



**NAGPUR BRANCH OF WIRC OF ICAI**

# **E-NEWSLETTER**

## **FEBRUARY 22**



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)  
Email : [nagpur@icai.org](mailto:nagpur@icai.org) | Website : [www.nagpuricai.org](http://www.nagpuricai.org)

## Chairman's Message



**CA. Saket Bagdia**

Dear Professional Colleagues,

**“Every Story has an end but in life every ending is new beginning”**

As I sit to pen down my last message as Chairman of the illustrious Nagpur Branch of WIRC of ICAI, lots of good memories and bonds come to my mind. My only target was to live up to the expectations of the members as well as students and also create the brand image of our Nagpur Branch with the help of all of you. I have also tried my level best to do justice with whatever responsibility I had taken.

The entire year though had been really difficult for all of us facing 2nd and 3rd wave of Corona, but I believe as an Institution, Team Nagpur Branch of ICAI 2021 tried to do everything it was needed to do to work for the benefit and welfare of members of Nagpur Branch. Its my proud moment to share with you that your Nagpur Branch of WIRC of ICAI has been adjudged the Best Branch in entire WIRC region and your Nagpur Branch of WICASA has also been adjudged the Best Branch of WICASA in entire WIRC Region under the able Chairmanship of CA Jitendra Saglani. This award goes to all members of Nagpur Branch and I sincerely thank and compliment my entire Team of Managing Committee for taking really great efforts and working shoulder to shoulder to bring the glories to Nagpur Branch.

The month of February started with Union Budget presentation by Hon. Finance Minister and a program on immediate reaction on Union Budget on the same day for understanding the budget provisions at a glance. Live discussion on Union Budget on My FM 94.3 Radio along with CA Jitendra Saglani and CA Nilesh Toshniwal coordinated by RJ Rajan was a wonderful and unique experience. The analysis of Union Budget program by Shri V Laksmikumaran jointly with VIA was appreciated by all.

During this month elections for Nagpur Branch Managing Committee for the tenure 2022-2025 were conducted smoothly and in proper manner under the guidance of Election Officer CA Abhijit Kelkar. I compliment him for conducting the Nagpur Branch Elections in the most effective manner. My sincere compliments and best wishes to newly elected members comprising of CA Jitendra Saglani, CA Sanjay M Agrawal, CA Akshay Gulhane, CA Dinesh Rathi, CA Deepak Jethwani, CA Ajay Waswani, CA Sanjay C Agrawal, CA Trupti Bhattad and CA Swaroopa Wazalwar. I look ahead to another fruitful year under the able Chairmanship of CA Jitendra Saglani.

I am very thankful to all Past Chairperson of Nagpur Branch as well as Past Presidents of ICAI CA Ashok Chandak and CA Jaydeep Shah who are the strong pillars who laid the foundation and image of this institute, for helping and guiding us selflessly throughout the year in organizing various events and in solving critical issues.

## Chairman's Message

Dear Friends, by the grace of God, I have been supported by all 6 Managing Committee Members and Regional Council Member CA Abhijit Kelkar. It was great bonding and commitment between each other that culminated into a memorable year with a feeling of great satisfaction for all of us.

Every MCM carried his responsibilities effectively and created a culture of commitment wherein each one was working for each other for the benefit of members. Every decision had been taken by mutual consultation and each one of us has worked for the transparent administration throughout the year.

Friends, a lot of initiatives planned during the year would remain in my memories for long. Majorly being “Proud to be CA” icon and “Accounting Museum” inaugurated at the hands of Hon. President CA Nihar Jambusaria along with the First lady of our Institute Jagruti Jambusaria Mam and Chairman WIRC CA Manish Gadia. Great efforts during the times of Corona provided a level of satisfaction to each of us. Be it Corona Vaccination, HR CT Scan, RT PCR Test tie up and many other initiatives which were appreciated by all. The Top 10 series was a major blockbuster which proved that you don't need CPE programs for attendance. The famous Nagpur Model of morning 8 am to 11 am National conferences – total 8 National Conferences done during this year was a memory to cherish. Holding of virtual CPE programs was made a habit by IPC Kirit Kalyani Sir; but doing Virtual Holi Milan and Virtual Ek Shaam CA ke Naam was a pleasure this year. “Apne Ganesh Khud Banaye” and “CA Couple Carnival” were a few unique events planned during the year. Challenging situations of covid made me really work more hard to organize programs of need for the benefit of members. Programs for developing IT skill sets for the future of the profession were major initiatives. Holding the Regional and Central Council Elections and then the Branch elections smoothly was an amazing experience for me. Giving opportunity to New and Young Members was a feeling of satisfaction for me. My dream project of Nagpur Branch Directory has been completed to a great extent. I request and expect the new Team to make this Dream happen for me. There are so many more memories about the various activities which I cannot express in words.

