



Newsletter **Raipur Chartered Accountants'**

The Institute of Chartered Accountants of India, Raipur (CIRC)

For Inhouse Circulation Only

May 2015

TAX

FDI

IT

PENSION

**DIGITAL
INDIA**

MSME

BUDGET **2015**

Progressive, Futuristic & Inclusive

ICAI RAIPUR BRANCH MANAGING COMMITTEE



CA CHETAN TARWANI
Chairman



CA SUNIL KUMAR AGRAWAL
Vice - Chairman



CA SUMIT BADWANI
Secretary



CA SIDHARTH PARAKH
Treasurer



CA AMIT CHIMNANI
CICASA Chairman



CA SHASHIKANT CHANDRAKAR
Executive Member



CA B. SUBRAMANYAM
Executive Member



CA SAKSHI GOPAL AGGRAWAL
Executive Member



CONTENTS

- 4 Chairman's Message
- 5 Highlights of Union Budget
- 6-7 Service Tax - Transportation of Passenger
- 8 Event Calendar
- 9 Felicitation of Hon'ble President of ICAI
- 10-11 Basics of GST Implementation in India
- 12-13 Audit & Auditors - Companies Act, 2013
- 14 Activity Report
- 15 List of Sub Committee of Raipur



CA UMESH GARG
Ex Officio Member Raipur Branch & CIRC Chairman.

FROM THE EDITOR'S DESK



Respected Members,

As, the yearly clock of the financial year has completed one more round and we have arrived at the fresh financial year, I wish all the members a very happy, healthy and a prosperous new financial year. It's the time for change as the year changes. By this time the new President of our Institute Hon'ble CA Manoj Fadnis has taken over the charge, same is also the case with our Raipur Branch as the new Chairman CA Chetan Tarwani has taken up the chair with pace.

I am thankful to the Raipur Branch for showing confidence in me by giving me the responsibility of being the editor of this Newsletter and I am very happy to take this responsibility and will put in my sincere efforts to make this Newsletter more meaningful and worth reading for all the members. Our endeavour is to make this newsletter more useful and informative for all the members. In this newsletter, we have included the highlights of the Union Budget 2015, professional articles, activity report of the Raipur Branch of the past few months, tax compliance calendar for the forthcoming month and few photographs of the various seminars conducted by the Raipur Branch.

As I conclude, I would lastly like to thank the complete editorial board team and especially to CA B Subramanyam for his endless guidance. Further, I request all the respected members to contribute articles for this newsletter, which could be beneficial and helpful to all the members.

CA Jitendra Singh Khanuja
Editor

EDITORIAL BOARD



Branch Chairman
CA Chetan Tarwani



Editor
CA Jitendra Singh Khanuja



Member
CA B. Subramanyam



Member
CA Vikram Talreja



Member
CA Dhara Santwani



Member
CA Vanya Banerjee



Member
CA Shawna Bajaj

CHAIRMAN'S MESSAGE FOR NEWSLETTER



I am very much thankful to all the members and the entire managing committee of Raipur Branch for showing trust in me in electing me as the Chairman of the Raipur Branch. I assure all of you that I will serve the branch to best of my ability and I seek your support and guidance always.

It is my great pleasure to extend heartfelt greetings to the readers of the first issue of the Raipur Branch Newsletter of this tenure. I would like to congratulate the editorial board team members editor CA Jitendra Khanuja & member CA Bhawna Bajaj, CA Vanya Banerjee, CA Dhara Santwani, CA Vikram Talreja and for guidance CA B Subramanyam for their joint efforts. I acknowledge & appreciate team members for their innovative and sincere working approach who are always ready on toes to perform their assigned task. On behalf of editorial Board, I request everyone to contribute articles, opinions & rich content for the monthly newsletter.

I believe that always "Give 100% to Everything you do & Never Give Up", the reason behind putting this phrase forward is that, though many people believe and rely on multi-tasking, but I believe and suggest that perform any task with your full energy i.e. 100% to obtain 100% results.

Further, I think that every member has to be well versed with frequent amendments in income tax Act, Audit, companies act etc. Being upgraded is integral part to maintain the standard of this Quality based profession.

As it's the Beginning of New Financial Year, I wish every member to have a great and knowledgeable year ahead. We all are well aware of the fact this is the last year of this term and time is less, our collective efforts can definitely accomplish the set goals for this Year.

Further, I would like to sum up this year plan by underlining the following seven objectives.

- 1) Development of branch building.
- 2) Academic development of the members.
- 3) Personality development of the members.
- 4) Entertainment for the member and social activity for the public.
- 5) Managerial skill development of the team.
- 6) Overall development of students through CICASA.
- 7) Adhering to the guidelines & directions laid down by the institute.

