



NEWSLETTER

THRISSUR BRANCH OF SIRC OF ICAI

November 2019

From the Chairperson

Warm Greetings Dear Members,

November is the month that reminds us to be thankful for the many positive things happening in your life. We CAs started the month with a big sigh of relief after the busy tax audit season that just passed by.

We all had started the filing of our GSTR 9 and 9C returns previously; even though the systems were not working properly.

We concluded the 6th batch of Diploma in Information Systems and Audit (DISA) on 3rd November with the PT class of CA. Anand P Jangid and 40 of our members completed attending the PT classes and are preparing for their final assessment test. I wish all the best to each of them.

As the branch was a joint organiser of the 51st Regional Conference hosted at Ernakulam the busy preparations for the same started during the first week of November. 108 members of Thrissur Branch attended the mega SIRC conference on 18th & 19th November at Hotel Grand Hyatt, Kochi. I on my personal behalf and on behalf of the committee place on record my appreciation to the SICASA team 2018 who bagged the Commendable Performance Award among medium branches for the year 2018. Our branch members were really proud to receive the award at the grand valedictory session of the Regional Conference.



On the 20th of this month, our branch hosted the second round of Campus Placement Programme of ICAI at our premises. There were 9 candidates who attended the campus placement programme and appeared for the interviews. Four of these candidates got placement in the famous NBFC company of Kerala, Kosamattam Finance Limited.

To rejuvenate our members after the hectic audit seasons, the branch conducted a Regional Residential Seminar on 22nd and 23rd November, at Rasa Gurukul Resorts, Chalakudy. This Resort is situated on the banks of Chalakudy River and it was an exotic feel to attend the various sessions at the Koothambalam situated in the midst of greenery and facing the flowing river. We even had members from Chennai and a member from Ratnagiri to participate in the RRC. Our faculties for the first day were CA Prasanth Sreenivas and CA Tony M P. On the Second day we listened to CA Jomon K George and CA Krishnaprasad C.R. I thank all the faculties who took their time out to enlighten us and spend the day with all of us. The organic food served at the resort was also sumptuous.

As a part of Career Counselling to high school and higher secondary students the branch conducted three career counselling programmes during the month. On 21st November we took a session for the plus one and plus two students at Devamatha CMI Public School, Thrissur. The counselling session to students at S N Gupta Samajam HSS Karamuck, Thrissur was on 26th November.

On 27th November the branch conducted a Mega Career Counselling programme along with Thrissur Management Association (TMA) at Lulu International Convention Centre with four eminent speakers Dr. Radhakrishnan. K, Dr. C.K. Kumaravel, Lt. Gn Rajendra Ramrao Nimbhorkar and Ambassador Dr. Deepak Vohra. Around 1000 management students and CA aspirants attended the programme.

The webcast by CA Bhupendra Mantri on commonly found non compliances of AS

13 and AS 26 – Intangible Assets was displayed at the branch live on 29th November 2019.

The branch as usual launched two batches for AICITSS (ITT) and AICITSS (MCS) and a single batch for ICITSS (OP) during the month of November. The Intermediate Students appeared for their exams in November and the final regular classes are going on without any hindrance.

The managing committee met twice during the month to deliberate and discuss on various matters and took appropriate decisions.

As the last date for GST Returns have been extended to December. I wish all the members are a bit relieved. Thank you all for the valuable time spent for supporting our committee and the branch activities.

KNOW YOUR ETHICS

Taken from ICAI Journal as Contributed by the Ethical Standards Board of ICAI



Q. Is there any ceiling on the number of tax audits assignments that can be taken up by a member in practice?

A. Yes, in the exercise of the powers conferred by Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949 the Council of the Institute has issued Council General Guidelines, 2008, chapter VI of which specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts, in a financial year, more than the specified number of tax audit assignments under Section 44AB of the Income-tax Act, 1961. The number specified for tax audits is 60. It may be noted that assesseees having turnover exceeding ₹ 1 Crore but not

exceeding ₹ 2 Crores and not opting for presumptive taxation under section 44 AD will be required to get their books of accounts audited under section 44 AB (a) of the Income-tax Act, 1961.

Q. Whether the audits conducted under Section 44AD, 44ADA and 44AE of the Income-tax Act, 1961 shall be taken into account for the purpose of reckoning the specified no. of tax audit assignments?