I must put on record the efforts put in by all the staff members specially Shri Vinod Karale. Vinod Bhaiya is a man of treasure of knowledge. Being serving Branch since last so many decades he understands and performs his functions in the best manner and I owe a lot of works done by me to him.

I must thank all the members and students for their guidance, support and motivation and nothing is possible without receiving this active support from them.

I am also thankful to all friends in Press for covering all our events in effective manner and helping us building the image of our profession in society at large.

I am also thankful to all our vendors and others for helping us in serving the branch smoothly.

I must assure you that all our efforts were in a single direction to do value addition for the members and students. In this drive if in any manner I have said or done anything anyone feel was not appropriate for that I extend my apologies to everyone.

It is said that, getting elected and entering into committee is not that difficult. But, getting into the committee and having due opportunity to serve effectively from the highest chair, is the one that makes us feel fortunate

## Chairman's Message

for being able to return something to the Alma Matter.

The firm determination to serve, blessings of Parents, Family Members and friends in profession like your all coupled with the guidance of my seniors & predecessors, support from eminent and expert resource persons, enabled me to shoulder the responsibilities as Chairman with due satisfaction, even in the toughest times because of pandemic.

**It has been a wonderful journey, as the Chairman of Nagpur of ICAI for the year 2021-22.**

Let me congratulate and thank CA. Manoj Pati and CA. Preetam Batra, the learned contributors of this Newsletter for their knowledge enriched articles .

Nothing was possible without active support of the Joint Editor of our Nagpur Branch Newsletter CA Ashok Dalmia & CA Dinesh Rathi for his constant support throughout the year in bringing out these excellent newsletter regularly for each month.

I thank SIDBI and its management for getting associated with Nagpur Branch for promoting wonderful schemes for the benefit of all.

We are looking forward to getting a positive response from your side to ensure we stay connected through this newsletter and in all our events to come. Please do share your articles and talents to Nagpur Branch on [nagpur@icai.org](mailto:nagpur@icai.org)

Karma-

“खुबसूरत सा एक पल, किस्सा बन जाता है, जाने कब कौन, जिंदगी का हिस्सा बन जाता है,  
कुछ लोग जिंदगी में ऐसे मिल जाते हैं, जिससे कभी न टूटने वाला रिश्ता बन जाता है”

Stay Safe and Stay Blessed.

Professionally Yours

## Professional Enrichment



### Package Scheme of Incentives - 2019 with Vidarbha Perspective

CA. Manoj Pati

## Loans, Advances, Deposits, Inter corporate Loans

Various compliance and regulation under the

## COMPANIES ACT, 2013

Section -  
186 (1)  
(Investment  
by Company  
through  
Investment  
Companies or  
other mode)

Without prejudice to the provisions contained in this Act,  
a company shall, unless otherwise prescribed, make investment  
through not more than two layers of investment companies

Section 185 will prevail over  
this subsection

Exemption given to

(i) Acquiring any other company incorporated  
in a country outside India if such  
other company has investment subsidiaries  
beyond two layers as per the laws of such  
country;

(ii) A subsidiary company from having any investment  
subsidiary for the purposes of meeting the requirements  
under any law or under any rule or regulation framed  
under any law for the time being in force.

#### Definition:

- "layer" in relation to a holding company means its subsidiary or subsidiaries;
- the expression "investment company" means a company whose principal business is the acquisition of shares, debentures or other securities; and a company will be deemed to be principally engaged in the business of acquisition of shares, debentures or other securities, if its assets in the form of investment in shares, debentures or other securities constitute not less than fifty per cent. of its total assets, or if its income derived from investment business constitutes not less than fifty per cent. as a proportion of its gross income.