As I conclude I hope that, I will be accompanied by support & guidance of my committee & members throughout the year because "My strength is that I have an awesome team and my weakness is that I can't do without them"

Regards
CA Chetan Tarwani
Branch Chairman

UNION BUDGET 2015 SECTOR-WISE HIGHLIGHTS:

TAXATION

- 1 Abolition of Wealth Tax.
- 2 Additional 2% surcharge for the super rich with income of over Rs. 1 crore.
- 3 Rate of corporate tax to be reduced to 25% over next four years.
- 4 No change in tax slabs.
- 5 Total exemption of up to Rs. 4,44,200 can be achieved.
- 6 100% exemption for contribution to Swachh Bharat, apart from CSR.
- 7 Service tax increased to 14 per cent.

AGRICULTURE

- 1 Rs. 25,000 crore for Rural Infrastructure Development Bank.
- 2 Rs. 5,300 crore to support Micro Irrigation Programme.
- 3 Farmers credit - target of 8.5 lakh crore.

INFRASTRUCTURE

- 1 Rs. 70,000 crores to Infrastructure sector.
- 2 Tax-free bonds for projects in rail road and irrigation.
- 3 PPP model for infrastructure development to be revitalised and govt. to bear majority of the risk.
- 4 Atal Innovation Mission to be established to draw on expertise of entrepreneurs, and researchers to foster scientific innovations; allocation of Rs. 150 crore.
- 5 Govt. proposes to set up 5 ultra mega power projects, each of 4000MW.

EDUCATION

- 1 AIIMS in Jammu and Kashmir, Punjab, Tamil Nadu, Himachal Pradesh, Bihar and Assam.
- 2 IIT in Karnataka: Indian School of Mines in Dhanbad to be upgraded to IIT.
- 3 PG institute of Horticulture in Amritsar.
- 4 Kerala to have University of Disability Studies
- 5 Centre of film production, animation and gaming to come up in Arunachal Pradesh.
- 6 IIM for Jammu and Kashmir and Andhra Pradesh.

DEFENCE

- 1 Allocation of Rs. 2,46,726 crore; an increase of 9.87 per cent over last year.
- 2 Focus on Make in India for quick manufacturing of Defence equipment.

WELFARE SCHEMES

- 1 GST and JAM trinity (Jan Dhan Yojana, Aadhaar and Mobile) to improve quality of life and to pass benefits to common man.
- 2 Six crore toilets across the country under the Swachh Bharat Abhiyan.
- 3 MUDRA bank will refinance micro finance orgs. to encourage first generation SC/ST entrepreneurs.
- 4 Housing for all by 2020.
- 5 Upgradation 80,000 secondary schools.
- 6 DBT will be further be expanded from 1 crore to 10.3 crore.
- 7 For the Atal Pension Yojana, govt. will contribute 50% of the premium limited to Rs. 1,000 a year.
- 8 New scheme for physical aids and assisted living devices for people aged over 80.
- 9 Govt. to use Rs. 9,000 crore unclaimed funds in PPF/EPF for Senior Citizens Fund.
- 10 Rs. 5,000 crore additional allocation for MGNREGA.
- 11 Govt. to create universal social security system for all Indians.

FINANCIAL SECTOR

- 1 Forward Markets Commission to be merged with the Securities and Exchange Board of India
- 2 NBFCs registered with the RBI and having asset size of Rs 500 crore and above to be considered as 'financial institution' under Sarfaesi Act, 2002, enabling them to fund SME and mid-corporate businesses.
- 3 Permanent Establishment norms to be modified to that mere presence of offshore fund managers in the country does not lead to "adverse tax consequences."



Poonam Bardia
B.Com A.C.A.

SERVICE TAX - TRANSPORTATION OF PASSENGER [SECTION 66D(O)]

Service of transportation of passenger by stage carriage, buses, matadors, mono rail, tramway, inland waterways, and by public transport have been excluded from the levy of service tax. The transportation of passenger by Railways has also been excluded from the levy of service tax except in First Class and Air conditioned coaches. However, service of transportation of passengers by railways were exempted from service tax for the period from 02-07-2012 to 30-09-2012 vide Notification No. 43/2012-ST, dated 02-07-2012.



CA J.K. Gupta

However, the public transport primarily used for tourism purpose will not get excluded from the levy of service tax. The meter cabs or auto rickshaw, transporting the passenger providing service for transportation of passenger have also been excluded from the levy of service tax. Therefore, other mode of transportation i.e. Jeeps, Matadors, Tractor, etc. will not be excluded from the levy of service tax. However, by the Finance Act, 2014, the 'radio taxi' has been taken out of ambit of negative list and hence become taxable.

The words and expression, metered cab has been defined in the Finance Act, 1994 but 'radio taxi' has not been defined. *"metered cab" means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (59 of 1988) and the rules made thereunder but does not include radio taxi. [Section 65B(32)]*

Renting of any motor vehicle designed to carry passengers [upto 30.09.2014], w.e.f. 01.10.2014, it is changed to Renting of motor cab

In case of renting of any motor vehicle designed to carry passengers, service provider would be entitled for the abatement of 60% from the value of taxable service and thereby service tax is required to be paid only on 40% of the value of services. However, in this case CENVAT credit shall not be allowed at all.

