



# Central India Regional Council

## The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

# CIRC Newsletter

October, 2020



**Where the mind is without fear and the head is held high, where knowledge is free. Where the world has not been broken up into fragments by narrow domestic walls. Where words come out from the depth of truth, where tireless striving stretches its arms toward perfection. Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit. Where the mind is led forward by thee**

To download the 69th Annual Report and Audited Accounts please click on the below link:



**Respected Professional Colleagues,  
Greetings of the day!!**

**“Success means doing the best we can with what we have. Success is the doing, not the getting; in the trying, not the triumph. Success is a personal standard, reaching for the highest that is in us, becoming all that we can be.”**

We have believed – and we do believe now – that freedom is indivisible, that peace is indivisible, that economic prosperity is indivisible. CA means Creative Accountant. We create a happy economy, we create smiles at work, we create opportunities, and we create reliable financials. We are Creative Accountants, we are Chartered Accountants. Only a CA can go deeper can go longer, and can come safe.

Amidst the chaos caused by the life-threatening claws of the global pandemic - Covid-19, The Institute has always remained at the technological forefront using the Technology to create and use the opportunities during the these times. Under the invincible umbrella of positivity and perseverance Central India Regional Council of ICAI as always working towards the betterment of its stakeholders and will continue to leverage technology to give our profession a winning edge, and as we are heading towards the unlock, there will be many Members resuming their work and facing situation where he/she has to deal with the ICAI relating to various Members services of ICAI.

Therefore, CIRC has taken an initiative that if any Member is having an unresolved

grievance (unresolved for more than 10 Days) related to the Member and Student services of the Institute, then a member can submit his/her grievance via E-Mail to Chairman CIRC at [chairmancirc@icai.in](mailto:chairmancirc@icai.in) after which it will taken up in a best possible manner to get it resolved.

Even after the corona crisis is over, India will just trudge along. It could have galloped if we did a few things right. The global spread of the corona virus (COVID-19) has sent shockwaves through global equity markets. The impact, however, has been unevenly distributed, providing opportunities for investors. Overall, we believe that despite near-term volatility, the country's robust foundation—built on structural reform, the domestic nature of the market, and prudent monetary and fiscal policy—should help it to navigate the current challenging market environment. India currently faces notable short-term challenges, including the outbreak of COVID-19 and the preceding slowdown of the informal economy. We take a look at the current situation, the response from policymakers, and how both issues affect our views. Finally, we explain why investors should remain focused on positive long-term themes in India.

We expect the economic recovery to be gradual because a certain amount of social distancing will continue over the medium term to avoid another wave of infection. In turn, this will cause an uneven recovery across different sectors. Businesses that depend on the gathering of people, such as retail, hospitality, tourism, cinemas, exhibitions, and



construction sites, may see ongoing restrictions and weaker activity. On the other hand, sectors that cater to social distancing, including personal mobility, packaged foods, telecom, and home improvement, automation, white goods, and consumer electronics, are likely to recover faster. The Reserve Bank of India (RBI) has also stepped in to provide adequate liquidity to counter a sudden stop in economic activity, which would negatively affect firms' revenues and cash flows

The Government has been spearheading efforts to kick-start the economy and a significant part of this is based on increased lending by the banks which opens up the risk of a further increase in bad debts due to the Covid. Using an alternate investment fund to buy bad debt from banks would help lighten the burden of banks as they grapple with mountains of NPAs

**Finally we turn to God in times** of fear and uncertainty as we do in times of joy and celebration. Please join us as we pray for God's heart of love, mercy, and truth to dwell in us and show us how to

face the challenges posed by the corona virus. "एतदपि गमिष्यति"- The one thing we humans don't have control over is the passage of time. What we need to remember therefore is that, the good and bad times all pass.

**Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.**

Best wishes for a very noteworthy and productive October!

Warm regards,

CA. Devendra Kumar Somani

Chairman CIRC

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**Respected Professional Colleagues,**

**Please accept my greetings!!**

We owe a lot to the Indians, who taught us how to count, without which no worthwhile scientific discovery could have been made. ~

**Albert Einstein**

The secret of getting ahead is getting started. Look up at the stars and not down at your feet. Try to make sense of what you see, and wonder about what makes the universe exist. Be curious.

It seems that we are slowly moving towards a gradual removal of the lockdown for some sectors parts of the economy. The government doesn't have any other alternative other than focus on lives and livelihoods. The biggest challenge businesses will face will be restarting their operations. Even while a larger part of the enabling ecosystem continues to be in lockdown. Parts like public transportation, etc., is likely to continue to be in lockdown and within the constraints of what we are allowed to do; we're going to have to ensure that we get our businesses back on track. And that will be the biggest challenge for business houses.

What I've learnt so far is people are going to come back very different. It's not going to be the same human being you left before the lockdown and I think we're going to see a very gradual opening up of the world. At the same time you're going to see very changed, people who need to be handled very differently. I don't think life would be the same ever again. We will see more compassionate and humanitarian requirements to deal with. It's going to be

businesses that are more humane that will win and not the ones which focus on performances going forward. We have to keep in mind how do you keep these things together, how do you open your office and keep social distancing while managing your costs.

It is a difficult time, but luckily for us, it came together very well. We worked collectively. However, at the same time the very basic things that we took for granted earlier was different.

Careless behavior of people and complacency are leading to a spike in Covid-19 cases. In this regards prime minister has already appealed to all countrymen not to be careless as the cases are continue to be rising in our Nation. This is a humble request to all members of CIRC to be very careful without any panic.

As the Covid-induced supply side shocks can fast spills over to the demand side resulting in large-scale unemployment and associated developmental challenges. "The need of the hour is large-scale job creation and infrastructure is one such sector where much more focus is required.

**"Sometimes the smallest step in the right direction ends up being the biggest step of your life. Tip Toe if you must, but take a step."**

Sd/-

**CA. Dinesh Kumar Jain**  
**Secretary CIRC**

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# ***ARTICLES***





## Call for articles

“Information combined with Knowledge is Power”, so goes an old saying, which remains relevant to Indian accountancy profession of the present times. And the knowledge multiplies and disseminates by sharing. It is in the spirit that The CIRC Monthly e-Newsletter is published every month.

To add a new sphere to this Newsletter reach, coverage and utility, it has been decided to put a new focus on profession-oriented knowledge, where a large number of members are giving their service in various capacities, including as CFOs and CEOs. As such, the CIRC members in industry, who have a knack for writing, are invited to contribute in this e-Newsletter the articles specific to their Industry in Professional perspective. Such article, of not more than 2500 words (original and not having been published or hosted anywhere else) with executive summary and authors photographs, should be sent at The authors are also required to give a declaration of originality and a brief profile along with the articles.

CIRC Newsletter is the publication of the CIRC of ICAI and is sent to all members comes under Central Region.

There are many ways to be a part of the newsletter. Writing an article is a rewarding way to contribute to the members while enhancing your own professional development.

Readers often appreciate recommended resources, charts, checklists, case studies, tables or diagrams, quotations, or points highlighted for emphasis.

Members are encouraged to submit articles of interest to the Chartered Accountants for inclusion.

Accompanying photos and other artwork are strongly encouraged. All articles, transitions and photos are subject to editing, available space, and the acceptance policy.

**Thanks & Regards  
TEAM CIRC**

- Articles should be useful to Members
- Should be between 1000 to 2500 words.
- In Word and PDF format both.
- Good if on the Current Topics.



**PLEASE SUBMIT YOUR ARTICLES @**  
[circ@icai.in](mailto:circ@icai.in)  
 or at  
[shailendra.saxena@icai.in](mailto:shailendra.saxena@icai.in)



## ITC under GST



Input Tax Credit (ITC) means the amount of tax paid on purchase of Input Goods, Input Services and Capital Goods and includes tax paid under

Reverse charge. Then at the time of paying tax on output, you can reduce the tax you have already paid on inputs and pay the balance amount. This mechanism is called utilization of input tax credit. Due to this mechanism Input Tax Credit is the backbone of GST regime because these provisions of ITC make GST a value added tax i.e. collection of tax at all points after allowing credit for inputs.

### Section 16: Eligibility and conditions for taking Input Tax Credit



**1. Eligibility Criteria:** Every Registered Person shall be entitled to take Input tax Credit on any supply of goods or services or both to him which are used or intended to be used in the course of furtherance of his business and said amount will be credited to the electronic credit ledger of such person.

**2. Conditions for availing of ITC:** Notwithstanding anything contained in this section, no registered person is entitled to the credit of any input tax in respect of goods and services supplied to him unless:

**(a)** He is in **possession of Tax Invoice or Debit Note** or any other Tax paying document issued by the supplier.

**(b)** He has **received the goods** or services or both.

**(c)** Subject to the provisions of Sec 41, the tax charged in respect of supply has been actually **paid to the government**.

**(d)** And He has **furnished the Return u/s 39**.

Provided that if the recipient of the goods and services fails to pay to the supplier within **one hundred and eighty days** from the date of issue of invoice by the supplier, then the Input tax Credit availed by the recipient shall be added to his output tax liability with interest.

And that Input Tax Credit will be available to the recipient again when payment has been made to the supplier.

Provided further that where the goods against an invoice are **received in lots or instalments**, the registered person shall be entitled to take credit upon receipt of the last lot or instalment.

**3. No ITC if Depreciation is claimed on Tax component of Capital Goods:** When the registered person claims the Depreciation on tax component of cost of Capital Goods and Plant & Machinery, then the Input Tax Credit on said component shall not be allowed.

**4. Time limit for availing ITC:** A registered person shall not be entitled to take Input tax Credit in respect of Invoice or Debit Note for supply of goods or services or both





• after the “Due Date of furnishing of Return u/s 39 for the month of September following the end of Financial Year to which such Invoice pertains” or

• “Date of furnishing of relevant Annual Return”, whichever is earlier.

\*\*\*

### **Section 17: Apportionment of Credit and Blocked Credits**

In the below situations full ITC on inward supplies cannot be taken, only proportionate ITC is allowed in this:

1. When the goods or services or both are used by the Registered Person for the purpose of Business and partly for other purposes : Then only ITC attributable to Business purpose can be taken.
2. When the goods or services or both are used by the Registered Person for making Taxable supplies including Zero Rated Supplies and partly for making exempt supplies: Then only ITC attributable to Taxable Supplies and Zero Rate Supply can be taken.
3. Special option of ITC to Banking and Financial institutions: A banking company or a financial institutions including a non-banking financial company, can at their option avail of, every month, an amount equal to 50% of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse.
4. ITC of tax paid on Input Goods, Input Services used for supply of taxable goods or services or both is allowed under GST except a small list of items

provided u/s 17(5).

5. Tax paid u/s 74, 129 and 130 is not available as ITC. These sections provide the provisions relating to tax paid as a result of evasion of taxes, or upon detention of goods or conveyance in transit, or towards redemption of confiscated goods or conveyances.

\*\*\*

### **Section 18: Availability of Credit in Special Circumstances**

This Section provides for:

#### **1. Entitlement of ITC:**

##### **(a) At the time of Registration or Voluntary Registration:**

- The Person who has applied for registration within 30 days from the date on which he becomes liable for registration or the person who is not required to register but obtains voluntary registration and has been granted registration, shall be entitled to take ITC.
- In this situation, goods will be entitled to ITC on the day immediately preceding the date from which he becomes liable to **pay tax in case of normal registration** or the day immediately preceding the date of registration **in case of voluntary registration**.
- ITC to be availed **within 1 year** from the date of issue of tax invoice by the supplier.
- ITC will be available of inputs in stock, Finished Goods and Work in progress

##### **(b) Switching to regular tax paying structure from existing composition levy:**



· In this, goods will be entitled to ITC on the day immediately preceding the date from which he becomes liable to pay tax under regular scheme.

· ITC will be available for inputs held in Stock and inputs contained in semi-finished or finished goods held in stock and Capital Goods

· ITC on Capital Goods will be reduced by 5% per quarter of a year or part of the year from the date of invoice.

· ITC to be availed within 1 year from the date of issue of tax invoice by the supplier.

(c) On coming into tax paying status on account of exempt supply becoming taxable supply:

· In this, goods will be entitled to ITC on the day immediately preceding the date from which such supply becomes taxable.

· ITC will be available for inputs held in Stock and inputs contained in semi-finished or finished goods held in stock relating to such exempt supply and Capital Goods exclusively used for such exempt supply.  
· ITC on Capital Goods will be reduced by 5% per quarter of a year or part of the year from the date of invoice.

· ITC to be availed within 1 year from the date of issue of tax invoice by the supplier.



## 2. Reversal of ITC

(a) **On Switching to Composition levy or exit from tax-paying status:**

· ITC on inputs held in stock, inputs contained in semi-finished goods or in finished goods and capital goods should be reversed proportionately on the basis of corresponding invoices on which credit has been availed. If invoice are not available, then the prevailing market price of such goods on the date of switch over/exemption.

· ITC involved in the remaining useful life (**in months**) of the Capital Goods should be **reversed on pro-rata basis (Rule 44)**, taking useful life as 5 years.

· The registered person has to **debit the electronic credit or cash ledger** by the reversal amount and **balance** of ITC if any **shall lapse**.

(b) **On Cancellation of Registration:**

· In this, ITC on inputs held in stock/ contained in semi-finished goods or finished goods held in stock, capital goods or plant and machinery on the day immediately preceding the cancellation date.

· The amount to be reversed as ITC on inputs should be **reversed proportionately** on the basis of **corresponding invoices** on which credit has been availed. If invoice are not available, then the **prevailing market price** of such goods on the date of switch over/exemption.

· ITC involved in the remaining useful life (in months) of the Capital Goods should be reversed on pro-rata basis, taking useful life as 5 years, taking the useful life as 5 years.

· Such amount is compared with the output tax payable on such good, and the higher of the two amounts shall be paid by the registered person.



·The Reversal amount is added to the output tax liability of the registered person.

**(c) Amount payable on supply of Capital Goods or Plant & Machinery on which ITC has been taken :**

The registered person shall pay an amount that is the higher of the following

·ITC pertaining to remaining useful life of the Capital Goods(in quarters)

OR

·Tax on Transaction Value.