## Professional Enrichment

### Section - 186 (2) (Limit on loan and investment)

**Objective of the Section:** Limit prescribed under Act to avoid siphoning off money



**Definition:**

**Person:** For the purposes of this sub-section, the word "person" does not include any individual who is in the employment of the company (explanation to section 186(2)).

**Free reserve:** Means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividends: Provided that—

(i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise; or

(ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

### Section - 186 (5) & 186(4) (Approval and disclosure)

**Objective of the Section:** Loan can be given with Board Approval and disclosure



Section 186 (4) The company shall disclose to the members in the financial statement

- the full particulars of the loans given;
- investment made or guarantee given or security provided; and
- the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.

Section 186 (9): Every company giving loan or giving a guarantee or providing security or making an acquisition under this section shall keep a register which shall contain such particulars and shall be maintained in such manner as may be prescribed.

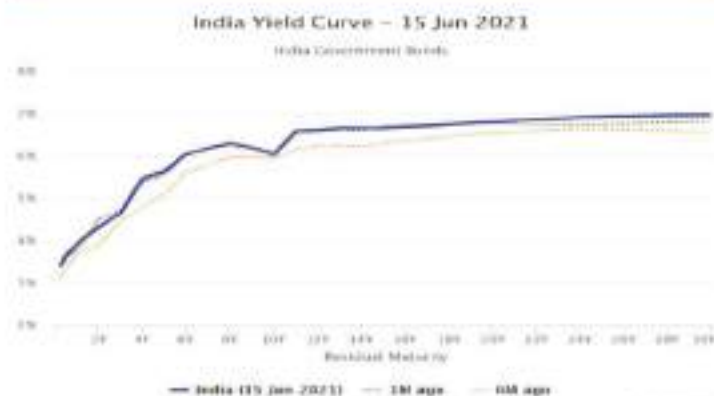
**Definition:**

**PFI:** Public financial institution means LIC of India, Infrastructure Development Finance Co Ltd, Unit Trust of India, Others notified by Central Government.

### Section - 186 (7) (Rate of interest)

**Objective of the Section:** RCI should not be lower than Cost of Securities

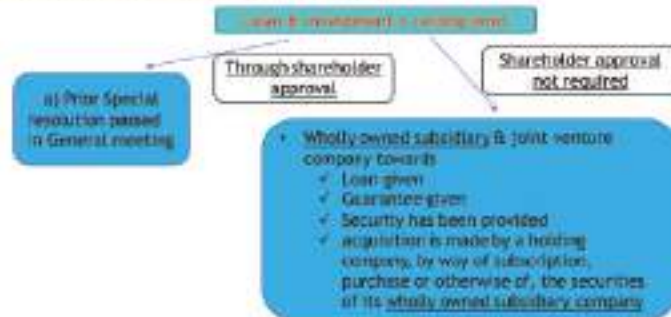
**Interest should not be lower than the return on investment**



## Professional Enrichment

### Section - 186 (3) (Prior Shareholder approval and exemption to WOS and JV)

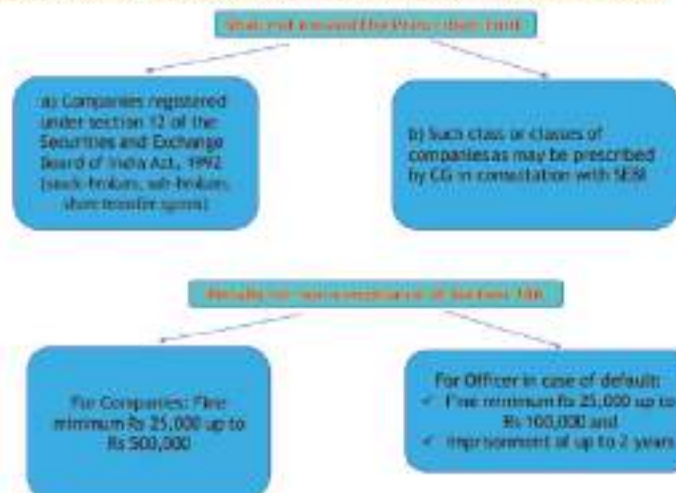
Objective of the Section: Loan can be given with permission