In case of renting of any motor cab, service provider would be entitled for the abatement of 60% from the value of taxable service and thereby service tax is required to be paid only on 40% of the value of services. Further, the CENVAT credit in respect of inputs and capital goods used for providing taxable service shall not be allowed and only CENVAT credit in respect of input service shall be available to the limited extent of service tax paid on same line business. However, such credit shall be 100%, if service provider from whom said service is received, is paying service tax on abated value, but if the said service provider, is paying service tax on the full value (without abatement), then credit shall be limited to 40%. The said condition against entry No. 9 is amended with effect from 1st October 2014 vide Notification No. 8/2014-ST, dated 11.07.2014. This amendment is made with a view to allow the credit of input service of renting of a motor cab if such services are received from a person engaged in the similar line of business i.e. a sub-contractor providing services of renting of motor cab to the main contractor. The whole of the CENVAT credit has been allowed with respect to input service of renting of any motor cab, received from a person who is paying service tax on 40% of the value of services. The CENVAT credit eligibility will be restricted to 40% of the credit of the input service of renting of any motor cab if service tax is paid or payable on full value of the services i.e. no abatement is availed. This has been done to avoid cascading of taxes.

Transport of passengers by contract carriage (other than motor cab) or by a radio taxi

In case of Transport of passengers by contract carriage (other than motor cab), service provider would be entitled for the abatement of 60% from the value of taxable service and thereby service tax is required to be paid only on 40% of the value of services. However, in this case CENVAT credit shall not be allowed at all.

However, such exemption/ abatement from value of taxable service, w.e.f. date to be notified, shall also be applicable to service provider of a radio taxi for transport of passengers. It may be noted that by the Finance Act, 2014, the radio taxi has been taken out from the negative list of service, hence, service provided by a radio taxi has become taxable. But, service tax on the same to be applicable from the date to be notified by the Central Government after the enactment of Finance Act, 2014, hence the above, exemption shall also be applicable to radio taxi service provider from the same date.

SERVICE TAX - TRANSPORTATION OF PASSENGER [SECTION 66D(O)]

It may also be noted that where services of radio taxi has been made taxable, because it has been taken out from the negative list, but "radio taxi" has not been defined in the Finance Act, 1994. However, "radio taxi" has been defined in clause (za) of Notification No. 25/2012-ST, dated 20.06.2012, but that has limited applicability, as the said definition is applicable only for said exemption Notification No. 25/2012-ST, where it has been defined as "**radio taxi**" means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS). [clause (za) of Notification No. 25/2012-ST, dated 20.06.2012]. Therefore, the dispute may arise about the definition of "radio taxi", and it has serious impact for the purpose of levy of service tax and abatement. Similarly, the question applicability of reverse charge provisions for radio taxi service may also arise.

Though in view of author, in case of radio taxi, reverse charge provisions will not be applicable, as in case of abatement notification, renting of motor cab and radio taxi has been placed under different groups, even though rate of abatement is same. Therefore, these have to be treated as different for the purpose of classification, whereas reverse charge provisions have been made applicable to 'renting of motor vehicle' and not made applicable to services of radio taxi.

Reverse Charge/ Joint Charge Mechanism

In relation to service provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers to any person who is not in the similar line of business or supply of manpower for any purpose or service portion in execution of works contract by any individual, Hindu Undivided Family or partnership firm, whether registered or not, including association of persons, located in the taxable territory to a business entity registered as body corporate, located in the taxable territory, both the service provider and the service recipient to the extent notified under sub-section (2) of section 68 of the Act, for each respectively. The reverse charge Notification No. 30/2012-ST, dated 20-06-2012 was amended w.e.f. 07-08-2012 by Notification No. 45/2012-ST, dated 07-08-2012, and along with manpower supply services, security services is also covered under partial reverse charge mechanism. The service provider and service recipient will pay the tax in the following proportion as notified by the Government:

Sl. No.	Description of service	Service recipient	Service provider
1.	Renting of a motor vehicle designed to carry passengers: (a) with abatement (b) without abatement w.e.f. 01.10.2014 (applicable only for clause 'b')	100% 40% 50%	NIL 60% 50%
2.	Supply of manpower for any purpose or security services From 1 st April 2015 100 tax is payable by the service recipient.	75%	25%
3.	Works contract service	50%	50%

As per Explanation-II to Notification 30/2012-ST, dated 20-06-2012, "In works contract services, where both service provider and service recipient is the persons liable to pay tax, the service recipient has the option of choosing the valuation method as per choice, independent of valuation method adopted by the provider of service."

As per Rule 2(1)(g) of the Service Tax Rules, 1994, "supply of manpower" means supply of manpower, temporarily or otherwise, to another person to work under his superintendence or control.

With effect from 1st of October 2014, vide Notification No. 6/2014-ST, dated 11.07.2014, in renting of motor vehicle, where the service provider does not take abatement the portion of service tax payable by the service provider and service receiver has been modified as 50% each.