**(d) Transfer of ITC on account of Change in Constitution of registered person :**

In case of sale, merger, demerger, amalgamation, transfer or change in ownership of business etc., it includes transfer or change in ownership due to death of the sole proprietor, the ITC that remains unutilized in the electronic credit ledger of the registered person

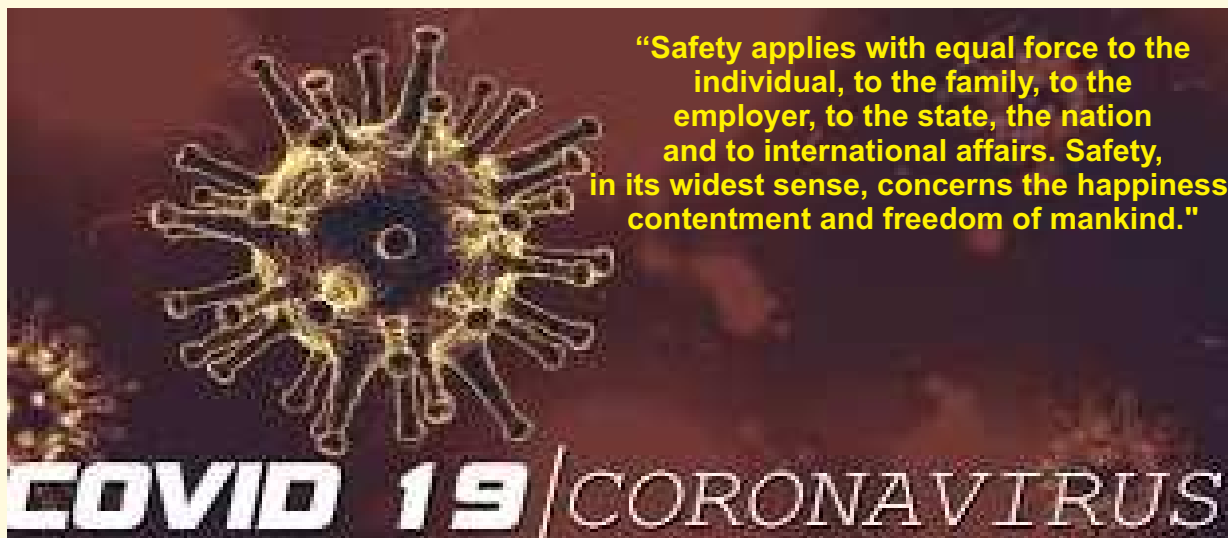
can be transferred to the new entity, provided there is a **specific provision for transfer of liabilities in such change of constitution.**

(e) Transfer of ITC on obtaining separate registrations for multiple places of business within a State/Union Territory :

·Sec 25 enables a taxpayer to obtain separate registrations for multiple places of business within a State/Union Territory.

·The registered person (transferor), having separate registrations for multiple places of business within a State/Union Territory, can transfer the unutilised ITC(wholly or partly) lying in his electronic credit ledger to all or any of the newly registered places of business in the **ratio of value of assets** held by them at the time of registration.

· *“Value of assets”* means the value of entire assets of the business irrespective of whether ITC has been availed thereon or not.





### What is dividend?

Dividend has been defined under clause 22 of Section 2 of the Income tax act as:

“Dividend includes:

(a) any distribution by a company of accumulated profits, whether capitalised or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets of the company;

(b) any distribution to its shareholders by a company of debentures, debenture-stock, or deposit certificates in any form, whether with or without interest, and any distribution to its preference shareholders of shares by way of bonus, to the extent to which the company possesses accumulated profits, whether capitalised or not;

(c) any distribution made to the shareholders of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profits of the company immediately before its liquidation, whether capitalised or not;

(d) any distribution to its shareholders by a company on the reduction of its capital, to the extent to which the company possesses accumulated profits which arose after the end of the previous year ending next before the 1st day of April, 1933, whether such accumulated profits have been capitalised or not;

(e) any payment by a company, not being a company in which the public are substantially interested, of

any sum (whether as representing a part of the assets of the company or otherwise) made after the 31st day of May, 1987, by way of advance or loan to a shareholder, being a person who is the beneficial owner of shares (not being shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than ten per cent of the voting power, or to any concern in which such shareholder is a member or a partner and in which he has a substantial interest (hereafter in this clause referred to as the said concern) or any payment by any such company on behalf, or for the individual benefit, of any such shareholder, to the extent to which the company in either case possesses accumulated profits;

but "dividend" does not include—

(i) a distribution made in accordance with sub-clause (c) or sub-clause (d) in respect of any share issued for full cash consideration, where the holder of the share is not entitled in the event of liquidation to participate in the surplus assets;

(ia) a distribution made in accordance with sub-clause (c) or sub-clause (d) in so far as such distribution is attributable to the capitalised profits of the company representing bonus shares allotted to its equity shareholders after the 31st day of March, 1964, and before the 1st day of April, 1965;

(ii) any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company;

(iii) any dividend paid by a company which is set off by the company against the whole or any part of any



sum previously paid by it and treated as a dividend within the meaning of sub-clause (e), to the extent to which it is so set off;

(iv) any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956 (1 of 1956);

(v) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company).”

In simple words “Dividend refers to a reward, cash or otherwise, that a company gives to its shareholders. In general terms it is a return on your shares.” It is a post net profit item i.e. it is not reduced from taxable profit of a company.

### **History of Dividend distribution tax:**

Dividend distribution tax (DDT) was introduced u/s 115-O in 1997 and before that dividend was taxed in the hands of individual recipient and since many small investor's used to invest in shares, hence it was becoming difficult for the department to keep an eye on whether people are offering such income for tax or not. Hence, to collect proper tax on dividend and to collect tax on it at a single point government introduced section 115-O in 1997 after which company was required to pay tax on dividend income and same would be exempt in the hands of recipient.

Dividend income was made exempt by virtue of section 10 (33) inserted by Finance Bill, 1997, which

was many a times amended, substituted and finally was re-introduced as clause 34 to section 10 in 2003 which we were using till date and before that dividend income was taxable in the individual hands of recipient.

The rate of dividend distribution tax was kept at 15% and then one used to gross it up and add 12% surcharge and cess and final DDT rate would be 20.56%.

In keeping with such changes, over the years the government also took certain corrective measures to ensure that the dividend income originating from the same source was not taxed in India more than once, including in the hands of ultimate recipients. For instance, in order to remove the cascading effect of DDT on a multi-tier structure where dividend is received by an Indian company from a subsidiary company and is further distributed to its shareholders, tax base for computing DDT in the hands of such Indian company was reduced by amending Section 115-O by Finance Act 2012, by the amount of dividend received from its subsidiary on which DDT had already been paid.

Section 115-O was further amended by Finance Act 2013 to provide similar reduction in respect of dividend received from a foreign subsidiary, where tax under Section 115BBD had already been paid by the Indian company.

After this it came to notice of CBDT that many big investors, who are mainly investing into equities and who have huge wealth and are normally in highest slab of income tax are just paying 20.56% tax on their dividend income and hence section 115BBDA



was introduced by Finance bill, 2016 wherein tax would be charged at the rate of 10% on such dividend which is in excess of Rs. 10 lakh.

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The reason provided by our Hon'ble Finance minister while demolishing DDT in her Budget, 2020 speech is:

*“Currently, companies are required to pay Dividend Distribution Tax (DDT) on the dividend paid to its shareholders at the rate of 15% plus applicable surcharge and cess in addition to the tax payable by the company on its profits.*

*It has been argued that the system of levying DDT results in increase in tax burden for investors and especially those who are liable to pay tax less than the rate of DDT if the dividend income is included in their income.*



*Further, non-availability of credit of DDT to most of the foreign investors in their home country results in reduction of rate of return on equity capital for them. In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, I propose to remove the DDT and adopt the classical system of dividend taxation under which the companies would not be required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.*

*Further, in order to remove the cascading effect, I also propose to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue forgone of ₹ 25,000 Crore.*

*This is another bold move which will further make India an attractive destination for investment."*

Now, with Finance Bill 2020 government has scrapped DDT and is again going back to the old rule wherein dividend income would be taxed in individual hands of assessee who receive's it.

However, this rule would not apply to dividend which has been declared, distributed or paid by such company on or before 31.03.2020.

**Relevant amendments to section 10(34), 115-O and 115BBDA, 194 and 195 are as under:**

**In section 10(34) of the Income-tax Act:** "In clause (34), after the proviso, the following proviso shall be inserted, namely:–

Provided further that nothing contained in this clause shall apply to any income by way of dividend received on or after the 1st day of April, 2020 other

than the dividend on which tax under section 115-O and section 115BBDA, wherever applicable, has been paid;"

**In section 115-O of the Income-tax Act:**"in sub-section (1), after the words, figures and letters "on or after the 1st day of April, 2003", the words, figures and letters "but on or before the 31st day of March, 2020" shall be inserted with effect from the 1st day of April, 2021."

**In section 115BBDA of the Income-tax Act:**"(a) in sub-section (1), for the words "or companies", the words, figures and letters "or companies on or before the 31st day of March, 2020" shall be substituted with effect from the 1st day of April, 2021;"

**In section 194 of the Income-tax Act:**

*"(a) for the words "in cash or before issuing any cheque or warrant", the words "by any mode" shall be substituted;*

*(b) for the words "at the rates in force", the words "at the rate of ten per cent." shall be substituted;*

*(c) in the first proviso,— (i) in clause (a), for the words "an account payee cheque", the words "any mode other than cash" shall be substituted; (ii) in clause (b), for the words "two thousand five hundred rupees", the words "five thousand rupees" shall be substituted;*

*(d) the third proviso shall be omitted."*

**In section 194 of the Income-tax Act:**

*"in sub-section (1), the second proviso shall be omitted."*



### My observation:

To sum up the changes mentioned above:

From 01.04.2020 any dividend declared, distributed and paid after 01.04.2020, in case of resident TDS shall be deducted on same u/s 194 @10% if the amount of dividend exceeds Rs. 5,000. In case of NRI after omission of second proviso to sub section 1 which used to restrict deduction of TDS for dividend on which DDT has been paid. Hence now **TDS will be deducted @20% in case of NRI u/s 195** and it shall be taxed in hands of person receiving the same as income from other sources and chargeable to tax at respective slab rate and no DDT shall be deducted.

**However, if same is either declared, distributed or paid before 31.03.2020 same would be exempt u/s 10(34) except 115BBDA and DDT needs to be paid u/s 115-0.**

Let's understand the same with few examples:

1) Suppose Company A has declared dividend on 30.03.2020, however paid the same 25.04.2020 therefore on such dividend provisions of DDT would

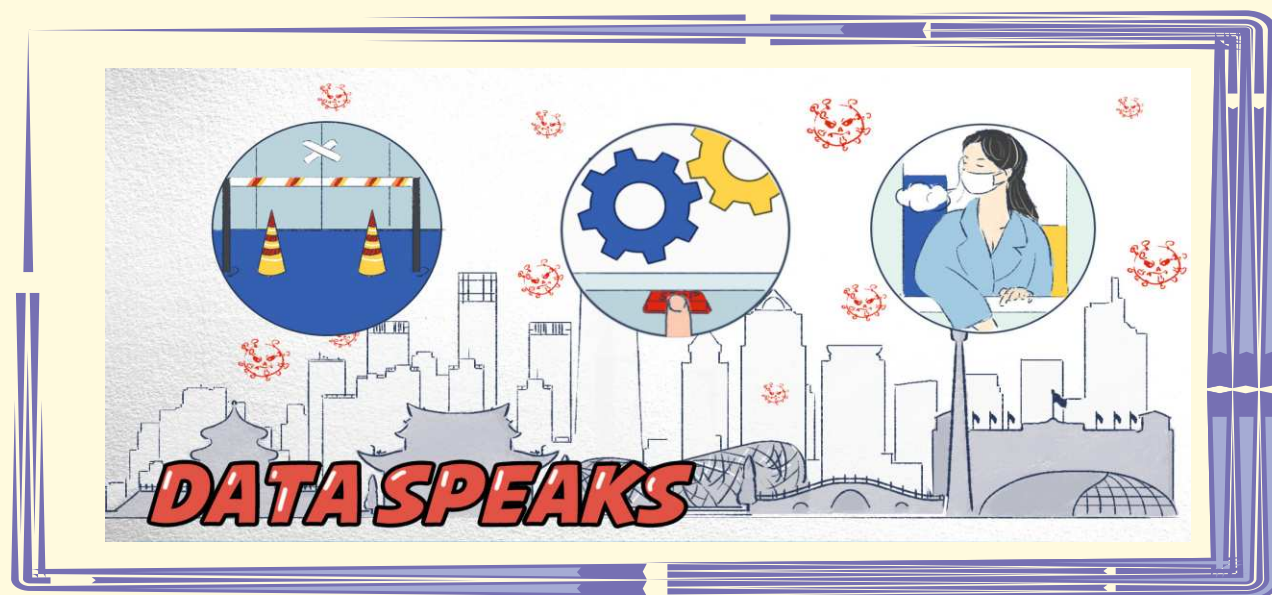
be applicable u/s 115-0 and such dividend would be exempt u/s 10(34).

2) However, if a company declares dividend on 02.04.2020 and pays the same on 30.04.2020 then in that case no DDT would be applicable, TDS must be deducted u/s 194 and such dividend will be taxable in the hands of recipient of such dividend.

Now the average investor who were earning income other than dividend more than 10 lakh but dividend income was less than 10 lakh and were getting away by paying around 20% on above will now have to pay more tax on above dividend.

It's a win-win situation only for those investor's whose total income is below 10 lakh or under 12.5 lakh under the new tax regime.

Let's see how this new dividend taxation scheme turns out, as one of the motive for such amendment was to make equity market attractive for foreign investor, also this change would be beneficial for some and for some this would demand more tax.







Micro, Small & Medium enterprises are the backbone of growing Indian economy. From some time, this term has come into lime light because government has issued various schemes and policies for promotion, development and enhancing

competitiveness of MSMEs. In this article, we will be covering following points:-

- 1.An introduction to MSMEs
- 2.Statutory provisions related to MSMEs
- 3.Registration Process
- 4.MSME procurement Policy
- 5.Payment Securities
- 6.Important Links

### 1. An introduction of MSMEs:-

The ministry of Micro, Small & medium Enterprises

is the apex body for formulation and administration of rules, regulations and laws relating to micro, small & medium enterprises in India. The government has launched various schemes viz. Udyog Aadhar Memorandum, Loan up to 1 Cr. through online portal, TReDS, Credit Linked Capital Subsidy Scheme, Grievance Monitoring System etc. for promotion, development and safety of MSMEs.