A. No, as per chapter VI of Council General Guidelines, 2008, the audits conducted under Section 44AD, 44ADA and 44AE of the Income-tax Act, 1961 shall not be taken into account for the purpose of reckoning the "specified number of tax audit assignments".

Q. Whether a Chartered Accountant is permitted to accept appointment as auditor of a concern while he is indebted to the firm or has given any guarantee or provided any security in connection with the indebtedness of any third person to the concern?

A. Yes, in exercise of the powers conferred by Clause (1) of Part-II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute has issued Council General Guidelines, 2008, Chapter X of which specifies that a member of the Institute shall be deemed to be guilty of professional misconduct if he accepts appointment as auditor of a concern while he is indebted to the concern or has given any guarantee or provided any security in connection with the indebtedness of any third person to the concern, for limits fixed in the statute and in other cases for amount exceeding ₹ 10,000.

Q. Whether “indebtedness” for the purposes of Chapter –X of Council General Guidelines, 2008 include loan taken by the member against a Fixed Deposit?

A. Yes, “indebtedness” for the purposes of Chapter –X of Council General Guidelines, 2008 includes loan taken by a member against Fixed Deposit. Accordingly, it is not permissible for him to accept audit assignment of bank in case he has taken loan against a Fixed Deposit held by him in that bank.

Q. Whether there is any minimum audit fee to be charged by the members of the Institute?

A. No, there is no mandatory minimum audit fee required to be charged by the members of the Institute.

Q. Is there any recommended scale of fees chargeable for the work done by the members of the Institute?

A. The Council of the Institute recommends from time to time scale of fees chargeable for the work done by the members of the Institute. Such fees were last revised by the Council, and effective from 13th December, 2017.

Q. Can a member in practice be Promoter/ Promoter Director of the Company?

A. Yes, there is no bar for a member to be a promoter/signatory to the Memorandum and Articles of Association of any company. There is also no bar for such a promoter/signatory to be a Director Simplicitor of that company irrespective of whether the objects of the company include areas, which fall within the scope of the profession of chartered accountants. Therefore members are not required to obtain specific permission of the Council in such cases. There is also no bar on holding any number/ percentage of shares in the company.

Q. Can a member in practice be a sleeping partner in family business concern?

A. Yes, a member in practice can be a sleeping partner in a family business Concern provided he takes prior and specific permission from the Council in

terms of Regulation 190A of Chartered Accountants Regulations, 1988, He will, however, not be entitled to do attest functions.

Q. Can a member who is in part-time/full time employment apply for Certificate of Practice and do attest functions?

A. Yes, he can apply for Certificate of Practice but cannot do attest functions. Please refer Regulation 190A of the Chartered Accountants Regulations, 1988.

Q. Can a member publish a change in partnership or change in the address of practice and telephone numbers?

A. Yes, a member can publish a change in partnership or change in the address of practice and telephone numbers. Such announcements should be limited to a bare statement of facts and consideration given to the appropriateness of the area of

distribution of the newspaper or magazine and number of insertions.

Q. Can a member act as an Insurance Surveyor?

A. As per Appendix (9) of Chartered Accountants Regulations, 1988 a member of the Institute in practice is generally permitted to act as a Surveyor and Loss Assessor under the Insurance Act, 1938, provided he is otherwise eligible. Such a member can perform attest functions.

Q. Whether the members are required to intimate his website address to the Institute?

A. No, members are not required to intimate the Website address to the Institute. However, the Website has to comply with the Guidelines issued by the Institute in this regard

GSTR 9 C – Model Audit Observation/Remarks



Haritha

Under CGST Act 2017, every registered person whose turnover during the financial year exceeds the prescribed limit i.e. Rs. 2 Crore shall have to get his accounts audited by Chartered Accountant or Cost Accountant as specified under sub-Section 35(5) and shall have to submit a copy of audited annual accounts, the reconciliation statement duly certified, in Form GSTR-9C.

GSTR 9C for FY 2017-18 & FY 2018-19 have to be filed upto 31/12/2019 & 31/03/2020 respectively.

Sample Observations/ Qualifications.