EVENT CALENDAR

INCOME TAX (MAY'2015)

- 7 May 2015** - Due date for deposit of Tax deducted/collected for the month of April, 2015
- 15 May 2015** - Quarterly statement of TDS/TCS deposited for the quarter ending March 31, 2015
- 22 May 2015** - Due date for issue of TDS Certificate for tax deducted under Section 194-IA in the month of April, 2015
- 30 May 2015** - Quarterly TDS/TCS certificates in respect of tax deducted (for payment other than salary) or tax collected during the quarter ending March 31, 2015
- 31 May 2015** - Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during 2014-15
- 31 May 2015** - Return of tax deduction from contributions paid by the trustees of an approved superannuation fund

CHHATTISGARH VAT (APRIL, MAY & JUNE'2015)

- 30 April 2015** - Due date for filing the quarterly return for the period 01.01.15 to 31.03.15.
- 10 May 2015** - Due date for deposit of tax for the month of April'2015.
- 31 May 2015** - Due date for filing the Annual Statement for the financial year 2011- 12.
- 10 June 2015** - Due date for deposit of tax for the month of May'2015.
- 30 June 2015** - Due date for filing the Annual Statement for the financial year 2012-13 & 2013 -14

EXCISE (MAY)

- 6 May 2015** - Due date for deposit of tax electronically for the month of April'2015
- 10 May 2015** - Due date for filing the excise return ER – 1 for non SSI assessee the month of April'2015.
- 10 May 2015** - ER – 6 –Due to for furnishing the monthly return of information relating to principal inputs. Filed by manufacturers who paid excise duty exceeding Rs. one crore in the preceding financial year.

SERVICE TAX

- 25 April 2015** - Due date for filing the service tax return for the period October'14 to March'15.
- 6 May 2015** - Due date for deposit of tax electronically for the month of April'2015

Congratulations



CA R. B. Doshi
Co-opted member in
Direct Taxes Committee of ICAI



CA Abhishek Mahavar
Co-opted in Committee on
Information Technology of ICAI

FELICITATION OF HON'BLE PRESIDENT OF ICAI - CA MANOJ FADNIS



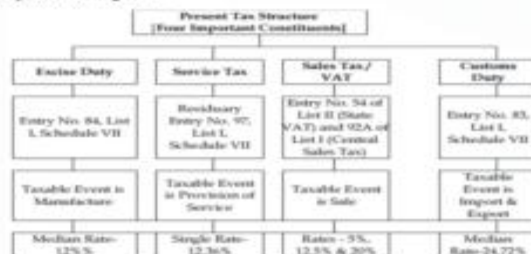
STAR PERFORMANCE BY THE RAIPUR BRANCH & CICASA IN THE YEAR 2014 – 15

- i) Raipur Branch awarded the Highly Commendable Branch award at the National level from ICAI.
- ii) Raipur Branch awarded the Golden Branch award from the CIRC of ICAI.
- iii) CICASA Raipur got the Best Branch Award at the National level from ICAI.
- iv) CICASA Raipur got the Best Branch Award from the CIRC of ICAI.



BASICS OF GST IMPLEMENTATION IN INDIA

India currently has a dual system of taxation of goods and services, which is quite different from dual GST. Taxes on goods are described as "VAT" at both Central and State level. It has adopted value added tax principle with input tax credit mechanism for taxation of goods and services, respectively, with limited cross-levy set-off. The present tax structure can best be described by the following chart:



CA Ramandeep
Singh Bhatia

SHORTCOMINGS IN THE PRESENT STRUCTURE AND NEED OF GST

1. **Tax Cascading:** The most significant contributing factor to tax cascading is the partial coverage by Central and State taxes. The exempted sectors are not allowed to claim any credit for the Cenvat or the Service Tax paid on their inputs.
2. **Levy of Excise Duty on manufacturing point:** The CENVAT is levied on goods manufactured or produced in India. Limiting the tax to the point of manufacturing is a severe impediment to an efficient and neutral application of tax. Taxable event at manufacturing point itself forms a narrow base. For example, valuation as per excise valuation rules of a product, whose consumer price is Rs. 100/-, is, say, Rs. 70/-. In such a case, excise duty as per the present provisions is payable only on Rs. 70/-, and not on Rs. 100/-.
3. **Complexity in determining the nature of transaction – Sale vs. Service**
4. **Inability of States to levy tax on services:** With no powers to levy tax on incomes or the fastest growing components of consumer expenditures, the States have to rely almost exclusively on compliance improvements or rate increases for any buoyancy in their own-source revenues.
5. **Lack of Uniformity in Provisions and Rates**
6. **Fixation of situs – Local Sale vs. Central Sale**
7. **Interpretational Issues:** whether an activity is sale or works contract; sale or service, is not free from doubt in many cases.
8. **Narrow Base**
9. **Complexities in Administration**

GST (GOODS AND SERVICE TAX)

GST means Goods and Service Tax. It is an indirect tax levied on sale of goods and services. The reformists believe that GST is one of the most awaited law which upon introduced will boost the economic growth in the country. This law if passed by the parliament may come into force from April 2016. As everyone is talking about it now, let's get into the basics of the proposed law in this article.