### 2. Statutory Provisions related to MSMEs:-

MSMEs are governed by Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act, 2006) which came into force w.e.f. 02.10.2006. Salient provisions of this act are follows:-

a) **Classification of MSMEs (Sec. 7)** - Classification of MSMEs have been done based on investment in Plant & Machinery and Turnover. This classification

will be applicable from 01.07.2020. (As per Notification No.S.O.1702(E) dt.01.06.2020)

Classification	Manufacturing & Service Sector (No distinction)	
	Investment in Plant & Machinery	Turnover Limits
Micro Enterprises	Less than or equal to 1 Crore	Less than or equal to 5 Crore
Small Enterprises	Less than or equal to 10 Crore	Less than or equal to 50 Crore
Medium Enterprises	Less than or equal to 50 Crore	Less than or equal to 250 Crore

Note : As per Gazette Notification No. 1722(E) date 05.10.2006, while calculating investment in Plant & Machinery, the original price thereof, irrespective of whether the plant and machinery are new or second hand, shall be taken into account. But expenses eg. cost of installation, power generation set, R&D equipment and pollution control equipment, fire fighting equipment etc. shall not be included in

determining investment in Plant & Machinery.

b) **Registration Process (Sec. - 8)** - The registration process for MSMEs is quite simple and self explanatory. For registration, visit [www.udyogaadhaar.gov.in](http://www.udyogaadhaar.gov.in) , fill the form and registration is complete. After registration, further information may be furnished in MSME data bank at [www.msmedatabank.in](http://www.msmedatabank.in).



c) **Payment Security (Sec. – 15, 16)** – It has been clearly spelled in the act that the buyer has to make payment to MSME seller for the goods/services within the time period mentioned in the written agreement which, in no case, shall exceed 45 days from date of acceptance or date of deemed acceptance.

If the buyer fails to pay within the prescribed time limit, then, notwithstanding anything contained in any agreement between buyer and seller or in any law for the time being in force, he has to pay compound interest with monthly rest at three time of bank rate (Currently @4.25%) on the due amount to the seller.

d) **Disclosure requirement in annual statements (Sec. – 22)** – If buyer is required to get his accounts audited under any law for the time being in force, he shall furnish additional information in annual accounts related to amounts pending for payment to MSME suppliers along with interest thereon.

As per Gazette Notification No. 5622(E) dated 02.11.2018, all companies, who have MSE creditors and whose payment is due exceeding 45 days, have to submit half yearly return in form MSME-I to MCA stating amount of payment due and reasons for the delay.

### 3. Registration Process:-

The entire Registration process for MSME have been made very simple and self declaration basis. Applicant should visit [www.udyogaadhaar.gov.in](http://www.udyogaadhaar.gov.in) and following information should be kept ready before filing of registration e-form:-

i. Mobile No. & valid E-Mail ID of applicant

ii. Aadhar Number & PAN number

iii. Office Address

iv. Bank Account Details of applicant

v. Investment in Plant & Machinery

vi. Turnover Details

above information will be helpful in easy filling of online e-form and after submission of form, UAM certificate will be generated. There is no need to send hardcopy of documents to any authority.

UAM certificate is valid for life time until revoked by authorities. Updation in UAM certificate can also be done very easily using the link [https://udyogaadhaar.gov.in/UA/UA\\_entrepreneur\\_login.aspx](https://udyogaadhaar.gov.in/UA/UA_entrepreneur_login.aspx).

### 4. MSME Procurement Policy:-

The government has issued vide Gazette Notification No. 581(E) dated 23.03.2012 “Public Procurement Policy for Micro and Small Enterprises (MSEs) order, 2012” which came into force w.e.f. 01.04.2012. Salient features of this policy are as follows:-

I. This policy is applicable for Central Government Ministries, Departments and PSUs.

II. It is mandatory for these institutions to procure minimum of 25 % of their annual value of goods or services from Micro and Small Enterprises. (Limit extended from 20% to 25% vide Gazette Notification No. 5670(E) dated 9.11.2018)

III. Out of this 25%, 4% procurement shall be from MSEs owned by SC or ST entrepreneurs.



IV. Out of this 25%, 3% procurement shall be from MSEs owned by Women. (Added vide Gazette Notification No. 5670(E) dated 9.11.2018)

V. In the tender process, if price quoted by Micro and Small Enterprises is within price band of L1 + 15 % and L1 price is from someone other than a MSE, then also MSEs should be allowed to supply upto 20% of total tendered price by bringing down their price to L1 price.

VI. Central Ministries, Departments & PSUs shall take necessary steps to develop micro and small vendors by organizing Vendor development Programmes or Buyer-Seller Meets etc.

VII. 358 items have been reserved which must be procured only from MSEs. eg. Air/Room Coolers, Bags of all types, Barbed Wire, Battery Charger, Battery Eliminator, Blotting Paper, Bolts and Nuts, Boot Polish, Boots and Shoes of all types including canvas shoes, Brass Wire, Brooms, Brushes, Buckets, Button, Castor Oil, Cotton Ropes, Dust Bins, Electric Soldering Iron, Fire Extinguishers (Wall Type) Lockers, Lubricators etc.

#### 5. Payment Securities:-

A. As per Section 15 of MSMED Act, 2006, Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the **appointed day**.

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the **day of acceptance**

**or the day of deemed acceptance.**

**Where,**

'The day of acceptance' means –

(a) The day of the actual delivery of goods or the rendering of services; or

(b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

'**The day of deemed acceptance**' means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

'**Appointed day**' means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

B. As per Section 16 of MSMED Act, 2006, Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.



C. In case of any dispute related to payment, any party related to dispute, may make a reference to Micro and Small Enterprises Facilitation Council. The council need to decide every reference within 90 days from the date of reference.

### 6. Important Links:-

Some important links related to MSMEs are as follows:-

<http://www.champions.gov.in>

a): Newly launched website, Single Window for MSME

[www.msme.gov.in](http://www.msme.gov.in)

b) : Official website by Ministry of MSME

[www.samadhaan.msme.gov.in](http://www.samadhaan.msme.gov.in)

c): MSME samadhaan portal

[www.sambandh.msme.gov.in](http://www.sambandh.msme.gov.in)

d) : Information related to procurements from MSMEs

[www.sampark.msme.gov.in](http://www.sampark.msme.gov.in)

e) : Connecting recruiters and jobseekers

[www.kviconline.gov.in](http://www.kviconline.gov.in)

f) : PM's Employment Generation Programme

[www.my.msme.gov.in](http://www.my.msme.gov.in)

g) : All information related to MSMEs at one point

[www.udyogaadhaar.gov.in](http://www.udyogaadhaar.gov.in)

h) : For Udyog Aadhaar registration

[www.msmedatabank.in](http://www.msmedatabank.in)

i) : Databank related to MSMEs

[www.igms.msme.gov.in](http://www.igms.msme.gov.in)

j) : Internet Grievance Monitoring System for MSMEs



### Say thanks to health workers

The coronavirus outbreak has brought the world to a standstill. With businesses around the world shutting shop, the economy taking a severe hit and most countries being in lockdown, all of us are fighting Covid-19 the best way we can. However, in this pandemic, the medical community including doctors, nurses and the medical staff are the warriors who are fighting this disease on the frontlines and are putting their lives at risk to keep us safe.

“As COVID-19 continues to impact communities around the world, people are coming together to help one another now more than ever”.



“Incoterms” is a common term being used while execution of any contract for purchase of goods. More commonly people use the term “Incoterm 2010”. Let us sail through various areas w.r.t incoterms like who is the body governing such

terms, why it is followed by whole world , what terms are commonly referred to by such body and what is the future of such international commercial terms.

### **Governing body**

Incoterm or “International Commercial Term” is promulgated by ICC(International Chamber of Commerce) having headquarter at Paris, France. This body was established in 1919. ICC is the highest business representative organization having 6 million members from over 100 countries.

### **Why ICC formed**

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in thousands of transactions every day and have become part of international trade. It helps in minimizing dispute among the trade carried out.

### **When Incoterms generated by ICC**

First published in 1936 by ICC, Incoterms provide internationally accepted definitions & rules of interpretation of most common commercial terms used in context of sale of goods. ICC celebrated its centenary last year (1919-2019). It has completed its 100 years of existence. Now it is going to come with revised edition viz Incoterms 2020."Incoterms" is a registered trademark of the ICC.

### **Why Incoterms**

The use of Incoterms eliminates inconsistencies in language by giving all parties the same definition of specific terms within a trade agreement. As a result, the risk of problems during shipment is reduced since all parties clearly understand their responsibilities in performing trade under the given contract

### **History of Incoterms**

- **Year 1923-** ICC conducts first study of most commonly used trade term. It also highlighted disparity in its interpretation.
- **Year 1928-** Second Incoterms rules involving clarity on trade terms in over 30 countries.
- **Year 1936-** ICC publishes first edition of Incoterms rules featuring six trade terms relating to carriage by sea.
- **Year 1953-** Three new non maritime terms address the rise of transport of goods by rail in the wake of World war II. Terms were

FOR(free on rail)



FOT(free on truck)

DGP(delivered cost paid)

- **Year 1967**-ICC launched third edition of Incoterms rules including two new terms including DAF(delivery at frontier) and DDP(delivery in country of destination).

- **Year 1976**- Fourth edition of Incoterm rules announces new terms to end confusion relating to term FOB interpretation for air transport.

- **Year 1980**- To address rise of containerization FRC term introduced meaning Free carrier and new documentation process introduced.

- **Year 1990**- ICC unveiled Incoterms 1990 a complete revision of 1953 version reflecting contemporary practices in international trade and use of intermodal transport. FRC became FCA. Also changes w.r.t use of electronic messages were considered

- **Year 2000**- Incoterms 2000 sees major changes to the Delivery section which made the term FCA far clearer and easy to use.

- **Year 2010**- Icc releases Incoterms 2010 reducing number of terms from 13 to 11 by inclusion of two new rules for use irrespective of agreed mode of transport. Other modifications to reflect contemporary trade landscape comprises measure to enhance cooperation among parties and adaptation regarding commodities sales and domestic transaction.

### What are the terms?

The word “term” is now referred to as “rules”. INCO classification is of two types: One for any mode of transport and other one for sea freight or inland waterways.

Terms have been broken down as follows:

Rules for any mode or modes of transport (multimodal transport)	Rules for sea and other waterways transport
EXW - EXWORKS	FAS- FREE ALONGSIDE SHIP
FCA- FREE CARRIER	FOB- FREE ON BOARD
CPT- CARRIAGE PAID TO	CFR- COST AND FREIGHT
CIP- CARRIAGE AND INSURANCE PAID TO	CIF- COST INSURANCE FREIGHT
DAT- DELIVERY AT TERMINAL	
DAP- DELIVERED AT PLACE	
DDP- DELIVERED DUTY PAID	

Let us briefly sail through various terms highlighted above:-

1. Exworks- It represent the seller minimum obligation, since he has only to make available goods for the buyer at its own place. The buyer bears all further task viz arrangement of transport, export and import clearance etc. Carriage and insurance also borne by buyer.

2. FCA (free carrier)- Seller delivers the goods cleared for export to the carrier nominated by buyer. Carriage upto the place of carrier shall be borne by seller. It means in FCA, buyer responsibility starts from paying origin terminal charges, loading on carriage charges and all charges subsequent to bring goods in his place of destination.

3. CPT (carriage paid to)- Seller delivers goods to buyer at his designated place of destination. Even destination terminal charges are paid by seller. But insurance is not paid by seller.

4. CIP(carriage and insurance paid to)- All conditions as per CPT with addition that insurance cost also borne by seller.



5. DAT(delivery at terminal)- Seller risk and responsibility to transfer goods ends once goods reach unloading terminal and unloaded. Term can be used in all mode whether road,rail, sea or air.

6. DAP(delivery at place)- Similar to DAT minus unloading activity by seller. Thus under this term buyer is responsible to unload goods from destination terminal.

7. DDP (delivered duty paid)- In this type of arrangement, maximum responsibility is placed on seller as he need to take responsibility for import clearance and payment of taxes. This can be highly problematic due to the fact that in several countries import procedure are highly complex and can be bureaucratic.

### **Waterways terminologies**

In our above terms we are now left with four terms viz FAS, FOB, CFR and CIF. According to me these four terms can be easily understood if we compare FAS as Exwork, FOB as FCA, CFR as CPT and CIF as CIP, already explained above.

However,above terms have been brief description of various terms used in Incoterms. However these terms never intends to be all inclusive of associated cost and risks.

### **Incoterms 2020**

ICC published incoterms 2020 which came into effect from 1st January 2020. In FCA terms changes have been made. Let us elaborate why FCA terms have been revised.

Free Carrier (FCA) has been revised for Incoterms

2020 to cater to a situation where goods are sold FCA for carriage by sea and buyer or seller (or either party's bank) requests a bill of lading with an on-board notation. FCA in article A6/B6 now provides for the parties to agree that the buyer will instruct the carrier to issue an on-board bill of lading to the seller once the goods have been loaded on board, and for the seller then to tender the document to the buyer (often through the banks).

Also all costs associated with given incoterm rule now appear in an article. To be more specific now users can see full list of associated cost with respect to any incoterms.

“Incoterms 2020 rules help importers and exporters around the world to understand the responsibilities and avoid costly misunderstandings. “ – John W.H Denton AO, Secretary General, International Chamber of Commerce.

The abbreviations of Incoterms 2010 are provided by United Nation Economic Commission for Europe ([UNECE](#)) [Recommendation 5](#).

Recommendation 5 applies in cases where a coded representation is required to specify trade terms for information exchange between parties involved in international trade and transport. Incoterms 2010 applies to contracts of sale and may in turn be reproduced in contracts of carriage, manifests and customs documents. UNECE recommends that the abbreviations of the trade terms to be accepted and used by Governments, international organizations and business whenever these trade terms are referred to in abbreviated form and mutually promote their use in support of a common approach



to trade facilitation. This recommendation implies: for participants in international trade and transport: to accept and implement the 3-letter abbreviations as an alphabetic code for Incoterms 2010.

### **Common mistakes w.r.t useability of INCOTERMS**

There are several mistakes generally committed by people w.r.t useability of INCOTERMS during execution of any contract. Briefly such mistakes are enumerated below:-

ICC invented only 11 Incoterms as stated above. Any combination of word over and above these 11 terms do not form part of Incoterms.

Use of incoterms in national sales contract is also another mistake. Incoterms are designed for international sales contract. Incoterms must be used in sales contracts in which goods have origin and destination in different countries.

Generally contracts have only 3 letter word inserted in INCOTERMS. However correct procedure is to write 3 letter term+ exact delivery address+ Incoterms 2010 (if that has been used).

Transport are generally multimodal or single mode. During execution of contract one common mistake is use of term CFR and CIF. These terms are designed for use in transactions in which the entire transport process is carried out by sea or inland waterways. In other words, its use would be reserved to goods produced in port terminals or those travelling to port terminals through pipes or tubes, as is the case of solid and liquid bulk cargo and gasses. The alternative to CFR and CIF is the use of CPT and CIP respectively.

### **Conclusion**

Now we have briefly visited various features of technical term which we were coming across almost every day during our official duty whether we are accountants, auditors, contract executers or approving authority for execution of any international contract.

Any person eager to excel in this subject can get INCO certification offered by ICC academy. Course is fully online and can be carried out anywhere in world. Once you finish the Incoterms 2020 Certificate you will be eligible to join the Incoterms LinkedIn group with over 20,000 members and run by a member of the Incoterms 2020 Drafting Group i.e one can be a member of an international community who make the rules. One can visit ICC website for more information.