### Section - 186 (6) (Restriction to few companies for taking IC loan)

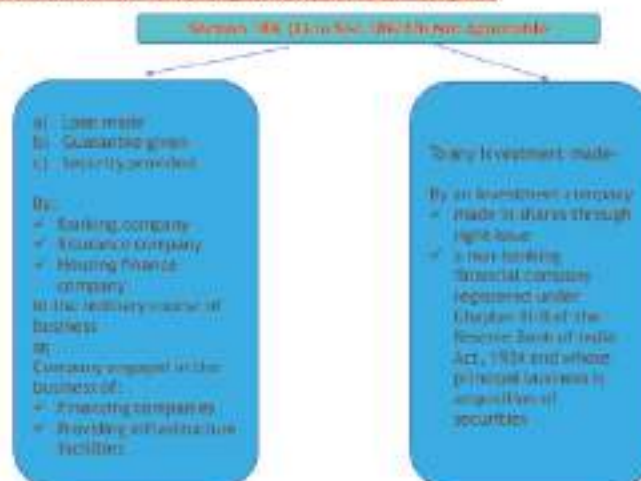
### Penalty - Section 186(12)

Objective of the Section: Restriction for companies to avail inter corporate loans and deposits



### Section - 186 (11) (Exempted companies)

Objective of the Section: Exemption given to certain class of companies



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## Professional Enrichment

### Section - 185 (4) (Penalty)

Objective of the Section: Penalty for non-compliance

#### PENALTY PROVISIONS

- ❑ Fine not less than Rs. 5 Lakhs extended up to Rs. 25 Lakh could be imposed upon the lending company
- ❑ Imprisonment for the officer in default, extendable up to 6 months along with fine not less than Rs. 5 Lakh and up to Rs. 25 Lakhs.
- ❑ The recipient of the loan will be punishable with imprisonment which may extend to 6 months or with fine which shall not be less than Rs.5 lakhs but which may extend to Rs.25 lakhs or with both.

### CARO reporting by Auditors (2016 Vs 2020)

Objective of the Section: CARO reporting-reporting enforcement in CARO 2020

#### CARO 2016

(ii) whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, if so,

#### CARO 2020

(ii) whether during the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties, if so,

(c) whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity (not applicable to companies whose principal business is in guarantee), if so, indicate-

(A) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates.

(B) the aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates.

### CARO reporting by Auditors (2016 Vs 2020)

Objective of the Section: CARO reporting-reporting enforcement in CARO 2020

#### CARO 2016

(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;

(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;

(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;

#### CARO 2020

(b) whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;

(c) in respect of loans and advances in the nature of loans whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;

(d) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;

## Professional Enrichment

### CARO reporting by Auditors (2016 Vs 2020)

#### Objective of the Section: CARO reporting - reporting enhancement in CARO 2020

##### Additional reporting to be made as per CARO 2020

(e) whether any loan or advance in the nature of loans granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the dues of existing loans given to the same parties; if so,

specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year. (Not applicable to companies whose principal business is to give loans);

(f) whether the Company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment; if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

The Companies Act, 2013 ("Act") states that a related party with reference to a company, means:

- i. A director or a key managerial personnel or their relatives;
  - ii. A firm, in which a director, manager or his relative is a partner;
  - iii. a private company in which a director or manager or his relative is a member or director;
  - iv. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
  - v. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - vi. any person on whose advice, directions or instructions a director or manager is accustomed to act;
  - vii. any company which is (a) a holding, subsidiary or an associate company of such company; (b) a subsidiary of a holding company to which it is also a subsidiary; (c) an investing company or the venturer of the company.
- Provided that nothing in sub-clauses (e) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

### Acceptance of public deposits

#### Objective of the Section: Understand various legal aspects of acceptance of public deposits

##### Chapter V - Acceptance of deposits by Companies

- Definition of deposit: Section 2 (31) of the Companies Act, 2013 along with Rule 2(1)(c) of Companies (Acceptance of Deposit) Rules, 2014
- Section 73: Prohibition on Acceptance of Deposits from Public
- Section 74: Repayment of deposits, etc., Accepted before the Commencement of this Act
- Section 75: Damages for Fraud
- Section 76: Acceptance of deposits from public by certain companies
- Section 77: Punishment

### Acceptance of public deposits

#### Objective of the Section: Understand various legal aspects of acceptance of public deposits

##### Definition of deposit: Section 2 (31)

"deposit" includes any receipt of money by way of deposit or loan or in any other form by a company, but does not include such categories of amount as may be prescribed in consultation with the Reserve Bank of India;