Present system – This can be better explained through an example. Suppose you buy soap for Rs. 50 per piece, it includes Excise Duty, VAT or CST, Customs duty on the imported raw materials, etc. So, currently you will have to pay multiple taxes on the same product. Let's take another example; the food you buy at hotels will have VAT as well as Service Tax.

Complexities in the present system – The taxes are levied by central government as well as state governments. So, the businessman has to maintain accounts which will comply with all the applicable laws. It is perceived to be a complex system. Hence, worldwide over 150 countries have adopted GST, a simple tax system. Though it is late, India is catching up with the global trends.

Is it easy to implement in India? Not really. Today states have autonomy in collecting state taxes. They have the feeling of losing their rights! They want liquor, fuel to be out of GST tax system. They are also worried about Central government sharing GST revenue with the states. If India becomes one common market, then the states will have to share their powers of taxing with the union government. (Which means states can't increase the taxes as and when, as much as they want)

If the GST bill is passed, will it come into effect immediately? NO. The earliest day we can see GST in India will be in April 2016. Again implementation depends upon the initiative and involvement of state governments. Some of the states may act quickly and some of them may take time to implement.

GST Rate- Today, one pays Excise Duty of 12%, VAT of 14% on goods (totaling to 26%). 12% service tax on services. So, the rates may be anywhere between 12% and 26%. The average worldwide GST rate is around 18%

FEATURES OF AN IDEAL GST

The main features of GST are as under:-

- GST is based on the principle of value added tax and either "input tax method" or "subtraction" method, with emphasis on voluntary compliance and accounts based system.
- It is a comprehensive levy and collection on both goods and services at the same rate with benefit of input tax credit or subtraction of value of penultimate transaction value.
- Minimum number of floor rates of tax, generally, not exceeding two rates.
- No scope for levy of cess, re-sale tax, additional tax, special tax, turnover tax etc.
- No scope for multiple levy of tax on goods and services, such as, sales tax, entry tax, octroi, entertainment tax, luxury tax, etc.
- Zero rating of exports and inter State sales of goods and supply of services.
- Taxing of capital goods and inputs whether goods or services relating to manufacture at lower rate, so as to reduce inventory carrying cost and cost of production.
- A common law and procedures throughout the country under a single administration.
- GST is a destination based tax and levied at single point at the time of consumption of goods or services by the ultimate consumer.

MODELS OF GST

There are three prime models of GST:

- GST at Central (Union) Government Level only
- GST at State Government Level only
- GST at both, Union and State Government Levels



EXPECTED MODEL OF GST IN INDIA - DUAL GST

In India, the GST model will be "dual GST" having both Central and State GST component levied on the same base. All goods and services barring a few exceptions will be brought into the GST base. Importantly, there will be no distinction between goods and services for the purpose of the tax with common legislations applicable to both.

For Example, if a product have levy at a base price of Rs. 100 and rate of CGST and SGST are 8% then in such case both CGST and SGST will be charged on Rs 100 i.e. CGST will be Rs 8 and SGST will be Rs 8.

Interestingly, as per the recommendations of Joint Working Group (JWG) appointed by the Empowered Committee in May 2007, the GST in India may not have a dual VAT structure exactly but it will be a quadruple tax structure. It may have four components, namely - (a) a Central tax on goods extending up to the retail level; (b) a Central service tax; (c) a State-VAT on goods; and (d) a State-VAT on services.

The significant features of Dual GST recommended in India, in conjunction with the recommendations by the JWG, are as under:

- There will be Central GST to be administered by the Central Government and there will be State GST to be administered by State Governments.
- Central GST will replace existing CENVAT and service tax and the State GST will replace State VAT.
- Central GST may subsume following indirect taxes on supplies of goods and services: Central Excise Duties (CENVAT) Additional excise duties including those levied under Additional Duties of Excise (Goods of Special Importance) Act, 1957. Additional customs duties in the nature of countervailing duties, i.e., CVD, SAD and other domestic taxes imposed on imports to achieve a level playing field between domestic and imported goods which are currently classified as customs duties. Cesses levied by the Union viz., cess on rubber, tea, coffee etc. Service Tax Central Sales Tax - To be completely phased out. Surcharges levied by the Union viz., National Calamity Contingent Duty, Education Cess, Special Additional Duties of Excise on Motor-Spirit and High Speed Diesel (HSD).
- State GST may subsume following State taxes: Value Added Tax Purchase Tax State Excise Duty (except on liquor) Entertainment Tax (unless it is levied by the local bodies) Luxury Tax Octroi Entry Tax in lieu of Octroi Taxes on Lottery, Betting and Gambling
- The proposed GST will have two components - Central GST and State GST - the rates of which will be prescribed separately keeping in view the revenue considerations, total tax burden and the acceptability of the tax.
- Taxable event in case of goods would be 'sale' instead of 'manufacture'.
- Exports will be zero rated and will be relieved of all embedded taxes and levies at both Central and State level.
- The JWG has also proposed a list of exempted goods, which includes items, such as, life saving drugs, fertilizers, agricultural implements, books and several food items.
- Certain components of petroleum, liquor and tobacco are likely to be outside the GST structure. Further, State Excise on liquor may also be kept outside the GST.
- Taxes collected by Local Bodies would not get subsumed in the proposed GST system.