### **Executive Summary**

Incoterms or International Commercial terms are a series of 11 numbers of predefined commercial terms published by International Chamber of Commerce relating to international commercial law. They are 3 letter trade terms used in execution of buy and sell of goods internationally ie when goods have different country of origin and country of destination. The Incoterms rules are accepted by governments, legal authorities, and practitioners worldwide for the interpretation of most commonly used terms in international trade. They are intended to reduce or remove altogether uncertainties arising from the differing interpretations of the rules in different countries. Latest Incoterms are Incoterms 2020 effective 1st January 2020.





For the compliance of provisions of Companies Act, 2013, there is requirement of filing E-Form at web portal of Ministry of Corporate Affairs (MCA). MCA is notifying provisions and E-form on regular basis

accordingly Company and officers are required to file E-form with MCA.

Here we are discussing about E-form which are required to file with MCA. There are two type of form:-

(A) Non- Event based Form which is mandatory to file by company as per table given below.

(B) Event based Form which is mandatory to file by company only in case of such event (as per table given below) occurred in company.

### A.Non Event Based Form

FORM NAME	NATURE OF FILING	FREQUENCY OF FILING	APPLICABILITY ON COMPANY	EXCEPTION (IF ANY)
AOC 4 & MGT 7	ANNUAL FILING	YEARLY FILING	ALL TYPE OF COMPANY	FILING IS MANDATORY. NO EXCEPTION
AOC 4 (XBRL)	ANNUAL FILING	YEARLY FILING	IF COMPANY IS LISTED. IN CASE OF NON- LISTED COMPANY (IF TURNOVER IS MORE THAN 100 CRORES OR PAID UP SHARE CAPITAL IS MORE THAN 5 CRORE)	FILING IS MANDATORY. NO EXCEPTION
DIR 3KYC	DIRECTOR KYC	YEARLY FILING	ALL DIRECTOR	FILING IS MANDATORY. NO EXCEPTION
INC 20A	COMMENCEMENT OF BUSINESS	ONE TIME FILING	ALL TYPE OF COMPANY	FILING IS MANDATORY. NO EXCEPTION
MGT 15	AGM FILING	YEARLY FILING	LISTED COMPANY	FILING IS MANDATORY. NO EXCEPTION
NDH 1	NIDHI FILING	YEARLY FILING	NIDHI COMPANY	FILING IS MANDATORY. NO EXCEPTION
NDH 3	NIDHI FILING	HALF YEARLY FILING	NIDHI COMPANY	FILING IS MANDATORY. NO EXCEPTION
NDH 4	NIDHI FILING	ONE TIME FILING	NIDHI COMPANY	FILING IS MANDATORY. NO EXCEPTION
DPT 3	RETURN OF DEPOSIT	YEARLY FILING	ALL TYPE OF COMPANY	FILING ONLY WHEN COMPANY HAS BORROWING/DEPOSIT AS PER PRESCRIBED RULES
CRA 4	COST AUDIT REPORT	YEARLY FILING	ALL TYPE OF COMPANY	FILING ONLY WHEN COST AUDIT OF COMPANY IS MANDATORY
BEN-2	BENEFICIARY FILING	YEARLY FILING	ALL TYPE OF COMPANY	FILING ONLY WHEN COMPANY RECEIVED BEN 1 FROM SIGNIFICANT BANAFICIARY OWNER AS PER PRESCRIBED RULES
MSME	RETURN OF MSME CREDITOR	HALF YEARLY FILING	ALL TYPE OF COMPANY	FILING ONLY WHEN COMPANY HAS MSME CREDITOR AND OTHER CONDITIONS AS PER PRESCRIBED RULES



## B. Event based Form

NATURE OF FILING	FORM NAME
AUDITOR RELATED FILING	ADT 1, ADT 2, ADT 3
DIRECTOR RELATED FILING	DIR 3, DIR 11, DIR 12, DIR 5, DIR 6
CAPITAL RELATED FILING	PAS 3, SH 7, SH 8 , SH 9, SH 11
REGISTERED ADDRESS CHANGE FILING	INC 22, INC 23
CHARGE FILING	CHG 1, CHG 4, CHG 6, CHG 9
NAME CHANGE FILING	INC 24
MANGERIAL PERSONNEL FILING	MR 1, MR 2
OPC FILING	INC 3, INC 4, INC 5
RESOLUTION FILING	MGT 14

These form is required to file in case of related event is occurred in company as per applicable provisions and prescribed rules.

Authored by CA. Rishi Goyal, Practicing Chartered Accountant can be reached at [carishi.rg@gmail.com](mailto:carishi.rg@gmail.com).



**Professional Development Committee  
The Institute of Chartered Accountants of India**

# Opportunities





## Professional Development Committee The Institute of Chartered Accountants of India

### Rajasthan Road Transport Corporation, Jaipur, Rajasthan

Invited from CAG Empaneled CA firms and Practicing Chartered Accountants/CA firms for empanelment for conducting Internal Audit work of Head office and 56 Depot offices situated in Rajasthan, Delhi and Ahemadabad for the financial year 2020-21.

Address : Jaipur, Rajasthan

Oct, 22 2020

Phone : 0141-2374655

Email : gmfin.rsrtc@rajasthan.gov.in



[https://www.pdicai.org/Docs/Rajasthan-Road-Transport-Corporation\\_3102020114223866.pdf](https://www.pdicai.org/Docs/Rajasthan-Road-Transport-Corporation_3102020114223866.pdf)

### Punjab National Bank, Dwarka, New Delhi

Punjab National Bank, Credit Review & Monitoring Div., Head Office invites applications from reputed firms of Chartered Accountants and individual CAs for empanelment for the purpose of conducting Stock Audit and Stock/Receivables verification at various locations.

Address : Dwarka, New Delhi

Oct, 24 2020



[https://www.pdicai.org/Docs/Punjab-National-Bank\\_2992020102434570.pdf](https://www.pdicai.org/Docs/Punjab-National-Bank_2992020102434570.pdf)

### Chhattisgarh Rajya Van Vikas Nigam Limited, Raipur, Chhattisgarh

Intends to hire a CA firm for the monthly Internal Audit for the Nigam Comprising the office of managing director and nine divisions.

Address : Raipur, Chhattisgarh

Oct, 26 2020

Phone : 0771-2972124

Email : vanvikasnigam@yahoo.com



[https://www.pdicai.org/Docs/Chhattisgarh-Rajya-Van-Vikas-Nigam-Limited\\_131020209943294.pdf](https://www.pdicai.org/Docs/Chhattisgarh-Rajya-Van-Vikas-Nigam-Limited_131020209943294.pdf)



## Professional Development Committee The Institute of Chartered Accountants of India

### Bureau of Indian Standards, Visakhapatnam, Andhra Pradesh

Invites sealed bids, under two bid system from eligible Chartered Accountant firms for providing Accounting Services.

Address : Visakhapatnam, Andhra Pradesh

Phone : 0891-2712833

Email : vzbo@bis.gov.in

Oct, 26 2020



[https://www.pdicai.org/Docs/Buero-of-Indian-Standards\\_7102020115342921.pdf](https://www.pdicai.org/Docs/Buero-of-Indian-Standards_7102020115342921.pdf)

### School of Planning and Architecture, Bhopal, Madhya Pradesh

Engaging Chartered Accountant Firms As Consultants For Preparation Of Statements Of Accounts & Taxation Matters

Address : Bhopal, Madhya Pradesh

Phone : 0755-2526816

Email : registrar@spabhopal.ac.in

Oct, 27 2020



[https://www.pdicai.org/Docs/School-of-Planning-and-Architecture\\_10102020104249298.pdf](https://www.pdicai.org/Docs/School-of-Planning-and-Architecture_10102020104249298.pdf)

### National Health Mission, Lucknow, Uttar Pradesh

Request for Proposal (RFP) and Terms of Reference (TOR) Monthly Concurrent Audit of State Health Society under NRHM, Uttar Pradesh

Address : Lucknow, Uttar Pradesh

Phone : 0522-2237498

Email : mdupnrhm@gmail.com

Oct, 27 2020



[https://www.pdicai.org/Docs/National-Health-Mission\\_7102020111046462.pdf](https://www.pdicai.org/Docs/National-Health-Mission_7102020111046462.pdf)



## Professional Development Committee The Institute of Chartered Accountants of India

### Bihar State Power Transmission Company Limited, Patna, Bihar

Engagement of agency for Identification, Valuation, Preparation of Fixed Asset Register and Physical Verification of Fixed Assets of Bihar State Power Transmission Company Limited

Address : Patna, Bihar

Phone : 7763817721

Email : gmfinbsptcl@gmail.com

Oct, 28 2020



[https://www.pdicai.org/Docs/Bihar-State-Power-Transmission-Company-Limited\\_510202092531102.pdf](https://www.pdicai.org/Docs/Bihar-State-Power-Transmission-Company-Limited_510202092531102.pdf)

### Odisha State Disaster Management Authority, Bhubaneswar, Odisha

Expression of Interest is invited from eligible firms to their interest by providing quality and cost based consultancy services for Statutory Audit / External Audit during the financial year 2019-20 and F.Y 2020-21

Address : Bhubaneswar, Odisha

Phone : 0674-2395398

Oct, 28 2020



[https://www.pdicai.org/Docs/Odisha-State-Disaster-Management-Authority\\_1310202083346529.pdf](https://www.pdicai.org/Docs/Odisha-State-Disaster-Management-Authority_1310202083346529.pdf)

### Food Corporation of India, Chennai, Tamilnadu

E- Tender for Appointment of Firms of Chartered Accountants empanelled with Comptroller and Auditor General for undertaking Internal Audit & Physical Verification in FCI Karnataka Region.

Address : Chennai, Tamilnadu

Phone : 044-28233216

Email : Dgmcpsz.fci@nic.in

Oct, 28 2020



[https://www.pdicai.org/Docs/Food-Corporation-of-India\\_910202012241174.pdf](https://www.pdicai.org/Docs/Food-Corporation-of-India_910202012241174.pdf)



**Professional Development Committee  
The Institute of Chartered Accountants of India**

**Bharat Electronics Limited, Machilipatnam, Andhra Pradesh**

Invitation for Expression of Interest (EOI) for "VOUCHING OF BILLS PAYABLE ACTIVITIES" - BEL  
Machilipatnam Unit

Address : JALAHALLI P.O BANGALORE - 560 013

Phone : 080-22195638

Email : iabelbg@bel.co.in

**Oct, 28 2020**



[https://www.pdicai.org/Docs/Final%20EOI%20-%20BEL%20MC%2007.10.2020\\_7102020145543754.pdf](https://www.pdicai.org/Docs/Final%20EOI%20-%20BEL%20MC%2007.10.2020_7102020145543754.pdf)

**Jorhat Medical College And Hospital, Jorhat, Assam**

Engagement Of Ag Empanelled Chartered Accountant Firm For (Gst, Tds Consultancy And Return Filing)  
For Jorhat Medical College & Hospital

Address : Jorhat, Assam

Phone : 376-2370107

Email : jmc-asm@nic.in

**Oct, 30 2020**



[https://www.pdicai.org/Docs/Jorhat-Medical-College-And-Hospital\\_6102020115524961.pdf](https://www.pdicai.org/Docs/Jorhat-Medical-College-And-Hospital_6102020115524961.pdf)

**National Rural Health Mission, Chandigarh, Punjab**

Appointment of Concurrent Auditor for State Health Society (SHS) and District Health Societies (DHSs)

Address : Chandigarh, Punjab

Phone : 0172-2742836

**Oct, 30 2020**



Email : mdnrhmpunjab@gmail.com

[https://www.pdicai.org/Docs/National-Rural-Health-Mission\\_1210202010331655.pdf](https://www.pdicai.org/Docs/National-Rural-Health-Mission_1210202010331655.pdf)



**Professional Development Committee  
The Institute of Chartered Accountants of India**

**Jharkhand Bijli Vitran Nigam Limited, Ranchi, Jharkhand**

Notice inviting tender for engagement of Chartered Accountants (CA) firms

Address : Ranchi, Jharkhand

Email : [contactus@jbvnl.co.in](mailto:contactus@jbvnl.co.in)

**Oct, 31 2020**



[https://www.pdicai.org/Docs/Jharkhand-Bijli-Vitran-Nigam-Limited\\_9102020104832792.pdf](https://www.pdicai.org/Docs/Jharkhand-Bijli-Vitran-Nigam-Limited_9102020104832792.pdf)

**National Mineral Development Corporation Limited, Masab Tank, Hyderabad**

Request for Empanelment (RFE) For Transaction/Financial, Technical, Legal, Tax & Accounting Consultants

Address : Masab Tank, Hyderabad

Phone : 040-23420815

Email : [nmdc.ipo@karvy.com](mailto:nmdc.ipo@karvy.com)

**Nov, 02 2020**



[https://www.pdicai.org/Docs/National-Mineral-Development-Corporation-Limited\\_792020105745542.pdf](https://www.pdicai.org/Docs/National-Mineral-Development-Corporation-Limited_792020105745542.pdf)

**Corrigendum State Project Implementation Unit, Kolkata, West Bengal**

Internal Auditor National Cyclone Risk Mitigation Project-Phase-II

Address : Kolkata, West Bengal

Phone : 033-22640275

Email : [sencrmp2@gmail.com](mailto:sencrmp2@gmail.com)

**Nov, 03 2020**



[https://www.pdicai.org/Docs/Corrigendum-The-State-Project-Implementation-Unit\\_1292020114048911.pdf](https://www.pdicai.org/Docs/Corrigendum-The-State-Project-Implementation-Unit_1292020114048911.pdf)





## Professional Development Committee The Institute of Chartered Accountants of India

State Bank of India, New Delhi, Delhi  
Empanelment Of Stock & Receivable Auditors

Address : New Delhi, Delhi

Phone : 011-23743852

**Nov 5 2020**

Email : sbi.03973@sbi.co.in



[https://www.pdicai.org/Docs/State-Bank-of-India\\_171020201163296.pdf](https://www.pdicai.org/Docs/State-Bank-of-India_171020201163296.pdf)

Department of Food Civil Supplies and Consumer Affairs, Dehradun, Uttarakhand  
Invite proposal from Chartered Accountant firms meeting the minimum eligibility Criteria for providing their services for preparation of profit and loss account, balance sheet and form-E of all programmers/ schemes under public distribution system, for the FY 2020-21

Address : Dehradun, Uttarakhand

**Nov, 06 2020**

Phone : 0135-2740765



Email : foodcommfcs@gmail.com

[https://www.pdicai.org/Docs/Department-of-Food-Civil-Supplies-and-Consumer-Affairs\\_17102020114220460.pdf](https://www.pdicai.org/Docs/Department-of-Food-Civil-Supplies-and-Consumer-Affairs_17102020114220460.pdf)

Urban Development and Housing Department, Ranchi, Jharkhand  
Selection of CAG empaneled Chartered Accountant Firms for Audit of Books & Accounts in 51 Urban Local Bodies(ULBs), Jharkhand

Address : Ranchi, Jharkhand

Phone : 0651-2400962

**Nov, 09 2020**

Email : ud.secy@gmail.com



[https://www.pdicai.org/Docs/Urban-Development-and-Housing-Department\\_1710202091640873.pdf](https://www.pdicai.org/Docs/Urban-Development-and-Housing-Department_1710202091640873.pdf)



# ***IMPORTANT ANNOUNCEMENT'S***







**Members & Students Services Directorate  
The Institute of Chartered Accountants of India**

The ICAI Council has decided to give an option to pay advance Membership/COP fee in exact amount for 10 years along with GST as a final payment and in case of any shortfall owing to revision of fee in future; their Name/COP will not be removed from the register of members on account of such revision.