Rule 2(1)(c) of Companies (Acceptance of Deposit) Rules, 2014 also defines "deposit" to include any receipt of money by way of deposit or loan or in any other form, by a company, but does not include certain transactions as follows:

- Any amount received from Government/Authority shall not be treated as deposits (also any amount received from foreign government, foreign or international bank, etc.)
- any amount received as a loan or facility from any banking company or from the State Bank of India or any of its subsidiary banks or from a banking institution
- any amount received as a loan or financial assistance from Public Financial Institutions notified by the Central Government in this behalf in consultation with the Reserve Bank of India or any regional financial institutions or Insurance Companies or Scheduled Banks as defined in the Reserve Bank of India Act, 1934 (2 of 1934)
- any amount received against issue of commercial paper or any other instruments issued in accordance with the guidelines or notification issued by the Reserve Bank of India
- any amount received by a company from any other company
- Any share application money accepted under this Act shall be treated as deposit if allotment is not made within 60 days

## Professional Enrichment

### Acceptance of public deposits

**Objective of the Section: To understand various legal aspects of acceptance of public deposits**

#### Definition of deposit: Exempted from Deposit section

- any amount received from a person who, at the time of the receipt of the amount, was a director of the company or a relative of the director of the Private company
- any amount raised by the issue of bonds or debentures secured by a first charge on any assets referred to in Schedule II of the Act excluding intangible assets of the company (provided the amount of such bonds or debentures shall not exceed the market value of such assets as assessed by a registered valuer) or
- bonds or debentures compulsorily convertible into shares of the company within ten (10) years;
- any amount received from an employee of the company not exceeding his annual salary under a contract of employment with the company in the nature of non-interest bearing security deposit;
- any non-interest bearing amount received and held in trust
- an amount of Rs 25 lakh or more received by a **start-up company**, by way of a **convertible note** (convertible into equity shares or repayable within a period not exceeding 10 years from the date of issue) in a single tranche, from a person
- any amount received in the course of, or for the purposes of, the business of the company:
  - ✓ Customers advances if not adjusted against goods and services within 365 days shall be deposit; (capital advance for long term project not to be considered as deposit) – In the case of service can be 1 year
  - ✓ as security deposit for the performance of the contract for supply of goods or provision of services
  - ✓ as an advance for subscription towards publication, whether in print or in electronic to be adjusted against receipt of such publications

### Period of Acceptance of public deposits

#### Period of Accepting deposits:

- No company shall accept or renew any deposit whether secured or unsecured which is repayable within a period of less than 6 months or more than 36 months for the date of acceptance or renewal. However, A company may for the purpose of meeting its short-term requirements, accept the deposits for repayment earlier than 6 months, but not earlier than 1 month. Such deposit shall not exceed ten per cent of the aggregate of the Paid-up share capital, free reserves and securities premium account of the company
- No company shall accept or renew any deposit from its members, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal of such deposits exceeds 35% of the aggregate of the Paid-up share capital, free reserves and securities premium account of the company. (In the case of IFSC, public company and Pvt co. limit can be extended up to 100%)
- Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:-
  - (i) a private company which is a start-up, for 10 years from the date of its incorporation;
  - (ii) a private company which fulfils all of the following conditions, namely:-
    - (a) which is not an associate or a subsidiary company of any other company;
    - (b) the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or 50 crore rupees, whichever is less; and
    - (c) such a company has not defaulted in the repayment of such borrowings
- No Eligible Company, shall accept or renew deposit from its members (10% of paid up share capital+free reserves+securities Premium) and in the case of public deposit (threshold limit will be 25%). Eligible company are public company having networth of Rs 100 crores or turnover of Rs 500 crores
- In the case of government company - threshold limit is 35% of capital+free reserve+Securities Premium

### Section 73(2) and 73(3) of the Companies Act, 2013

#### Accepting deposits from members

A Company may, subject to the passing of a resolution in general meeting and subject to such rules as may be prescribed in consultation with the Reserve Bank of India, accept deposits from its members on such terms and conditions, including the promise of security, if any, or for the repayment of such deposits with interest, as may be agreed upon between the Company and its members, subject to the fulfilment of the following conditions, namely:—