As per the proposed GST regime, the input of Central GST can be utilized only for payment of CGST & the input of State GST can be utilized only for payment of SGST. Cross-Utilization of input of CGST in payment of SGST and vice-versa, will not be allowed. (Source:-Hindu Business Line, dated 30-06-2009)

- Railways and Construction Sector might be included in GST
- Liquor, Petro Sector, Taxes of Local Bodies might be out of GST
- Stamp Duty - It has not yet been decided whether stamp duty will be part of the GST or not.



AUDIT AND AUDITORS - COMPANIES ACT 2013

The Companies Act 2013 Act features extensive changes within the area of audit and auditors with a view to enhance audit effectiveness and accountability of the auditors. These changes undoubtedly, have a considerable impact on the audit profession. However, it needs to be noted that these changes will also have a considerable impact on the company in terms of time, efforts and expectations involved. Apart from introducing new concepts such as rotation of audit firms and class action suits, the 2013 Act also increases the auditor's liability substantially in comparison with the 1956 Act.



CA Lavish Mathani

This article throws light on certain areas of the Act which are distinct or new vis-a-vis the former law.

1. Appointment of auditors

Unlike the appointment process at each annual general meeting under the 1956 Act, the auditor will now be appointed for a period of five years, with a requirement to ratify such an appointment at each annual general meeting [section 139(1) of 2013 Act].

Further, the 2013 Act provides that in respect of appointment of a firm as the auditor of a company, the firm shall include a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 [Explanation to section 139(4) of 2013 Act]. Also, the 2013 Act specifies that where a firm, including a limited liability partnership is appointed as an auditor of a company, only those partners who are chartered accountants shall be authorised to act and sign on behalf of the firm [section 141 of 2013 Act].

Section 141 of the 2013 Act further prescribes an additional list of disqualifications, and extends the disqualification to also include relatives. It states that

- a person who, or his relative or partner is (a) **holding any security** of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company (however a relative may hold security of face value not exceeding Rs. 100,000) (b) is **indebted** to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of Rs. 5,00,000; or (c) has given a **guarantee or provided any security** in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, for Rs. 1,00,000*, will not be eligible to be appointed as an auditor.
- Additionally, a person or a firm who, whether directly or indirectly, has **business relationship** with the company, or its subsidiary, or its holding or associate company or subsidiary of such holding company or associate company of such nature as may be prescribed, will be disqualified from being appointed as an auditor.
- The ineligibility also extends to person or a partner of a firm who holds appointment as an auditor in more than **twenty companies** as well as a person who is in **full time employment** elsewhere.

2. Mandatory firm rotation

- The 2013 Act has introduced the concept of rotation of auditors as well as audit firms. It states that in case of listed companies (and other class(es) of companies as may be prescribed) it would be mandatory to rotate auditors every five years in case of the appointment of an individual as an auditor and every 10 years in case of the appointment of an audit firm with a uniform cooling off period of five years in both the cases.
- Further, firms with common partners in the outgoing audit firm will also be ineligible for appointment as auditor during the cooling off period. The 2013 Act has allowed a transition period of three years for complying with the requirements of the rotation of auditors [section 139(2) of the 2013 Act]. Further, the 2013 Act also grants an option to shareholders to further require rotation of the audit partner and staff at such intervals as they may choose [section 139(3) of the 2013 Act]. Currently, while the 1956 Act does not have any requirements relating to the auditor or audit firm rotation, the Code of Ethics issued by the ICAI has a requirement to rotate audit partners, in case of listed companies, after every seven years with a cooling-off period of two years.

3. Non-audit services to audit clients

Section 144 of the Act states that any service to be rendered by the auditor needs to be approved by the **board of directors or the audit committee**. Additionally, the auditor is restricted from providing specific services, which include the following:

Accounting and book keeping services

Internal audit

Design and implementation of any financial information system

Actuarial services

Investment advisory services

Investment banking services

Rendering of outsourced financial services

Management services, and any other service which may be prescribed (no other service has been prescribed*)

4. Auditors liability

The scope and extent of the auditor's liability, has been substantially enhanced under the 2013 Act. Now, the auditor is not only exposed to various new forms of liabilities, however, these liabilities prescribed in the existing 1956 Act have been made more stringent. The auditor is now subject to oversight by multiple regulators apart from the ICAI such as The National Financial Reporting Authority is now authorised to investigate matters involving professional or other misconduct of the auditors. The penalty provisions and other repercussions includes monetary penalties, imprisonment, debaring of the auditor and the firm, and in case of frauds, can even be subject to class action suits.