Further, Members may also note that in case the advance fees has been paid in the past, the balance fees/difference of the fee becomes payable in the current financial year. In other words payment of balance fee /difference in fee is a must for renewal of membership/certificate of practice, as the case may be.

It may be noted that an ACA who has paid advance membership fee for a period not exceeding 10 years and at a later stage opt for FCA status then the member is required to pay difference fee (the difference of fee in conversion from ACA to FCA and Fellow Member Admission Fee) for the remaining period.

This facility will be applicable w.e.f. 1st April, 2020.

Additional Secretary  
M&C-MSS, Noida

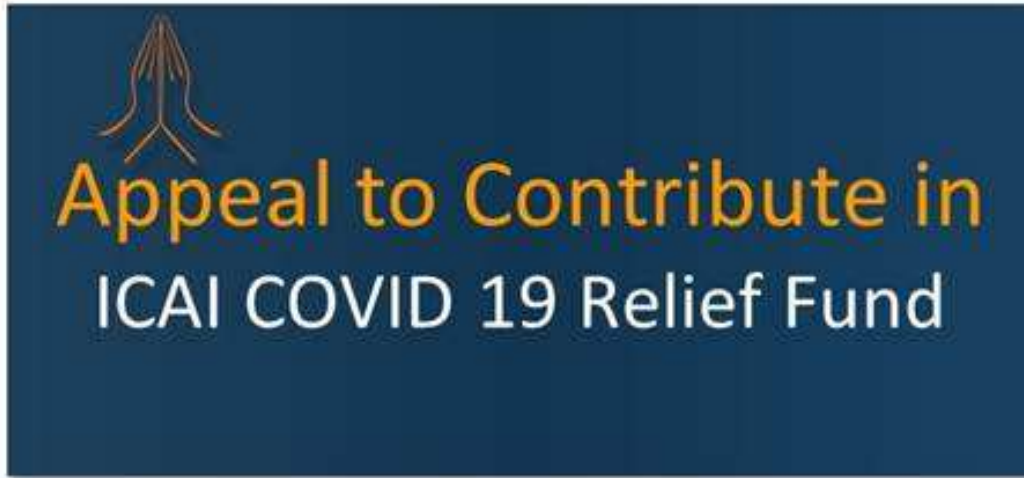
***Congratulations !***



Heartfelt congratulations to CA. Mukesh Singh Kushwah on becoming  
Government Nominee as Council Member of  
The Institute of Cost Accountants of India  
(Statutory body under an Act of Parliament)

He was the Chairman CIRC of  
The Institute of Chartered Accountants of India (ICAI) during Year 2012 - 2013  
And  
Central Council Member of The Institute of Chartered Accountants of India (ICAI)  
for two consecutive terms  
from 2013 till 2016  
And  
from 2016 till 2019

**So pleased to see you accomplishing great things.**



The COVID-19 pandemic marks an unprecedented time in modern history that will require the best of humanity to overcome. Little would have we realised the unfolding of epidemic like this, which situation is yet unfolding, and have brought the economic momentum to a much lower trajectory. Situation like this would need support to collaborate with the government initiatives to scale up governmental efforts to help those in distress. At this moment, the affected people in India will need help to tide over the viral disease, and in this scenario, ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support them at this difficult time. Due to the ongoing lockdown, much needed on the ground of social distancing and therefore 'stay home' advisory from the government; some of our fellow countrymen will need extensive support from the government. Further, we need to contribute to the government initiatives to bolster necessary infrastructure and human ware to fight this epidemic.

To provide much-needed relief for the people affected by the viral disease and those who are in distress; ICAI appeals to all its Members and Students to donate generously for this noble cause through the link (click here) <https://www.icai.org/covid19/>.

Donations can be made through Demand Draft, Cheque, RTGS and online mode; offline collections in form of cheques/demand draft should be given in the name of "ICAI COVID 19 Relief Fund". All such offline contributions can be made in the ICAI Bank Account having the following details:

**Bank: HDFC Bank**  
**Account No.: 50100098409265**  
**IFSC No: HDFC0000590**

The collected amount will be given to PRIME MINISTER'S NATIONAL RELIEF FUND/PM CARES FUND. All contributions towards this Fund are eligible for deduction from Income Tax under Section 80G. Further, the date for claiming deduction u/s 80G under IT Act has been extended by the government and now the donation made up to 30.06.2020 shall also be eligible for deduction from income of FY 2019-20. The donors are requested to give their name, membership number /Student /Firm registration number, address, amount and date of contribution, PAN details (if any) so that receipts could be obtained from Prime Minister's National Relief Fund/Pm CARES Fund for onward transmission to the donors. The letter/email can be sent to:

**The Additional Secretary**  
**M&C-MSS**  
**The Institute of Chartered Accountants of India**  
**ICAI Bhawan**  
**A-29, Sector-62**  
**Noida-201309**  
**Email: msshead@icai.in**



# Appreciation

The COVID-19 pandemic marks an unprecedented time in modern history that will require the best of humanity to overcome. Situation like this needed support to collaborate with the government initiatives to scale up governmental efforts to help those in distress. ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support them at this difficult time.

**“Team CIRC” thank you for your kind contributions which has allowed us to sustain our efforts in making a difference in the community. We appreciate your kindness. We also would like to express our deepest gratitude for your donation. It has allowed us to keep trying to transform the lives of the destitute people in the country.**

**Important: As a note of appreciation CIRC has decided to publish the names of all the members from Central Region who contributed towards “ICAI COVID 19 Relief Fund” at our upcoming Newsletter.**

**You are kindly requested to provide us the details as per below:**

**Those who have contributed more than Rs 5,000/- are requested to provide Name/ Membership Number/ Place and Proof of Payment.**

**Those who have contributed more than Rs 25,000/- are requested to provide Name/ Membership Number/ Photo/ Place and Proof of Payment.**

**Kindly send above details at [circ@icai.in](mailto:circ@icai.in)**



# EVENTS

**An initiative taken by CIRC is that we are on You Tube now. Many refresher courses and webinars can be live visible at CIRC You tube. The details of branches conducting webcasts are also available at CIRC website now.**

**Here are presented some clips of the webinars held during past months.**



Virtual CPE Meeting on Global professional opportunity for Chartered Accountants  
in present scenario on 4th July 2020 organised by CIRC of ICAI



CA. Devendra Kumar  
Somani- Chairman CIRC



CA. Anuj Goyal  
CCM- ICAI



CA. Abhishek Sharma  
RCM- CIRC

**EMINENT SPEAKERS**



CA SUMIT DHADDA  
INDIA



CA NAVEEN SHARMA  
DUBAI



CA VIJAY SONI  
SAUDI AREBIA



CA ABHINAV MARU  
HONG-KONG



CA VIVEK AGARWAL  
AUSTRALIA





Webcast on "International Yoga Day celebrations organised by CSR Committee of ICAI" 21st June, 2020.



CIRC Flag Hosting ceremony on 1st July 2020 CA Day. L-R: CA. Abhisak Pandey- RCM, CA. Atul Mehrotra- Vice Chairman CIRC and CA. Manu Agrawal- CCM. CA. Devendra Kumar Somani- Chairman CIRC addressed the ceremony online.



VCM on Exploring offshore Professional Opportunities - Road to Success on 21.08.2020



CIRC Sports Olympiad 2020



Live Performance on 15th August 2020 on the occasion of 74th Indian Independence Day



Live Performance on 16th August 2020 on the occasion of 74th Indian Independence Day



Impact of COVID 19 on Capital Market, Retail and SME Funding



Entrepreneurship in Capital Market-Opportunities for CA 26.09.2020



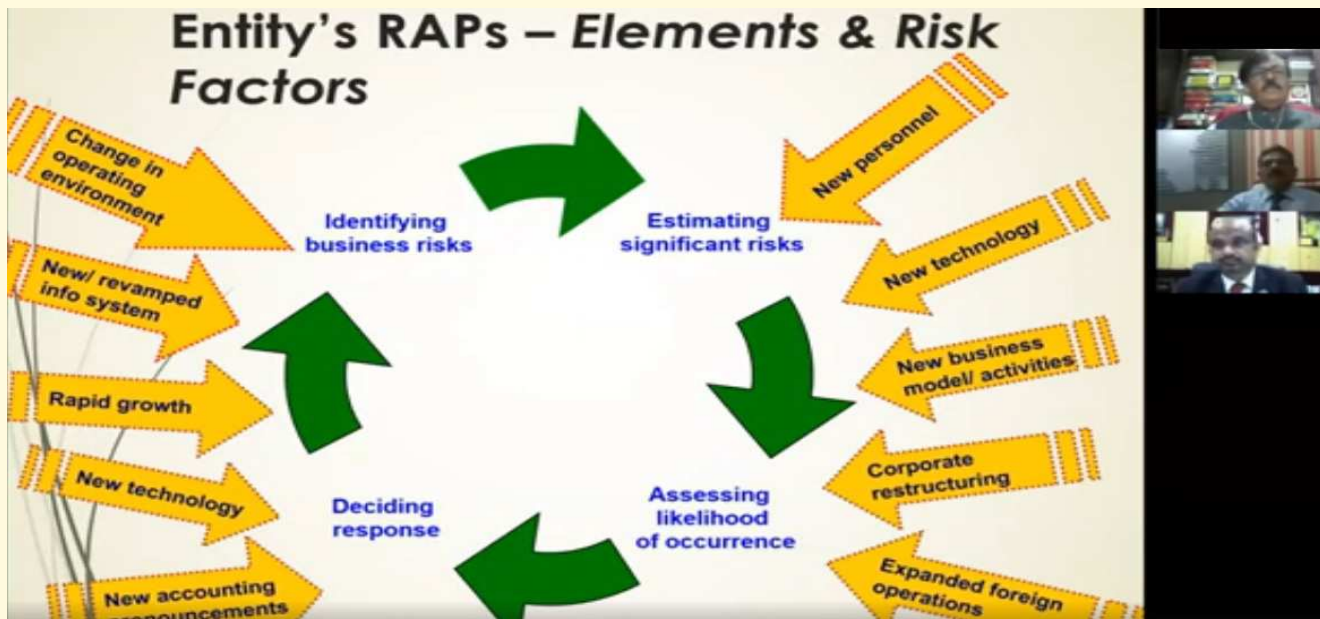
Phase 3 – Getting deeper

- I started to look more into improving the can making technology and that is when I realized there are beverage cans and there is **no manufacturer** of beverage cans in India. I started to find out more about this project.

Leadership techniques for Professional Development on 24.07.2020



CIRC VCM on standards on Auditing on 15.07.2020



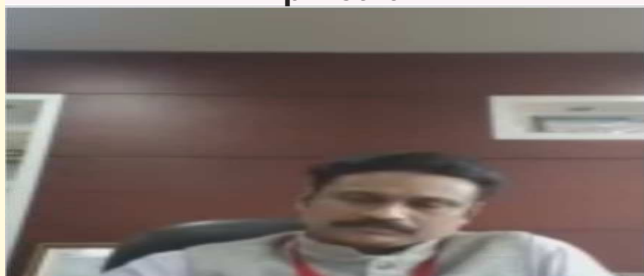
CA. Durgesh Kabra - CCM, ICAI with CA. Atul Mehrotra - Vice Chairman CIRC & CA. Dinesh Kumar Jain - Secretary CIRC during CIRC VCM on Discussion on SA 230, SA 580 and SA 315 held on 18.09.2020



Dilip Kothari



CA. Devendra Kumar Somani, Chairman CIRC



Sibchen Mathew



CA (DR). Satish Chandra Jain

Joint Webinar with CPC-ITR Bangalore and Central India Regional Council of ICAI on e-filing and processing of ITRs on September 4, 2020



## Central India Chartered Accountants Students Association

# STUDENT'S SECTION



Dear Students,

**If I were asked under what sky the human mind has most fully developed some of its choicest gifts, has most deeply pondered on the greatest problems of life, and has found solutions, I should point to India. ~ Max Mueller.**

Never ever dare to give up. "You are the failure not the moment you are defeated, but the moment you give up fighting." A student having passion for CA may fail once or twice or many a times in CA study course but the passion to get up again and appear for next attempt never dies. Because life after becoming CA changes.

Never give the charge of your life in the hands of others; you'll get screwed and people would enjoy it. Hold the guitar of your destiny, called life, yourself; and play it well. If circumstances are not fair to you, keep going, without losing the charge of your path to your goals.

October is a month of vibrant festivals and bountiful celebrations. Starting from Navratri puja, the festive mood lingers on till Diwali and Bhai Dooj. The huge number of festivals in October in India makes it a joyous month when spirits are high, lots of family time is on the cards, and meals are nothing short of a feast.

Navratri, Dussehra, Durga Puja, Mysore Dussehra, Rajasthan International Folk Festival – 29th October – 2nd November, Marwar Festival – 12th October – 13th October & Ashwa Poojan – 25th October are many important festivals and also comes in the same month is the Milad-ul-Nabi (the birth anniversary of Prophet Mohammad). Muslims all over the world take part in religious processions, ceremonies and distribute free meals to the poor.

Switching to online classes can be a huge

transition for students who are accustomed to traditional courses. From fine-tuning your tech setup to keeping on top of your course work, there are plenty of obstacles to overcome.

One of the best things you can do to stay focused is create an at-home class setup that's conducive to learning. Here are a few guidelines to help you curate a workspace that's both productive and personalized:

- If possible, keep your desk separate from other distractions in the house. A standalone room is ideal, but if you're limited on space, a nook or section of your bedroom will do just fine.

- Incorporate memorabilia to keep you focused on your goal and excited to return when it's safe to do so.

- Keep your desk area clean and minimalist to avoid distractions.

- Create a daily to-do list and a monthly calendar to keep yourself accountable for meeting your academic goals.

- Set up a virtual study group with friends to help support each other during this time.