1. Reversal of ITC on account of non-payment of consideration within 180 days
2. Non Deposit of GST on Advance received for Supply of Goods
3. Non-maintenance of Stock Records
4. Availment of ITC on Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples
5. Availment of ITC on Goods or services or both used for personal consumption
6. Non Deposit/Short Deposit of Interest for delayed payment of GST on account of Late Filing of GSTR 3B
7. Non Deposit/Short Deposit of Interest for delayed payment of GST on account of Late Reporting of Sales Invoices in GSTR 3B
8. Non Deposit of GST on Reverse Charge u/s. 9(4) / 5(4)
9. Excess Availment of ITC
10. Non Reconciliation of GSTR 3B &GSTR 1

11. ITC & GST Liability of FY 17-18, reported in GSTR 3B of FY 18-19

12. ITC not reflecting in GSTR 2A

Reversal of ITC on account of non-payment of consideration within 180 days

In the absence of Invoice-wise ageing break up of creditors maintained by registered person for the period under audit, we are unable to comment regarding compliance of Second & Third proviso to Sec. 16(2) of the Central Goods & Services Tax Act, 2017 regarding reversal and re-availment of ITC on account of non-payment of consideration within 180 days from the date of issue of invoice by Supplier. Further Interest payable (if any) as specified in Rule 37(3) can't be quantified.

Non Deposit of GST on Advance received for Supply of Goods

In the absence of Invoice wise details maintained for Advances received & Advances adjusted for supply of Goods for the period 01.07.2017 to 14.11.2017, we are unable to comment regarding deposit of GST on the earliest of Invoice or Payment as per provisions of Time of Supply rules. Consequent Interest default (if any) can't be quantified.

If Adequate Records have been maintained but GST has not been deposited on Advance received, the resultant Tax Liability & Interest payable can be quantified & reported accordingly. In case, Tax has already been deposited on Billing Basis, then only Interest payable calculation may be provided.

Non-maintenance of Stock Records

Registered person, being MSME Concern, in the business of Retail Trade/manufacturing

of product (as applicable) and complexity involved in maintenance of Stock Records, has not maintained quantitative Stock Records (Inward & Outward supply) and quantitative details of goods manufactured/traded as required u/s. 35 of the Central Goods & Services Tax Act, 2017.

Availment of ITC on Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

In the absence of quantity wise inward & outward Stock Records maintained by registered person for the period under audit, we are unable to comment regarding availment of ITC of the nature specified under of Clause (h) of Section 17(5). If the same have been quantified from records available but ITC not reversed, the resultant Tax Liability & Interest payable can be reported accordingly in Tabular format.

Availment of ITC on Goods or services or both used for personal consumption

In the absence of detail of personal expenses maintained by registered person for the period under audit, we are unable to comment regarding availment of ITC of the nature specified under of Clauses b(i), b(ii) and (g) of Section 17(5).

Further registered person has not maintained separate record/bifurcation of Eligible Credits, Ineligible/blocked Credits & Common Credits for exempt v/s. taxable supply to quantify ineligible/blocked Input Tax Credit. If the same have been quantified from records available but ITC not reversed, the resultant Tax Liability & Interest payable can be reported accordingly in Tabular format.

Non Deposit/Short Deposit of Interest for delayed payment of GST on account of Late Filing of GSTR 3B

Registered Person has not deposited/short deposited Interest for delayed payment of GST as prescribed u/s. 50 of CGST Act, 2017 while filing of GSTR-3B as per following details:-

- i. Period of GSTR – 3B
- ii. Due date of filing
- iii. Actual Date of filing
- iv. GST Liability Due
- v. Calculation of Interest Payable

Non Deposit/Short Deposit of Interest for delayed payment of GST on account of Late Reporting of Sales Invoices in GSTR 3B

Registered Person has not deposited/short deposited Interest for delayed payment of GST as prescribed u/s. 50 of CGST Act, 2017 while delayed reporting of Invoices in GSTR-3B as per following details:-

- i. Invoice Details
- ii. Period of GSTR – 3B Applicable
- iii. Period of GSTR – 3B in which Invoice Reported
- iv. Period of Default
- v. Calculation of Interest Payable

In case Registered Person has not maintained Proper Reconciliation of Invoices reporting in GSTR 3B, the fact may be reported and disclaimer for non calculation of interest payable may be given.