5. Additional responsibilities of the auditor

The 2013 Act requires certain new aspects which need to be covered in an auditors' report. These include the following:

The observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company [section 143(3)(f) of the 2013 Act]

Any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith [section 143(3)(h) of the 2013 Act]

Whether the company has adequate **internal financial controls system** in place and the operating effectiveness of such controls [section 143(3)(i) of the 2013 Act]

There are other reporting requirements specified in the draft rules which include reporting on **pending litigations**, etc


FRAUD REPORTING

The 2013 Act requires an auditor to report to the central government within 30 days in a format prescribed within the draft rules, if he or she has any reasons to believe that any offence involving **fraud** is being committed or has been committed against the company by its officers or employees * [section 143(12) of the 2013 Act]. Further, where any auditor does not comply with the above requirements, he or she shall be punishable with a fine which shall not be less than 1 lakh INR, but which may extend to 25 lakh INR [section 143(15) of the 2013 Act]. The above requirements are in addition to the existing requirements under the 1956 Act.

ACTIVITY REPORT

SR. NO	DATE	PROGRAMME	TOPICS	GUEST/FACULTIES
1	07.01.2015	Students (CICASA) Talentino Youth Festival 2014	-	-
2	14.01.2015	Students (CICASA) Seminar	Exam Stress - a Natural Feeling. Let's LEARN to DEAL with it.	Dr. Ela Gupta
3	16.01.2015	Half Day Seminar	Onus on the Assessee to discharge the burden u/s 68 Cash Credit "Important Issue related to Survey u/s 133A of IT Act, 1961" Important Issued related to Search & Seizure"	CA G S Agrawal , CA Paras Chhajed & CA P C Maloo
4	06.02.2015	Student (CICASA) Lecture Meeting	HUF (Formation to Partition - Legal & Tax Implication)	CA Bhawna Bajaj & Richa Agrawal
5	13.02.2015	Full Day Seminar (CICASA)	Amendments of finance act 2014 in DT & IDT for IPCC Students	CA Mayank Lohana
6	13.02.2015	Study Circle Meeting Organised By Raipur Branch with IT Bar	ITR Dec 14 & Jan 15 Discussion on Jurisdiction of CIT-I & CIT-II	CA Bhawna Bajaj & Ankush Golechha
7	21.02.2015	Lecture Meeting Organised By Raipur Branch with IT Bar	Service Tax:- Negative Tax, Reverse Charge & Exemption	CA Deepika Nathani & CA Jeetu Gupta
8	22.02.2015	Felicitation of Hon'ble President CA Manoj Fadnis		
9	16.03.2015	Seminar on	Bank Branch Audit	CA Amarjit Chopra (Past President)
10	19.03.2015	Live Webcast organised By: Indirect Taxes Committee of ICAI	Finance Bill, 2015-Proposals on Indirect Taxes	CA Atul Gupta
11	30.03.15	Live Webcast	Bank Audit	CA Amarjit Chopra (Past President)

Note - Apart from the above activities the branch also conducted the OTC, ITT, Advance ITT, GMCS - I & GMCS Final batches on a regular basis for the students.



SRI RAWATPURA SARKAR GROUP OF INSTITUTIONS

SRI, The largest Professional Educational Group of Central India, is seeking dynamic & self motivated candidates for the following post

Positions	Qualification	No.
Finance Controller	CA with minimum experience of 4 years (Preferably Male)	1
Accounts Manager (Campus)	CA fresher	3
Audit Assistant	CA Inter	3
Audit Manager (Campus)	CA Final	3
Accountant	B.Com/M.Com/CA Pursuing	2

CONTACT US

Corporate Office : Mangalam Mall, Near Agrasen Chowk, Samita Colony, Raipur-492001, Ph. No. 0771-2222122, 9752387606
Email: hr.srigroup@gmail.com

REQUIRED

**One Chartered Accountant for
The Hotel & Construction Industry.**

Interested person please contact :