**There's no road map for getting through these unprecedented times, but with these tips, we hope you can stay safe and healthy while you finish off the school semester strong!**

Wishing you all a fulfilling career,

**Warm Regards,**

Sd/-

**CA. Atul Agrawal  
Chairman CICASA of CIRC**

**atul@aaaca.in  
9990057390**





# ***ARTICLES***





The specific audit documentation requirements in the each SAs are as follows:

**SA 220R: Quality Control for an Audit of Financial Statements**

PARA REF.	ISSUE	DOCUMENTATION NEEDED
24	<ul style="list-style-type: none"> <li>• Compliance with the Relevant Ethical and independence Requirements.</li> <li>• Acceptance and Continuance of client relationship and audit engagements.</li> <li>• Consultations.</li> </ul>	<ul style="list-style-type: none"> <li>• Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.</li> <li>• Confirmation of independence and documenting the same.</li> <li>• Conclusions on compliance with independence requirements that apply to the audit engagement, and any relevant discussions with the firm that support these conclusions.</li> <li>• Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements.</li> <li>• The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement.</li> </ul>
25	Engagement Quality Control Review - Timing and Procedures	<ul style="list-style-type: none"> <li>• The engagement quality control reviewer document:</li> <li>• The procedures required by the firm's policies on engagement quality control review have been performed; and activities performed with respect to this could be documented</li> <li>• The engagement quality control review has been completed on or before the date of the auditor's report; and</li> <li>• The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.</li> </ul>
A35	Documentation of Consultations	<p>Documentation of consultations with other professionals that involve difficult or contentious matters that is sufficiently complete and detailed contributes to an understanding of:</p> <ul style="list-style-type: none"> <li>• The issue on which consultation was sought; and</li> <li>• The results of the consultation, including any decisions taken, the basis for those decisions and how they were implemented.</li> </ul>



### SA 240R: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

PARA REF.	ISSUE	DOCUMENTATION NEEDED
44	<ul style="list-style-type: none"> <li>Understanding the entity &amp; its environment</li> <li>Assessment of risks of material misstatements</li> </ul>	<ul style="list-style-type: none"> <li>The significant decisions reached during the discussion among the engagement team regarding the susceptibility of the entity's financial statements to material misstatement due to fraud; and</li> <li>The identified and assessed risks of material misstatement due to fraud at the financial statement level and at the assertion level.</li> </ul>
45	Responses to assessed risks	<ul style="list-style-type: none"> <li>The overall responses to the assessed risks of material misstatement due to fraud at the financial statement level and the nature, timing and extent of audit procedures, and the linkage of those procedures with the assessed risks of material misstatement due to fraud at the assertion level; and</li> <li>The results of the audit procedures, including those designed to address the risk of management override of controls.</li> </ul>
46	Communications	Communications about fraud made to management, those charged with governance, regulators and others.
47	Fraud in revenue	Reasons for concluding the presumption that there is a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, Or checks performed and found satisfactory with reference to the Procedures.

### SA 250R: Consideration of Laws and Regulations in an Audit of Financial Statements

PARA REF.	ISSUE	DOCUMENTATION NEEDED
29	<input type="checkbox"/> Non –compliance  <input type="checkbox"/> Discussions	<input type="checkbox"/> Identified or suspected noncompliance with laws and regulations.  <input type="checkbox"/> Results of discussions with : <ul style="list-style-type: none"> <li>⌚ Management;</li> <li>⌚ those charged with governance (where applicable); and</li> <li>⌚ other parties outside the entity.</li> </ul>
A21	Non compliance	<input type="checkbox"/> Documentation may include: <ul style="list-style-type: none"> <li>⌚ Copies of records or documents.</li> <li>⌚ Minutes of discussions held with management, those charged with governance or parties outside the entity.</li> </ul>



### SA 260R: Communication with Those Charged with Governance

PARA REF.	ISSUE	DOCUMENTATION NEEDED
19	Oral & written communications to those charged with governance	<input type="checkbox"/> Matters required by SA 260R to be communicated are communicated orally, document: <ul style="list-style-type: none"> <li>⌚ The matter;</li> <li>⌚ When communication was made; and</li> <li>⌚ To whom communication was made.</li> </ul> <input type="checkbox"/> Matters required by SA 260R to be communicated are communicated in writing, retain a copy.
A49	Oral communication	May include a copy of minutes prepared by client retained as part of audit documentation where those minutes are an appropriate record of the communication.

### SA 300R: Planning an Audit of Financial Statements

PARA REF.	ISSUE	DOCUMENTATION NEEDED
11	Planning	<input type="checkbox"/> The overall audit strategy; <input type="checkbox"/> The audit plan; and <input type="checkbox"/> Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, and the reasons for such changes.
A17-A20	<input type="checkbox"/> Overall audit strategy. <input type="checkbox"/> Audit plan. <input type="checkbox"/> Significant changes made in the above two.	<input type="checkbox"/> In respect of overall audit strategy, document: <ul style="list-style-type: none"> <li>⌚ the key decisions considered necessary to properly plan the audit – scope, timing, conduct of audit; and</li> <li>⌚ communicate significant matters communicated to the engagement team.</li> </ul> <input type="checkbox"/> May summarize the overall audit strategy in the form of a memorandum. <input type="checkbox"/> Documentation of the audit plan is record of planned nature, timing and extent of risk assessment procedures and further audit procedures at the assertion level in response to the assessed risks. <input type="checkbox"/> May use standard audit programs and/or audit completion checklists, tailored as needed to reflect the particular engagement circumstances. <input type="checkbox"/> A record of the significant changes to the overall audit strategy and the audit plan should document: <ul style="list-style-type: none"> <li>⌚ resulting changes to the planned nature, timing and extent of audit procedures.</li> <li>⌚ reasons for significant changes were made.</li> <li>⌚ overall strategy and audit plan finally adopted for the audit.</li> <li>⌚ Response to the significant changes occurring during the audit.</li> </ul> <input type="checkbox"/> In smaller entities a suitable, brief memorandum may serve as the documented strategy for the audit of a smaller entity.



### SA 315: Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment

PARA REF.	ISSUE	DOCUMENTATION NEEDED
33(a)	Discussion	<ul style="list-style-type: none"> <li><input type="checkbox"/> The discussion among the engagement team where required by paragraph 10 of SA 315, and the significant decisions reached:               <ul style="list-style-type: none"> <li>⌚ the susceptibility of the entity's financial statements to material misstatement; and</li> <li>⌚ the application of the applicable financial reporting framework to the entity's facts and circumstances.</li> </ul> </li> </ul>
33(b)	Understanding of each of the aspects of the entity and its Environment specified in paragraph 11	<ul style="list-style-type: none"> <li><input type="checkbox"/> Relevant industry, regulatory, and other external factors including the applicable financial reporting framework.</li> <li><input type="checkbox"/> The nature of the entity, including:               <ul style="list-style-type: none"> <li>⌚ its operations;</li> <li>⌚ its ownership and governance structures;</li> <li>⌚ the types of investments that the entity is making and plans to make, including investments in special purpose entities; and</li> <li>⌚ the way that the entity is structured and how it is financed.</li> </ul> </li> <li><input type="checkbox"/> Accounting policies selection and application of accounting policies, including the reasons for changes thereto.</li> <li><input type="checkbox"/> Auditor's evaluation of whether the entity's accounting policies are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry.</li> <li><input type="checkbox"/> The entity's objectives and strategies, and those related business risks that may result in risks of material misstatement.</li> <li><input type="checkbox"/> The measurement and review of the entity's financial performance.</li> </ul>
47	Understanding of each of the internal control components specified in paragraphs 14-23	<ul style="list-style-type: none"> <li>• Control environment – Auditor's evaluation of whether:               <ul style="list-style-type: none"> <li>★ Management, with the oversight of those charged with governance, has created and maintained a culture of honesty and ethical behavior.</li> <li>★ The strengths in the control environment elements collectively provide an appropriate foundation for the other components of internal control; and</li> <li>★ Whether those other components are not undermined by deficiencies in the control environment.</li> </ul> </li> <li>• Entity's risk assessment process for :               <ul style="list-style-type: none"> <li>★ Identifying business risks relevant to financial reporting objectives;</li> <li>★ Estimating the significance of the risks</li> <li>★ Assessing the likelihood of their occurrence; and</li> <li>★ Deciding about actions to address those risks.</li> </ul> </li> </ul>



- Management's failure to identify a risk otherwise expected to have been identified:
  - ★Why that process failed to identify it; and
  - ★Evaluation of whether the process is appropriate to its circumstances or determine whether it represent a significant deficiency in internal control with regard to the entity's risk assessment process.
- If the entity has not established such a process or has an adhoc process:
  - - ★Discussion with management regarding whether business risks relevant to financial reporting objectives have been identified and how they have been addressed.
- The information system, including the related business processes, relevant to financial reporting, and communication.
  - - ★Information system, including the related business processes, relevant to financial reporting, including the following areas:
      - ★The classes of transactions in the entity's operations that are significant to the financial statements;
      - ★The procedures, within both information technology (IT) and manual systems, by which those transactions are initiated, recorded, processed, corrected as necessary, transferred to the general ledger and reported in the financial statements
      - ★ The related accounting records, supporting information and specific accounts in the financial statements that are used to initiate, record, process and report transactions; this includes the correction of incorrect information and how information is transferred to the general ledger. The records may be in either manual or electronic form;
      - ★ How the information system captures events and conditions, other than transactions, that are significant to the financial statements;
      - ★ The financial reporting process used to prepare the entity's financial statements, including significant accounting estimates and disclosures; and



		<ul style="list-style-type: none"> <li>★ Controls surrounding journal entries, including non-standard journal entries used to record nonrecurring, unusual transactions or adjustments</li> </ul> <ul style="list-style-type: none"> <li>•Entity's communication of financial reporting roles and responsibilities and significant matters relating to financial reporting, including:             <ul style="list-style-type: none"> <li>★ Communications between management and those charged with governance; and</li> <li>★ External communications such as those with regulatory authorities.</li> </ul> </li> <li>•Control activities relevant to the audit:             <ul style="list-style-type: none"> <li>★ Understanding of control activities relevant to the audit; and</li> <li>★ Entity's response IT risks.</li> </ul> </li> <li>•Monitoring of controls:             <ul style="list-style-type: none"> <li>★ Entity's major activities to monitor internal control over financial reporting; and</li> <li>★ How the entity initiates remedial actions to deficiencies in its controls.</li> </ul> </li> <li>•Understanding of the relevance of the Internal Audit Function:             <ul style="list-style-type: none"> <li>★ The nature of the internal audit function's responsibilities and how the internal audit function fits in the entity's organisational structure; and</li> <li>★ The activities performed, or to be performed, by the internal audit function.</li> </ul> </li> <li>•Entities having uncomplicated businesses and processes relevant to financial reporting, documentation:             <ul style="list-style-type: none"> <li>★ Simple and brief.</li> <li>★ Not necessary to document the entirety of the auditor's understanding of the entity and matters related to it.</li> <li>★ Document only key elements of understanding</li> <li>★ Extent of documentation may also reflect the experience and capabilities of the members of the</li> </ul> </li> </ul>
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		<p>audit engagement team.</p> <p>★ For recurring audits, certain documentation may be carried forward, updated as necessary to reflect changes in the entity's business or processes.</p>
33(b)	<p>Sources of information from which the understanding was obtained</p> <p>Risk assessment procedures performed</p>	<ul style="list-style-type: none"> <li>• Sources of the information used in the entity's monitoring activities.</li> <li>• Basis upon which management considers the information to be sufficiently reliable for the purpose</li> </ul>
33 (c)	Risks (in terms of para 24 of the standard)	<ul style="list-style-type: none"> <li>• Risks of material misstatement identified and assessed: <ul style="list-style-type: none"> <li>★ at the financial statement level; and</li> <li>★ at the assertion level.</li> </ul> </li> </ul>
33(d)	Risks requiring special audit considerations	The risks identified, and related controls about which the auditor has obtained an understanding, as a result of the requirements in paragraphs 26-29 of the Standard.

### SA 320R: Materiality in Planning and Performing an Audit

PARA REF.	ISSUE	DOCUMENTATION NEEDED
14(a)&(b)	Materiality for the financial statements as a whole or materiality level(s) for particular classes of transactions, account balances or disclosures	<input type="checkbox"/> Materiality for the financial statements as a whole: <ul style="list-style-type: none"> <li>⌚ For establishing the overall audit strategy</li> </ul> <input type="checkbox"/> Materiality level(s) for particular classes of transactions, account balances or disclosures: <ul style="list-style-type: none"> <li>⌚ Determine materiality level(s) to be applied to particular classes of transactions, account balances or disclosures, which could be expected to influence the economic decisions of the users</li> </ul>
14(c)	Performance materiality	<input type="checkbox"/> Determine performance materiality: <ul style="list-style-type: none"> <li>⌚ For assessing the risks of material misstatement; and</li> <li>⌚ Determining the nature, timing and extent of further audit procedures.</li> </ul>
14(d)	Revisions as the Audit Progresses	<input type="checkbox"/> Revise materiality for the financial statements as a whole or materiality level(s) for particular classes of transactions, account balances or disclosures: <ul style="list-style-type: none"> <li>⌚ Aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.</li> </ul> <input type="checkbox"/> If the auditor concludes that a lower materiality than that initially determined is appropriate: <ul style="list-style-type: none"> <li>⌚ Determine whether it is necessary to revise performance materiality, and</li> <li>⌚ Whether the nature, timing and extent of the further audit procedures remain appropriate.</li> </ul>





### SA 320R: Materiality in Planning and Performing an Audit

PARA REF.	ISSUE	DOCUMENTATION NEEDED
29(a)	Overall responses	Overall responses to address the assessed risks of material misstatement at the financial statement level, and the nature, timing and extent of the further audit procedures performed.
29(b)	Linkages	Linkage of those procedures with the assessed risks at the assertion level.
29(c) & A59	Results	<input type="checkbox"/> The results of the audit procedures, including the conclusions where these are not otherwise clear. <ul style="list-style-type: none"> <li>⌚ The form and extent of audit documentation is a matter of professional judgment, and is influenced by:               <ul style="list-style-type: none"> <li>⌚ nature, size and complexity of the entity and its internal control,</li> <li>⌚ availability of information,</li> </ul> </li> <li>and</li> <li>⌚ audit methodology and technology used in the audit.</li> </ul>
30	Operating effectiveness of controls obtained in previous audits	<input type="checkbox"/> Document the conclusions reached about relying on such controls that were tested in a previous audit.
31		<input type="checkbox"/> The auditors' documentation shall demonstrate that the financial statements agree or reconcile with the underlying accounting records.

