraph 6A is added to provide the guidance on the exchange difference arising from foreign currency eligible for capitalisation.

“Para 6A. With regard to exchange difference required to be treated as borrowing costs in accordance with paragraph 6(e), the manner of arriving at the adjustments stated therein shall be as follows:

(i) the adjustment should be of an amount which is equivalent to the extent to which the exchange loss does not exceed the difference between the cost of borrowing in functional currency when compared to the cost of borrowing in a foreign currency.

(ii) where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment should also be recognised as an adjustment to interest.”

International Accounting Standard 36*Impairment of Assets***1. Impairment of the Investment Property measured at fair value**

IAS 36 is not applicable regarding impairment of Investment Property that is measured at fair value. Under Ind AS 36 it's not applicable since the fair value measurement option is not available under Ind AS 40. Therefore paragraph 2(f) is deleted in Ind AS 36 as Ind AS 40 requires cost model.

International Accounting Standard 38*Intangible Assets***1. Acquisition of an Intangible asset by way of a government grant**

IAS 38, Intangible Assets, provides the option to an entity to recognise both asset and grant initially at fair value or at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use.

Ind AS 38 allows only fair value for recognising the intangible asset and grant in accordance with Ind AS 20.

2. Amortisation of intangible asset arising from service concession arrangement in respect of toll road

Not applicable under IFRS

Intangible assets recognised for service concession arrangements in respect of toll road under IGAAP up to the period ending immediately before the beginning of the first Ind AS reporting period can be amortised as per the policy adopted under IGAAP.

"Paragraph 7AA has been inserted to scope out the entity that opts to amortise the intangible assets arising from service concession arrangements in respect of toll roads recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS reporting period as per the exception given in paragraph D22 of Appendix D to Ind AS 101."

International Accounting Standard 40*Investment Property***1. Elimination of option to recognise investment properties at fair value.**

IAS 40 permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition.

Ind AS 40 permits only the cost model.

2. Prohibition on the treatment of property interest held in an operating lease as investment property

IAS 40 permits treatment of property interest held in an operating lease as investment property, if the definition of investment property is otherwise met and fair value model is applied. In such cases, the operating lease would be accounted as if it were a finance lease.

Ind AS 40 prohibits the use of fair value model hence this treatment is prohibited in Ind AS 40.

International Accounting Standard 41*Agriculture*

Ind AS 41 is similar to IAS 41 apart from different terminology used in Ind AS.

International Financial Reporting Standard 5***Non-current Assets Held for Sale and Discontinued Operations*****1. Presentation of discontinued operations in the separate income statement**

IFRS 5 has options to present the items of profit or loss of discontinued operations in a separate income statement and other comprehensive income or in one single statement containing both as IAS 1 permits both methods of presentation.

However, in IND AS 105 the requirements regarding presentation of discontinued operations in the separate income statement, where separate income statement is presented under paragraph 33A have been deleted. This change is consequential to the removal of option regarding two statement approach in Ind AS 1. Ind AS 1 requires that the components of profit or loss and components of other comprehensive income shall be presented as a part of the statement of profit and loss.

2. Clarification inserted on conditions for classification of a non-current asset (or disposal group) as held for sale.

IFRS 5 does not provide any such clarification.

Paragraph 7 of Ind AS 105 prescribes the conditions for classification of a non-current asset (or disposal group) as held for sale. A clarification has been added in Paragraph 7 that the non-current asset (or disposal group) cannot be classified as held for sale, if the entity intends to sell it in a distant future.

Regards:-

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*Thank
you* 



IFRIC 23: Uncertainty over Income Tax Treatments

International Financial Reporting Standards Interpretations Committee of the International Accounting Standards Board issued IFRIC 23 on June 7, 2017, Uncertainty over Income Tax Treatments. The Interpretation clarifies recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Background

IAS 12 Income Taxes basic principle in regard to the recognition of current tax assets and liabilities is that, to the extent that current tax for the current and prior periods is unpaid, it should be recognised as a current tax liability and to recognise as an asset if the amount of taxes already paid in respect of current and prior period exceeds the amount due for those periods.

Doubt arises when it is unclear on how the tax law will apply to a particular transaction or an event. It may be noted that IAS 37 Provisions, contingent liabilities and contingent assets, specifically excludes IAS 12 Income Taxes in relation to the accounting for uncertain income tax treatments. So, IAS 12 Income Taxes will remain applicable under such circumstances.

The IFRS Interpretation Committee observed that entities are applying diverse reporting methods when the application of tax law is uncertain. Therefore, it issued IFRIC 23 on June 7, 2017 to bring clarity and transparency to the accounting for uncertainty over tax treatment. This interpretation explains how to recognise and measure deferred and current tax assets and liabilities when there is an uncertainty over a tax treatment that have yet to be accepted by the tax authorities.

IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the tax treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

This may lead to an amendment in Ind AS 12 Income Taxes in the coming future period.

Scope

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates (accounting tax position), when there is uncertainty over income tax treatments under IAS 12.