Hotel The Golden Oak
M.G. Road, Raipur
Mob. : 96690-07000

SUB COMMITTEE OF RAIPUR BRANCH 2015-2016

S NO.	Designation	Name	Phone No.	Email-Id
1.	Liaison Committee Chairman	CA Anush Golechha	9626123588	anush1978@gmail.com
	Member	CA Yogesh Purohit	9300292831	yogeshkumarapurohit@gmail.com
	Member	CA Prameet Kumar Sharma	9425213884	prameetsharma@rockmail.com
2.	CPE and SEMINAR Committee Chairman	CA Sunil Kumar Agrawal	9425505211	ansunil71@gmail.com
	Member	CA Sanjay Jain	9861311186	skjca2003@gmail.com
	Member	CA Manoj Jain	9424223655	samanjshetaki@yahoo.com
	Member	CA Dimple Vajveri	9993048484	dimple.moharoti@gmail.com
3.	Sports Sub Committee Chairman	CA Bivor Karodia	8889124446	cabhv@gmail.com
4.	Expert Comment Committee Chairman	CA Ravi Agrawal	9329100077	agrawalravi1960@gmail.com
	Member	CA Ramandeep Bhatia	9827152729	ca.ramandeep@yahoo.com
	Member	CA M.S. Sawadia	9303355210	mssawadia@hotmail.com
5.	GMCS & DTC Co-ordinator	CA Neeraj Baid	9425903388	neerajbaid@gmail.com
	Member	CA Sanjana Sahu	8226066660	Sanjana.29992@gmail.com
	Ex-officio	CA Sumit Badwani	9827400290	sumitbadwani@gmail.com
6.	Library Committee Chairman	CA Udit Kumar Agrawal	8006992191	cauditkumar@gmail.com
7.	News Letter Editor	CA Jhendra Singh Khanuja	9589999964	jshenja18@gmail.com
	Member	CA Vanya Banerjee	9861504397	vanya_banerjee@yahoo.co.in
	Member	CA Dhara Sarthani	9977582055	dhara.sarthani@gmail.com
	Member	CA Vikram Tatreja	9770142222	cavikramtatreja@gmail.com
	Member	CA Shweta Bajaj	9770321611	cashweta Bajaj@gmail.com
	Member	CA B. Subramanyam	9329100063	manymaths@hotmail.com
8.	ITT Committee Co-ordinator	CA Sakshi Gopal Aggarwal	9425207860	aggarwalshg1960@gmail.com
9.	Members in Industry Committee Chairman	CA Nitin Agrawal	9893791917	agrawalnitinca@gmail.com
	Member	CA Anurag Agrawal	9827197570	caanuragagrawal@gmail.com
10.	Directory Committee Chairman	CA Manoj Keewani	9425208633	man.keewani@gmail.com
	Member	CA Jayesh Bothra	9301291807	bothrajayesh@yahoo.com
	Member	CA Neeraj Thourani	9329207484	Neeraj.thourani@gmail.com
	Member	CA Megha Gupta	9300172940	kmegha@gmail.com
	Member	CA Anush Jain	9630199330	ANKESH.JAIN@icai.org
11.	Media & Communication Committee Chairman	CA Pranay Bursi	7828971008	capranaybursi@gmail.com
	Member	CA Jinesh Jain	9893153700	jojinshajain@gmail.com
12.	Social & Cultural Committee Chairman	CA Sanjay Bithani	9669905011	bithani.ca@gmail.com
	Member	CA Manoj Keewani	9425208633	man.keewani@gmail.com
	Member	CA Ravi Jain	9584750020	caravijaiya@gmail.com
13.	Certification Course Committee Chairman	CA Shashikant Chandraker	9425213218	shankar@yahoo.co.in
	Member	CA Vikash Jain	9300685455	vikas_jain_ca@yahoo.com
14.	Women Steering Committee Chairman	CA Ritu Gupta	9893212898	ritugupta.global@gmail.com
	Member	CA Nikita Golechha	9826225300	nikitacga@gmail.com
	Member	CA Pragya Jayodia	9669109000	Pragya_jayodia@yahoo.co.in
15.	Youth Orientation Committee Chairman	CA Sangita Rathi	8993534048	sangitarathi21@gmail.com
16.	Web Site Updation Committee Chairman	CA Vikash Patankar	9827159809	vikashpatankar@satelbroadband.in
17.	Branch Renovation Committee Chairman	CA Deepika Nathani	9406099857	deepika.nathani@gmail.com
18.	Infrastructure Development Committee of Raipur Branch (at Institute level) Chairman, Council Member	CA Shyam Lal Agrawal	9414053183	shyamjal@gmail.com
	Member	CA Chetan Tanwar	9626123115	chairmanraipurbranch@gmail.com
	Member	CA Sunil Agrawal	9425505211	Ssunil71@gmail.com
	Member	CA Sumit Badwani	9827400290	sumitbadwani@gmail.com
19.	Raipur Branch Staff Branch in-Charge	CA Sidharth Parekh	9752555000	sidharthparekh@yahoo.co.in
	Supervisor	Sonal Mishra	9771-4036607	Sonal.mishra0884@gmail.com
	Accountant	Mr. K.N. Verma	9329804950	knverma@gmail.com
	Office-Boy	Anju Singh	9771-4036607	anjusingh7484@gmail.com
	Office-Boy	Mr. D.K. Sahu	9754179091	dk.sahu@gmail.com
		Mr. M.K. Sahu	9754361977	Manish4852sahu@gmail.com

SEMINAR ON BANK BRANCH AUDIT



RAIPUR BRANCH OF CIRC OF ICAI

A-21, First Floor, Mahavir Gaushala Complex, K. K. Road, Raipur (Chhattisgarh), India, 492001

Phone: + 91 - 0771 - 4030937 Fax: + 91 - 0771 - 4030937

Website : <http://www.icairipur.org> Email : icairipur@yahoo.com