### SA 450 Evaluation of Misstatements Identified during the Audit

PARA REF.	ISSUE	DOCUMENTATION NEEDED
15 & A25	Uncorrected Misstatements	<input type="checkbox"/> The amount below which misstatements would be regarded as clearly trivial. <input type="checkbox"/> All misstatements accumulated during the audit and whether they have been corrected: <ul style="list-style-type: none"> <li>⌚ Communication with management to correct the misstatement.</li> <li>⌚ Communication with those charged with governance:</li> <li>⌚ Uncorrected misstatements; and</li> <li>⌚ Effect that they, individually or in aggregate, may have on the opinion in the auditor's report.</li> </ul> <input type="checkbox"/> The auditor's conclusion as to whether uncorrected misstatements are material, individually or in aggregate, and the basis for that conclusion. Auditor should consider: <ul style="list-style-type: none"> <li>⌚ The size and nature of the misstatements, both in relation to particular classes of transactions, account balances or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence; and</li> <li>⌚ The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.</li> </ul> <input type="checkbox"/> The auditor's documentation of uncorrected misstatements may take into account: <ul style="list-style-type: none"> <li>⌚ The consideration of the aggregate effect of uncorrected misstatements;</li> <li>⌚ The evaluation of whether the materiality level or levels for particular classes of transactions, account balances or disclosures, if any, have been exceeded; and</li> <li>⌚ The evaluation of the effect of uncorrected misstatements on key ratios or trends, and compliance with legal, regulatory and contractual requirements (for example, debt covenants).</li> </ul>



### SA 540R: Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

PARA REF.	ISSUE	DOCUMENTATION NEEDED
23(a)	Auditor's conclusion	<input type="checkbox"/> The basis for the auditor's conclusions about the reasonableness of accounting estimates and their disclosure that give rise to significant risks.
23(b) & A128	Management bias	<input type="checkbox"/> Indicators of possible management bias, if any. <ul style="list-style-type: none"> <li><input type="checkbox"/> Assists the auditor in concluding whether the auditor's risk assessment and related responses remain appropriate, and</li> <li><input type="checkbox"/> Evaluating whether the financial statements as a whole are free from material misstatement.</li> </ul>

### SA 550R: Related Parties

PARA REF.	ISSUE	DOCUMENTATION NEEDED
28	Related Parties	<input type="checkbox"/> Names of the identified related parties. <input type="checkbox"/> Nature of the related party relationships.

### SA 600: Using the Work of Another Auditor

PARA REF.	ISSUE	DOCUMENTATION NEEDED
18	Components and component auditors	<input type="checkbox"/> Components whose financial information was audited by other auditors. <input type="checkbox"/> Such components' significance to the financial information of the entity as a whole. <input type="checkbox"/> Names of the other auditors. <input type="checkbox"/> Any conclusions reached that individual components are not material. <input type="checkbox"/> Procedures performed and the conclusions reached. <input type="checkbox"/> Where component auditor's report is other than unmodified, document how principal auditor has dealt with the qualifications or adverse remarks contained in the other auditor's report in framing his own report.

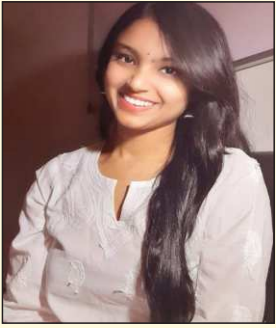
### SA610R Using the Work of Internal Auditors

PARA REF.	ISSUE	DOCUMENTATION NEEDED
13	Using the specific work of the internal auditors	<input type="checkbox"/> Conclusions regarding the evaluation of the adequacy of the work of the internal auditors. <input type="checkbox"/> Audit procedures performed by the external auditor on that work to determine its adequacy.

### REFERENCES – ICAI Publications , etc.



Be a magnet, this world will be yours.



**Be a magnet, this world will be yours.**

**"Life should be great rather than long."  
by Dr B. R. Ambedkar**

Dream big, believe in yourself and take actions!  
The real journey starts with that one big step  
which we all hesitate to take.

If you spend some time each day visualizing,  
just imagine your idea exactly what you have  
decided to become, and do this on daily basis,  
and always believe with 100% of your soul, one  
day that almighty will manifest itself in your life  
but you have to take actions also and always...

**One day you will manifest your dream and  
this world will be yours!** Furthermore, your  
full faith in yourself has the utmost importance  
then you are in complete control of your  
life/destiny/future. You just haven't grabbed  
the reins yet.

This quarantine, most of you are complaining  
about getting bored and not able to work  
productively. but have you thought of utilising  
this golden opportunity?

So just pull up your socks, stop complaining and  
start living your dream life-

**1. Mind is like a magnet, start your day by  
attracting positivity.**

Studies say, we have 60,000 thoughts per day.  
Your mind is all composed of the thoughts you  
think and are like magnetic currents. If you  
think positively about some action or goal, you  
get positive results. If you harbour negative  
thoughts, this negativity is drawn into your life.

Like the magnet, the mind has also the power to

repel. Thoughts of fear, non-acceptance,  
incompetence, weakness, and inferiority create a  
repellant force. This will lead to anxiety and  
depression.

This quarantine, don't let negative thoughts  
overpower you. Build a conscious mind because  
believing in oneself is the only way to start taking  
the actions.

**2. Smaller plans work faster.**

Always start your day with the most important  
thing. When that first and most important task is  
done you don't have to worry about it. It won't  
weigh down on your day. And you'll have less  
inner resistance to taking action and feel good  
about yourself.

Setting yourself up for a hard working day sounds  
great but in reality, you will have unmotivated  
days sometimes.

Days when you feel emotionally and mentally low  
or when you are confronted with having to do  
which you don't really want to start. So start with  
smaller plans for a day or a week only, try to take  
actions on them efficiently.

You just need an easy way to get it all started and  
then things go hand in hand.

**3. Be responsible for your daily actions.**

Don't blame others for the things you can't  
control. Stand up and take charge for your actions  
Procrastination will not help you to come out of  
your ever complaining life. Your actions will  
speak that how will you lead towards your goal.

A very famous quote from the ancient Sanskrit  
Hindu scripture Bhagavad Gita:



**“To action alone hast thou a right and never at all to its fruits; let not the fruits of action be thy motive; neither let there be in thee any attachment to inaction.”**

This reminds us to understand that we can never control the results of our action. We can't control how people reacts to what we say or what we do and usually works better for us to stay motivated to keep doing what we do if we do something for what we are passionate about.

#### **4. Stop blaming/hurting yourself.**

If you are not doing what you are passionate about, right now, you will hurt yourself soon or later by regrets.

This is a powerful motivator for us to grow and to become a better person.

If we don't do what we deep down think is the right thing to do then we hurt ourselves and our self-esteem. What we do or we don't during our day sends powerful signals back to us telling that our dream is waiting for us.

**There is no escaping yourself. And there is always a price to pay when we don't do what we believe is the right thing.**

#### **5. Be accountable to the people worthy in your life.**

Accountable people like your friends and family always help you to stay on track and to keep taking action towards your dream even when the initial charm or power has dissipated. Stay accountable to them always with your efforts.

People closer to us in our life help us to stay accountable to, for instance- eat healthy stuff, to work out and not taking too much stress.

Find someone in real life that also has the same thoughts and ideas too or start a business online together. Motivate each other always. Keep each other accountable so you take action and take steps forward each day.

#### **6. Set Focus reminders.**

Our mind is very lazy in reminding us, so let your consciousness do that for you.

So create a simple reminder on a piece of paper, for example, write down:

- Your top 5 priorities in life to achieve.
  - Your most important habit/goal for the next 21 days.
  - How you see yourself 5 years down the line.
- Keep a power booster that will help you to stay focused and live by at this time in your life.

#### **7. Let go what others think about you.**

It was more of a self-belief rather than others acceptance of you. In reality, people have their things going on in busy lives.

You are probably not the main element in other people's lives. So just focus on yourself a bit more. This realization will help you to move further and go on with an ease.

Researchers say, many people always focus on the fact that other people will always judge them and harass them for following their dreams. By this 90%, people always go by societal pressure rather



following their dreams.

So be aware, don't do this mistake and let the world know your real worth.

### **8. Separate your leisure time and work time.**

Mixing things won't work properly, because it results in a clumsy outcome. Set the timer for 60 minutes. During those minutes just work on your most important action and step forward. Nothing else. No distractions at all.

After those 60 minutes are up, take a relaxing break to charge.

Do any recreational activity you like, to reduce your stress. Or step away from your workspace and take a short walk with friends.

By working on these things regularly:

You get more things done with higher quality.

Be able to concentrate for a longer time in your day and week and get less tired.

Train yourself to maintain the focus on one thing at a time, instead of getting stuck in your mind between work and relaxation and building up friction and stress within.

### **9. Always celebrate and reward yourself.**

Some tasks simply are monotonous or not much fun at all.

Then try this while you are doing them to add a bit of fun:

Add some passionate music or boosting lecture that gives you energy and inspires you.

Always reward yourself after executing your action by watching a movie or a comedy show to add some laughter.

Change your perspective on what you are doing; lighten things up a bit and it will become quite a bit easier to take a lot of action on what you may have procrastinated from so long.

Take 15 minutes at the end of your day to think about, encourage and celebrate what you have taken action on today, no matter how small the action may have been.

This will motivate you to keep on going, Increase your self-esteem and soon you will realize that your actions are turning into reality over time.

Make you feel good about yourself and that feeling will spread to the people in your life too very fast.

### **My heartfelt message to you all-**

**It is never too late to start, but it will be late dying without starting.**

**Let's not lose hope because of any unfortunate incident or any failure, stand for yourself because nobody would ever stand for you.**

**"Knowing is not enough; we must apply. Willing is not enough; we must do."**

**By Johann Wolfgang von Goethe**

**Keep boosting your enthusiasm because your dreams are waiting for you.**

**Good luck and Blessings.**



# ***IMPORTANT ANNOUNCEMENT'S***





## Frequently Asked Questions: Provisional Admission to Foundation Course

**Q1: I am a class 12 student and was supposed to appear for 12th examination conducted by State Board. Due to the outbreak of the COVID-19 pandemic, the CBSE /ICSE/State Board suspended the exams and therefore, I could not sit in any of the papers of class 12th examinations for the time being. Can I register for the Foundation course?**

Ans 1: Candidate who could not appear in any of the papers of class 12th Examination conducted by an examining body constituted by law in India or an examination recognised by the Central Government or the State Government as equivalent thereto for the purpose of admission to graduation course, due to outbreak of COVID-19 PANDEMIC, is allowed to provisionally register for the Foundation Course on or before 30th June 2020, if he has been either allotted the admit card and/or appeared in one or more papers in the months of February/March 2020 in the Senior Secondary (10+2) Examination conducted by any of the examining body mentioned above.

**Q2: I am a class 12 student of State Board. I was allotted admit card by the Board but due to the outbreak of the COVID -19 pandemic, State Board suspended the exams and therefore, I could sit appear for 3 papers of class 12th examinations. Can I register for the Foundation course?**

Ans 2: Candidates who could not appear in all papers of class 12th Examination of the State Board due to suspension of the examination in view of the COVID 19 pandemic, are allowed to provisionally register for the Foundation Course on or before 30th June 2020 if they have been either allotted the admit card and/or appeared in one or more papers in the months of February/March 2020 in the Senior Secondary (10+2) Examination conducted by any of the examining body mentioned above.

**Q3: I have recently passed class XI and have come to class XII, can I provisionally register for Foundation Course?**

Ans 3: No, for provisional registration to the Foundation course, it is necessary that the candidate has completed class 12th, has been allotted admit card and/or has appeared in one or more papers in the months of February/March 2020 in the Senior Secondary (10+2) Examination conducted by an examining body constituted by law in India or an examination recognised by the Central Government or the State Government as equivalent thereto for the purpose of admission to graduation course.

**Q4: Will the registration to the Foundation Course on the basis of allotment of admit card to class XII examination happen every year?**

Ans 4: No, the relaxation in the eligibility criteria for registering to the Foundation Course is a one-time measure in view of the extraordinary circumstances resulting from COVID 19 pandemic. In normal circumstances, registration to the Foundation Course of ICAI is allowed to students who appear in all the class XII papers and register till 30th June / 31st Dec and those students who pass all the class XII papers are allowed to respectively appear in the Foundation examination held in November/May after a minimum study period of four months.

**Q5: If I provisionally register to the Foundation course in April 2020 on the basis of class XII admit card, can I appear in the June 2020 Foundation examination?**

Ans 5: No, students who provisionally register in Foundation course by 30th June, 2020 can appear in Foundation examination only in November 2020 examination after a minimum study period of four months. Such students have to pass the Senior Secondary (10+2) examination conducted by an examining body as mentioned above before appearing in Foundation examination in the month of November 2020 examination.

**Q6: If I provisionally register for the Foundation course and I do not pass 12th exams, am I still eligible to appear for the**



### Foundation Course examination?

Ans 6: No, candidates need to pass class XIIth examination in order to be eligible for the Foundation course examination to be held in November 2020

### Q7: If I want to provisionally register for the Foundation course, where can I do the same?

Ans 7: Candidates desiring to register in Foundation Course, may visit ICAI website i.e. <https://www.icaai.org> and register online <https://eservices.icaai.org/>

### Q8: Do I need to send the form and documents in the physical mode to the Institute office?

Ans 8 : No, you are not required to send the form and documents in the physical mode to the Institute office. You are only required to fill the form online by payment of requisite fees and uploading the desired documents.

### Q9: In case while filling the form, I have a doubt. Kindly advise, how my doubt will be resolved?

## FAQs for Assessment during Practical Training

### General

#### 1. What is the purpose behind conducting practical training assessment?

The practical training tests will help students to self-assess themselves and know as to what they have learnt during their training.

#### 2. What is the duration of the 1st level test?

2 hours

#### 3. What will be the maximum marks for the 1st level test?

75 marks

#### 4. What is the duration of the 2nd level test?

2 hours

#### 5. What will be the maximum marks for the 2nd level test?

100 marks

#### 6. Will the tests be MCQ based or subjective?

Tests will be MCQ based.

#### 7. Will the tests be through online or pen-

#### paper mode?

Tests will be conducted through online mode at the designated centres.

#### 8. Is the same test date applicable for both 1st and 2nd level tests?

1st and 2nd level tests are held on same dates. The student will be getting the questions accordingly based on their login details.

#### 9. Will there be any negative marking in these tests?

There is no negative marking in these tests.

#### 10. Is it required to appear in this test before appearing in CA Final examination?

These tests are not an eligibility criterion for appearing in CA Final examination. A student has to appear in these tests based on his/her completion date of first/ second year of practical training, irrespective of his/her CA Final attempt. Students are however, advised to appear in these tests before their CA Final attempt as the grade will be included in their Final marksheet. However, if a student does not appear in these tests and clears CA Final examination, "Did not appear in practical training assessment" will be mentioned as a footnote in your last marksheet issued by





ICAI.

### **11. Where should I contact in case of any queries/ clarifications required?**

For queries/ clarifications, you may call Board of Studies at 0120-3876870/ 3045927 or mail to [PTassessment@icai.in](mailto:PTassessment@icai.in), or raise a ticket on the Helpdesk mentioned on the portal for technical queries.