Consideration of uncertain tax treatments separately or collectively

Each uncertain tax treatment is considered separately or together with one or more other uncertain tax treatments. This determination is based upon the approach that will better predict the resolution of the uncertainty.

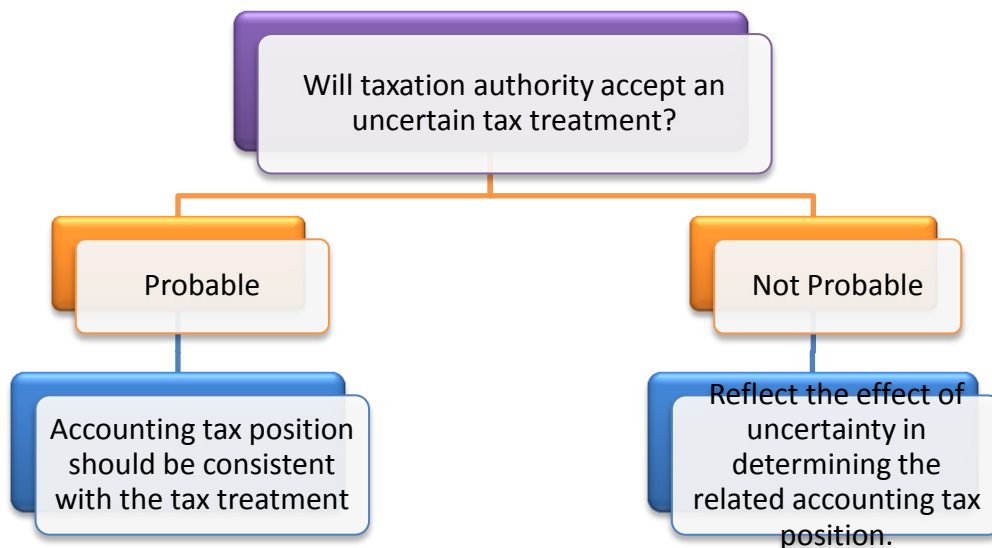
Assumptions for taxation authorities' examinations

An entity should assume that the:

- Taxation authority has a right to assess;
- Taxation authority will examine; and
- Taxation authorities have full knowledge of all relevant information while assessing.

Accounting of uncertain tax treatment

In determining the accounting tax position (*taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*), an entity is required to assess whether it's probable that the taxation authority will be going to accept an uncertain tax treatment. Let understand the rules in this regard with the help of a diagram:-



Recognition and Measurement of uncertainty

The impact of the uncertainty in accounting tax position is determined by the entity using a measure that provides the better prediction of the resolution of uncertainty i.e. the entity should use either the most likely amount method or the expected value method.

- **Most Likely Amount Method**: This method should be used under circumstances where the possible outcomes are single or are concentrated on one value in a range of possible outcomes.
- **Expected value method**: This method should be used under circumstances where there is a range of possible outcomes that are neither single nor concentrated on one value in a range of possible outcomes (sum of probability or weighted amounts in a range of possible outcomes is used).

This Interpretation requires an entity to apply consistent judgements and estimates for both current tax and deferred tax.

Effects of changes in facts and circumstances

An entity is required to reassess the judgements and estimates made and re-measure the effect of uncertain tax treatments in the financial statements in light of any changes in relevant facts and circumstances.

Such changes are accounted for as a change in accounting estimates as per *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. Entity should apply *IAS 10 Events after the Reporting Period* to determine

whether a change in facts and circumstances that occurs after a reporting period is an adjusting or non-adjusting event.

Interest and penalties

This Interpretation does not specifically address interest and penalties associated with uncertain tax treatments. Interest and penalties are within the scope of this Interpretation provided the entity applies IAS 12 to these amounts. On other hand, this Interpretation is not applicable on the amount of interest and penalties where the entity applies IAS 37 Provisions, contingent liabilities and contingent assets to account for such amount.

Business Combination

The Interpretation does not specifically address tax assets and liabilities acquired or assumed in a business combination. *Para 24 of IFRS 3* requires an entity to apply *IAS 12* to account for deferred tax assets and liabilities assumed in a business combination. Hence, the Interpretation applies to such assets and liabilities arising from the assets acquired and liabilities when there is uncertainty over income tax treatments that affect deferred tax.

Disclosure

The Interpretation does have any new disclosure requirements. However, it reminds the need to disclose, in accordance with *IAS 1 Presentation of Financial Statements*, the judgements and estimates made in determining the uncertain tax treatment.

Effective date and transition

The Interpretation is applicable for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted. It provides a choice among two transition approaches:

- Interpretation may be applied retrospectively using IAS 8, which means comparative information will have to be restated. This approach can be used only if it is possible without the use of hindsight; or
- Interpretation may be applied retrospectively with the cumulative effect of initially applying the Interpretation will be recognised in opening equity at the date of initial application, without adjusting the comparatives.

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*Thank
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SNAP DURING TAX AUDIT



SNAP DURING PREPARATION & FILING OF GST



SNAP DURING PRACTICAL ASPECTS OF GST





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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