- issuance of a circular to its members including therein a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the Company and such other particulars in such form and in such manner as may be prescribed;
- filing a copy of the circular along with such statement with the Registrar within thirty days before the date of issue of the circular;
- depositing, on or before the twentieth day of April each year, such sum which shall not be less than 10% per cent. of the amount of its deposits maturing during the following financial year and kept in a scheduled bank in a separate bank account to be called deposit repayment reserve account;
- certifying that the Company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits and where a default had occurred, the Company made good the default and a period of five years had lapsed since the date of making good the default;
- providing security, if any, for the due repayment of the amount of deposit or the interest thereon including the creation of such charge on the property or assets of the company;

Every deposit accepted by a Company under sub-section (2) shall be repaid with interest in accordance with the terms and conditions of the agreement referred to in that sub-section

- Provided that in case where a Company does not secure the deposits or secures such deposits partially, then the deposits shall be termed as "unsecured deposits" and shall be so stated in every circular, form, advertisement or in any document related to initiation or acceptance of deposits.



## Professional Enrichment

### Exception for Private Companies

#### Exception for Private Companies

In case of private company - Clause (a) to (e) of Sub-section 2 of Section 73 shall not apply to private Companies which accepts from its members monies not exceeding one hundred per cent, of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.

### Practical aspects

#### Return of deposits to be filed with Registrar

Every company, shall on or before the 30th day of June, of every year, file with the Registrar, a return in Form DPT-3 along with the fee and furnish the information contained therein as on the 31st day of March of that year duly audited by the auditor of the company.

- It is hereby clarified that Form DPT-3 shall be used for filing returns of deposit or particulars of transaction not considered as deposit or both by every company other than Government company.

#### Applicability of form DPT-3

This form is applicable to all companies except:

- a government company
- a banking company
- a non-banking financial company registered with the Reserve Bank of India
- a housing finance company registered with the National Housing Bank established under the National Housing Bank Act, 1987

However, insurance companies are registered with IRDA, so the obligation to file DPT-3 is also applicable on them.



## Professional Enrichment



### Making March Meaningful

CA. Preetam Batra

## **GST Year Ending Tasks for FY 2021-22-YOU MUST DO**

WE have been hearing since time immemorial about Busy in Closing from many aspects be it the accounts department, be it the business , or any organization with sales targets , stock targets, inventory valuation reports, stock taking and many other aspects . Often it has been seen that number of businesses tends to miss this important aspects of Financial Year Closing . It is very imperative to focus on the financial year ending tasks.

It is advisable to do the following tasks and keep the suitable documentary evidences ready for accounting purposes, audit purposes, any assessment purposes and last but not the least for transparency and sound accounting practices.

The article below has been divided into Important tasks being:

- Compliance Tasks
- Input Tax Credits Tasks
- Reconciliation Tasks
- Law Related Tasks

## Professional Enrichment

### **GST COMPLIANCES RELATED TASKS FOR FY 2021-22**

#### **1.INVOICING**

Ensure Creation of a new/unique invoice series of invoices to be raised from 1.4.2022. The underlying concept is that every invoice need to be unique. Now, unique means there should not be any duplication or repetition. When the invoice will be entered while filing GSTR-1, the GSTN portal should not catch it up as repetitive for the same financial year. The word is same financial year. That means the invoice number should not repeat within one financial year.

#### **2.E-invoicing**

The Govt has ruled mandatory E-invoicing for turnover above Rs.500cr wef. 1<sup>st</sup> Oct 2020 and for turnover above Rs.100cr wef. 1<sup>st</sup> Jan 2020. Now the business above 20cr has to mandatorily issue E-invoices wef 1<sup>st</sup> April 2022. Now the business have to check for their preparedness, have to finalize the accounting software and run the trial runs so that they are ready before 31<sup>st</sup> March.

#### **3.ITC not available without E-invoicing**

Businesses need to focus that ITC will be available to the purchaser if E invoicing is not adopted in time. This can strain a relation and can crop up a dispute between the purchaser and the seller and can lead to loss business also, if it is not adequately complied with.

#### **4. QR Coding**

QR code on B2C supply invoices by person above 500cr turnover is required to be printed from 1<sup>st</sup> april 2021. if the same is not complied with from 1<sup>st</sup> april, they will be liable for penalty.