### **Eligibility Related**

#### **1. What will be the criteria for appearing in these assessment tests?**

The students after completing the 1st/ 2nd year of practical training are eligible to appear in these assessment tests in the subsequent three quarters of completion of the same. For example, a student completing his/her 1 st/ 2nd year of practical training during April/June, 2018 will be supposed to appear in the respective test till March, 2019. However, if they clear their CA Final examination before the same, they will be allowed to appear in this test only till the announcement of result for the same as they will be getting the final grade in that marksheet itself.

#### **2. I have completed the practical training before April 1, 2018. Am I required to appear for any of these tests?**

Since you have completed the practical training before April 1, 2018, you are not required to appear for any of these tests.

#### **3. I have completed second year of practical training before April 1, 2018. Am I required to appear for any of these tests?**

Since you have completed second year of practical training before April 1, 2018, you are not required to appear for any of these tests. The practical training assessment grade field will not be visible in your CA Final marksheet.

#### **4. I have completed first year of practical training before April 1, 2018. Am I required to appear for first level test?**

Since you have completed first year of practical training before April 1, 2018, you are not required to appear for first level test. However, you will be required to appear for second level test after completion of second year of practical training.

#### **5. I had taken a transfer in my articleship training and re-joined training with new Principal after a break, due to which, first/ second year of my training has completed after April 1, 2018. Am I required to appear for these tests?**

Since effectively your first/ second year of practical training has completed after April 1, 2018, you are required to appear for both/ second level test(s) respectively.

#### **6. I had taken leaves (more than the permissible limit) during my articleship training. Will they be adjusted while calculating the completion date of first/ second year of my training?**

In this case, you have not taken any break during practical training. As per ICAI records, you are registered for practical training in a continuous fashion. Hence, completion date of your first year of training will be taken as one year after the practical training commencement date and completion date of your second year of training will be taken as two years after the practical training commencement date.

#### **7. I had started my practical training on March 15, 2017, then terminated the training on February 1, 2018 and re-registered for training on March 1, 2018, what will be the completion date of my first year of training?**

Since you have taken a break of one month during your practical training, the completion date of your first year of practical training will be considered as April 14, 2018 instead of March 14, 2018.

### **Syllabus Related**

#### **1. What is the syllabus for these tests?**

These tests are being introduced to assess the knowledge gained by the students during the



course of practical training and their ability to apply their subject specific skills while undergoing their training in that particular area. Hence, there is no defined syllabus for these tests. However, fields in which practical training is being imparted have been identified.

## 2. How can I prepare for these tests?

You are required to take your practical training seriously and application of concepts will be tested in these assessments. Sample questions for practice have been uploaded at the link:

[https://www.icai.org/post.html?post\\_id=14836](https://www.icai.org/post.html?post_id=14836).

More questions are being uploaded fromtime to time.

## 3. I have not cleared Intermediate level examination and I am in second year of Articleship training. Will I be tested for Final level syllabus?

These tests are not having any pre-defined syllabus. The questions will be based on the understanding gathered during the practical training only.

### Registration Related

#### 1. Where can I register for these tests?

For registration to these tests, the student has to login on <https://pttest.icai.org/>

The announcement regarding the registrations will be uploaded in Board of Studies Announcements on the Institute website as well as the portal itself.

#### 2. In case I am eligible for the examination and I do not register for the examination, will it be counted as my first attempt?

Till the time you register for any examination date, it will not be counted as your attempt.

#### 3. After becoming eligible for the examination, is it mandatory to register for the first examination date appearing in the

#### subsequent quarter?

After becoming eligible for the examination, you can appear in the practical training assessment in the subsequent three quarters. You may register for any examination in that time period and it is not mandatory to register for the first examination date.

#### 4. I have registered for practical training in City A and from there, I have been deputed to work in City B for audit purpose. Where can I register for the test?

You can register for the test from anywhere and select the test centre preferences accordingly while registering.

### Modules Related

#### 1. Under my principal, I am working in X field, say Accounting/ Auditing/ Taxation etc. and I am not in touch with other fields practically. But in the test, students have to attempt questions in 3 or 4 modules. How will I be getting the practical knowledge in all the subjects for appearing in the test?

To cater to this issue only, optional modules have been introduced in these tests. You may opt for any ½ modules from the choices available. Accounting and Auditing are considered the key subjects in CA curriculum which every aspiring Chartered Accountant should know thoroughly.

#### 2. Which are the compulsory modules and which are the optional modules for 1st level test?

In the 1st level test, Accounting and Auditing (including Corporate Laws and Current Affairs) of 50 marks will be compulsory and students would be selecting one optional module (comprising of 25 marks) out of Direct Tax, Indirect Tax and Internal Audit, as per their practical training specialisation area.

#### 3. Which are the compulsory modules and which are the optional modules for 2nd level test?



In the 2nd level test, Accounting and Auditing (including Corporate Laws and Current Affairs) of 50 marks will be compulsory and students would be selecting two optional modules (comprising of 25 marks each) out of Direct Tax including International Taxation, Indirect Tax and Internal Audit, as per their practical training specialisation areas.

#### 4. Whether all the modules will be compulsory? If no, what are the available options?

One module (Accounting and Auditing (including Corporate Laws and Current Affairs)) will be compulsory whereas students will have to choose one/ two modules out of the available options for the 1st/ 2nd level test respectively, as per their specialization areas during practical training. The available options are:

S No	First Year	Second Year
1.	Direct Tax	Direct Tax including International Taxation
2.	Indirect Tax	Indirect Tax
3.	Internal Audit	Internal Audit

#### 5. How many questions will be asked in the 1st level test?

50 questions will be asked from the compulsory module, i.e. Accounting and Auditing (including Corporate Laws and Current Affairs) and 25 questions from the selected optional module. Each question will carry one mark.

#### 6. How many questions will be asked in the 2nd level test?

40 questions (30 questions carrying one mark and 10 questions carrying 2 marks) will be asked from the compulsory module, i.e. Accounting and Auditing (including Corporate Laws and Current Affairs) and 20 questions (15 questions carrying one mark and 5 questions carrying 2 marks) from each selected optional module. In effect, compulsory module will carry a weightage of 50 marks and each optional module will have 25 marks weightage.

#### Examination Center Related

##### 1. Where will the tests be conducted?

The test will be conducted at 150+ cities across the country, which will be notified on the registration portal. The students can opt for two location preferences while registering for the test. Test centre will be allocated on the admit card based on the number of students in each city. However, preference

will be given to the selected location.

##### 2. Is the test being conducted outside India also for overseas students?

The test is being conducted at Dubai ITT centre also for overseas students.

##### 3. Can the tests be submitted online from our homes/offices?

The tests cannot be submitted online from your homes/offices. You have to appear in these tests at the designated test centres only.

#### Result and Marksheet Related

##### 1. When will I get the result of these tests?

The result of these tests will be notified to the students on their login within 15-20 days.

##### 2. What is the grading criterion for these tests?

Students will be assigned grades based on their performance in the assessments as below:

- 80% and above – A grade
- 60% and above but below 80% – B grade
- 40% and above but below 60% – C grade
- Below 40% – D grade

##### 3. In which marksheet the grade for these assessment tests be included?

The grade for practical training assessment tests will be included in the last marksheet issued by ICAI. Only the students who will be clearing their CA Final examination will be getting this grade in their marksheet.

##### 4. How the grades for both the levels be mentioned in the marksheet?

The average of both the levels will be calculated for inclusion in the marksheet if the student is eligible for both the levels, else only second level grade will be taken.

##### 5. In case I do not appear in the test(s), what will be the consequences?

If you are eligible to appear in both level tests and



do not appear for both level tests, your marksheet will have a footnote as “Did not appear in practical training assessment”. In case you appear in either one of the level, zero marks will be taken for the other level while calculating the average grade of both the levels.

**6. If I am not satisfied with the grade I received, will I be allowed to re-appear in the test?**

If you are not satisfied with your grade, you will be given two more chances to re-appear in the test. A nominal fee of Rs.200 will be charged for every repeat attempt. The best grade will be considered for inclusion in the marksheet. Please note that the initial attempt and two repeat attempts can be taken during a period of nine months (three subsequent quarters) after the quarter in which the first/ second year has completed, i.e. before

the commencement of the quarter in which second/ third year will get completed.

**7. If after re-appearing in the test, I get even lower grade, will the first grade be mentioned in the marksheet or the later one?**

The best of the grades will be taken for calculating the average for inclusion in the marksheet.

**8. Is any fee required to be submitted for appearing in the test(s)?**

For the first time for both levels, no test fee is to be paid by the students. However, in case a student re-appears in the particular test for improving his/her grade, a nominal fee of Rs.200 will be charged from the students for each re-registration.





## Provisional Registration in Foundation Course of the Institute of Chartered Accountants of India (ICAI) after passing Class X Examination.

The Competent Authority has conveyed its approval on the ICAI proposal for amending the Regulations 25E, 25F & 28F of Chartered Accountants Regulations, 1988 which now enables candidate to provisionally register in the Foundation Course of the Institute of Chartered Accountants of India (ICAI) after passing Class X examinations.

The following are the salient features of the notification:-

Students after passing Class 10th examination conducted by an examining body constituted by law in India or an examination recognised by the Central Government or the State Government as equivalent thereto, may provisionally register in Foundation Course of ICAI.

Eligibility Criteria for appearing in Foundation Examination is as under:-

(a) Student has to register with the Board of Studies of the Institute on or before 1st day of January or 1st day of July for the examination to be held in the months of May/June or November/December respectively. In other

words, 4 months study period is required before appearing in Foundation Examination.

(b) Student should have appeared in the Senior Secondary (10+2) Examination conducted by an examining body constituted by law in India or an examination recognised by the Central Government (or the State Government) as equivalent thereto (for the purpose of admission to graduation course)

Candidates may note that there is no change in the Registration Fee. For Registration, students may visit

<https://eservices.icai.org/per/g21/pub/1666/SelfServices/templates/Login%20Folder21052019122446/Login%20Folder/ICAI%20Phase%20II%20Login%20Page521052019122546.html>

For further clarification, read FAQs at <https://www.icai.org/post/faqs-provisional-admission-to-foundation-course>

Director  
Board of Studies, ICAI

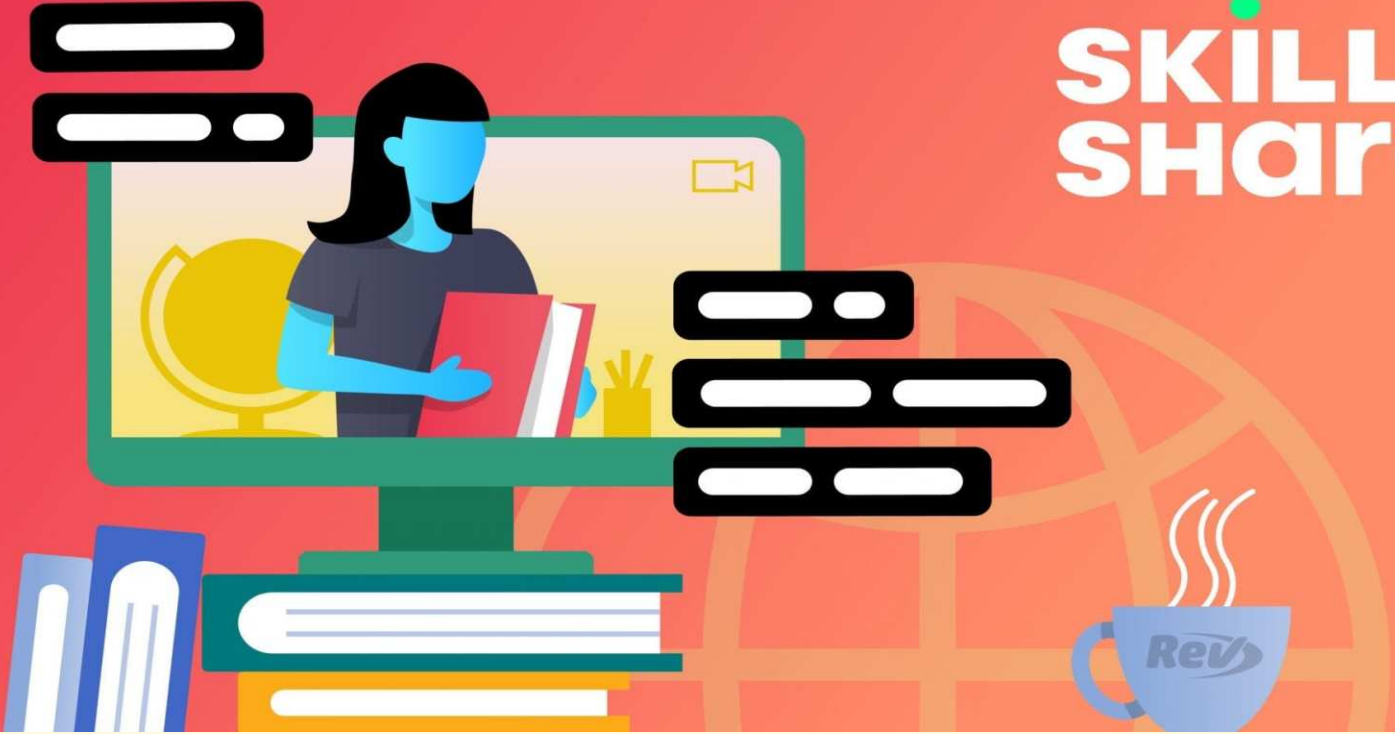
### ANNOUNCEMENT

#### **Extension of validity of Registration Period on account of cancellation and merging of May 2020 examination with November, 2020 examination due to outbreak of COVID-19.**

Students at all levels may please note that the Institute on account of cancellation and merging of May 2020 examination with November, 2020 examination due to Covid-19 pandemic as a one-time measure has granted upto one year extension in the validity period of registration at all levels. In other words, students whose validity of registration has expired between 1st May, 2020 and 30th April, 2021 (including both the dates) will remain valid till 1st May, 2021 at Foundation, Intermediate and Final Level.



# SKILL Share.



**Invitation to Students to Contribute ARTICLES in Monthly  
E-Newsletter of  
CICASA of CIRC of ICAI**

- \* **Articles should be useful to Students**
- \* **Should be between 1000 to 2500 words.**
  - \* **In Word and PDF format both.**
  - \* **Good if on the Current Topics.**

Please send articles at:

[circevents@icai.in](mailto:circevents@icai.in)  
or  
[circ@icai.in](mailto:circ@icai.in)



**CA. Devendra Kumar Somani**

**Editor-in-Chief**

**Disclaimer :**

The views and opinions expressed or implied in this e-Newsletter are those of the authors and do not necessarily reflect those of CIRC of ICAI

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