Non Deposit of GST on Reverse Charge u/s. 9(4) / 5(4)

Registered Person has not deposited GST on RCM basis u/s. 9(4) of CGST Act,2017 and u/s.5(4) of IGST Act,2017 during the

period 01.07.2017 to 12.10.2017 as per following details:-

- i. Invoice No. & Date
- ii. Invoice Value
- iii. Nature of Goods / Service
- iv. GST Rate Applicable
- v. GST Liability

If Invoice wise details & resultant GST Liability can't be quantified/ ascertained due to non-maintenance of proper accounting records/separate ledgers, the fact & disclaimer may be reported accordingly.

Excess availment of ITC

Registered Person has availed Excess/Ineligible/Blocked ITC in GSTR 3B as per following details:-

- i. Month Total ITC availed as per GSTR 3B
- ii. Actual Eligible ITC for the month as per GST Law
- iii. Excess/ Ineligible/ Blocked ITC availed during the month
- iv. Interest Payable on Excess ITC availment
- v. Remarks (detailed observation e.g. IGST availed as CGST & SGST)

Separate Calculation may be Provide for CGST, SGST/UTGST, IGST & Cess.

Non Reconciliation of GSTR 3B & GSTR 1

Registered Person has not maintained proper Reconciliation of GSTR 3B and GSTR1 hence following difference is un-reconcilable.

- i. Return Month
- ii. Turnover as per GSTR 3B and GSTR 1

- iii. IGST/CGST/SGST/UTGST as per GSTR 3B and GSTR 1

ITC & GST Liability of FY 17-18, reported in GSTR 3B of FY 18-19

As explained to us by Registered Person, ITC & GST Liability as per following details has been reported in GSTR 3B for FY 18-19, but the same belongs to FY 17-18. In GSTR 3B, there is no separate column for reporting of Prior Period Items and GSTR 9 & GSTR 9C for FY 18-19 has not been filed Till date, thus we have relied on management explanations & representation for the same. Following Reconciliation have been provided to us by registered person.

- i. GSTR 3B month for FY 18-19 in which ITC for FY 17-18 was Reported
- ii. Amount of ITC for FY 17-18 (which was reported in FY 18-19)

Input tax and Output tax may be reported separately.

ITC not reflecting in GSTR 2A

Registered Person has availed Input tax credit in respect of following invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37.

GLIMPSES



VALEDICTORY AICISS-MCS B-10 ON 15-11-2019
FACULTY JAGDISH SHUKLA ADDRESSING THE
PARTICIPANTS - CHIEF GUEST CA. UNNIKRISHNAN
I & CHAIRPERSON CA. SILPA RAMDAS ON THE
DIAS



CAREER COUNSELLING AT DEVAMATHA PUBLIC
SCHOOL ON 21-11-2019



VALEDICTORY AICISS-MCS B-10 ON 15-11-2019



CAREER COUNSELLING AT S N SCHOOL,
KARAMUKKU ON 26-11-2019 FACULTY CA.AJITH
KAIMAL



CAMPUS INTERVIEW ON 20-11-2019 FOR THE
FIRST TIME IN THE HISTORY OF THRISSUR
BRANCH INTERVIEW PANEL CONSISTING OF MR.
K. VISWAMBHARAN, IAS - DIRECTOR OF
KOSAMATTAM FINANCE LIMITED



CAREER COUNSELLING AT LULU INTERNATIONAL
JOINTLY WITH TMA ON 27-11-2019



CASCADE – TWO DAY RESIDENTIAL SEMINAR AT RASA GURUKUL CHALAKUDY ON NOVEMBER 22 & 23



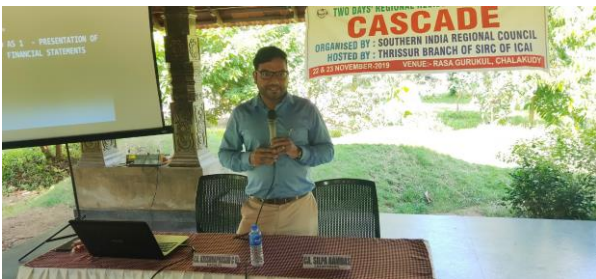
CASCADE : SESSION BY CA PRASANT SRINIVAS ON ASSESSMENT OF CO-OPERATIVE SOCIETIES



CASCADE – SESSION BY CA. MP TONY ON RECENT DEVELOPMENT IN GST



CASCADE – WELCOMING SIRC CHIRMAN CA.JOMON K GEORGE



CASCADE – SESSION BY CA. KRISHNAPRASAD C.R. ON IND AS-1 PRESENTATION OF FINANCIAL STATEMENTS