#### **5.HSN code requirements**

As per notification no 78/2020, new HSN codes rules will apply w.e.f 01<sup>st</sup> April 2021

- Upto 1.5cr turnover 4 digits
- 1.5cr-5cr 4 digits
- Above 5cr 6 digits
- For exports 8 digits

## Professional Enrichment

### **6. Aggregate Turnover:**

This is very imp . Aggregate Turnover –

“aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed ..

- **Inclusion in calculating Aggregate Turnover :-** Taxable supply , exempt supply , Nil Rated supply, Zero rated supply , Non GST supply and supply to distinct person.
- There can be situations where GST aggregate turnover will be different from balance sheet turnover . Stock/branch transfers/cross-charges shall form part of GST turnover but on analyzing balance sheet turnover , such would not form part as the effect is neutral.

### **7. Debit or Credit Notes**

- In case of any discrepancies necessary Debit note or Credit notes have to be raised to keep our records for the purpose of department audit trial.

### **8. RCM – Reverse Charge Mechanisms**

For any inputs and tax paid on Reverse Charge Mechanisms the same should be supported by reverse charge Self invoices. These invoices needs to be generated for reverse charge paid and input taken on supplies received from unregistered suppliers . The invoice sequence and series to be maintained which would form part of GST 1 filings. The tax authorities can also ask for the documentary evidence on the basis of which ITC has been taken, the self invoice would come as handy here with.

### **9. Updations in GST RC**

Top 5 commodities and/or services needs to be updated on GST RC system to ensure accommodate/ add any new line of business within the year . Similarly any updation or amendment with respect to address or constitution of business needs to be ensured to be matching with actual scenarios.



## Professional Enrichment

### ITC RELATED TASKS

#### ITC Reversal Second proviso to sec 16(2)

- Where a recipient fails to pay to the supplier of goods or services or both ( other than supplies on which tax is payable on reverse charge ) amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier , an amount equal to input tax credit availed shall be added to output tax liability, along with interest thereon, in such manner as may be prescribed – second proviso to 16(2) of CGST Act . If partial payment is made, the reversal will be proportionate to amount not paid payment to supplier, if the recipient later makes payment he can take credit of input tax –third proviso to section 16(2) of CGST Act.
- Reverse ITC on instances where the company has not paid the consideration to supplier with 180 days from the date of suppliers invoice . keep the reconciliation ready for the invoices above

### 11.Restricted ITC as per 36(4):

Ensure availing credit as per the 36(4) of CGST Rule 2017, though you might have received goods or services along with invoice copy but the 955 restricted credit, depends on the number of invoices uploaded in portal until 31<sup>st</sup> December 2021. However w.e.f. 1<sup>st</sup> Jan 2022 the same can not be availed.

Keep Monthly reconciliation between Purchase ledger Vs portal to provide this information during department audit or query from Tax Dept.

### 12.Blocked Credit

Section 17(5) requires reversal of credit in the case of goods lost , stolen , destroyed, written off etc . The companies are likely to write off inventory ,if any during the year end by closing March 2022. In such cases ITC attributable to such goods shall be reversed . Also, such blocked credit need to be identified and the ITC needs to be reversed, if ITC wrongly taken with

### 13. Job work:

- Ensure that the inputs sent out for job work activity has been received back within one year from the date of sent out and three years in case of capital good sent out . If not received back, the same will be treated as supply for GST payments and would entail interest outgo of 24%.
- Material delivered directly to Job work premises, or direct supply from Job work etc. needs to be looked into . Job work material delivered directly to Customer , after process , needs to be looked into.
- Periodical reconciliation would help to ensure that the goods are received with the time lines or within the extended time period.
- ITC-04 return will be important one for year 2021-2022 towards job work transactions and the same needs to be seen whether the goods sent for job work on 1<sup>st</sup> April 2021 need to be received back by 31<sup>st</sup> March 2022.



## Professional Enrichment

### C. GST Reconciliations Related Tasks for FY 2021-2022

#### 14. Reconciliation of GSTR 1 with GSTR 3B

The outward supplies as per GSTR 3B need to be reconciled with GSTR 1. In case there is 3B turnover is less identify it and pay tax with interest @18%. In case 3B turnover is more, identify with the sale bills if extra tax paid the same to be noted for future adjustments.

#### 15. Reconciliation of GSTR 3B with the ITC on purchases

In case, ITC taken in 3B is more than the actual purchase invoices the same need to be reversed and paid back with interest @24%. And in case 3B ITC is less than the eligible purchase invoices, the same need to be claimed immediately. The main step is to identify them.

#### 16. GSTR 3B/GSTR 1 entries VS Accounting entries

- There have been many occasions when the accounts team makes the corrections of the above reconciliations in GST return but the same is not reflected in the accounting entries. The book entry need to be done simultaneously with the GST corrections as to present a fair picture.

#### 17. Reconciliation of E Way Bills with GSTR 1 and further with GSTR 3B

- There can be instances where EWB sales are more than GSTR 1 sales. That need to be checked with sale invoices and tax need to be paid, if required and similarly, if EWB sales are less than GSTR 1 sales that need to be reconciled. These need to be done firstly to reconcile our books with GST returns.
- Secondly, it would be useful while conducting Financial audits and GST Audits and annual return.
- Thirdly, the same would be a ready substantive evidence, on case the

#### 18. Reconciliation of GSTR 1/3B Sales with balance sheet sales

This is an important step assuming above steps have been done and would come handy while income tax and GST audits and annual returns.

#### 19. Reconciliation of ITC ledgers:

It is advisable to reconcile the GSTR-1 AND 3B, cash ledger and credit ledger as per GSTN portal with the books of accounts. Tax wise credits, cash ledger need to be matched with the respective ledgers as per books of accounts.

#### 20. Reco of GSTR 2A with the purchase invoices

It is highly recommended to the companies to download all GSTR 2A FOR 2021-22 and record all the GST inputs excluding ineligible ITC. If any of the inputs is not mentioned in GSTR 2A, then the accounts team is required to follow up with the vendors and inform the management to rectify it.

## Professional Enrichment

### **27. Refund for FY 2019-20–**

The last date to apply for a refund of GST related to FY 2018-19 is 31.3.2022. Ensure to timely make compliances, if applicable.

### **28. Cross Charges**

Cross charges are the supplies made by the head office to branch office or vice versa. The same supplies need to be identified and the provision need to be done and the respective notice need to be raised for common services. The tax effect would be neutral since for one distinct person, it is an output liability and for the other, it would be ITC.AAR, in a case pertaining to Columbia Asia Hospitals, has said such activities would qualify as a service provided by head office to other locations and hence companies are required to be cross charged and levy GST on the same.

## **D. GST Law Related Year ending task for FY 2021-22**

### **22. Expense Provisioning:**

Expense provisions with respect to import / domestic services with associated entities would have possible GST implications under RCM. The accounting entries need to be analyzed in detail with supporting workings. If the provision is being made, RCM tax needs to be paid as per the provisions.

### **23. Cross-check for income on which Zero or partial GST is paid –**

For cases where GST on income is not paid or paid at lower rate, do take corrective actions. And for export supplies make sure you have proper LUT for FY.

### **24. Letter Of Undertaking**

The LUT need to be in place for the coming financial year 2022-23 before 1<sup>st</sup> April 2022 so that the exports don't get stuck at the last moment.

### **25. Books Stock vs Physical Stock :**

Physical stock needs to be reconciled with the stock as per books of accounts. This would be handy in both income tax and gst audit. In case of any discrepancies the possibility of ITC reversal should be taken into account.

### **26. GST on Advance Payments**

One must make sure that GST has been paid on advances received from customers as on 31.3.2022

## Gist of Past Events of Nagpur Branch of ICAI (February 2022)

Sr. No.	Date	Programme Type	Topics	Speakers	Venue	No. of Part.
1	01/02/20 22	Live Screening	Live Screening of Union Budget -2022	Mrs Nirmala Sitaraman Finance Minister	ICAI Bhavan	25
2	01/02/2022	Live Interaction	Live Interaction on My FM 94.3	Speakers: CA. Saket Bagdia Chairman CA. Jiten Saglani Vice Chairman CA. Nilesh Toshniwal	My FM office Nagpur	
3	01/02/2022		Immediate Reaction on Union Budget -2022 ( Physical cum Virtual)  1. Direct Taxes 2. Indirect Taxes 3. Capital Market 4. Industry & Economy	Speakers: CA. Kapil Bhari CA. Ritesh Mehta CA. Rajeev Gupta CA. T. S. Rawal Moderators: CA. Sandeep Jotwani CA. Umang Agrawal	ICAI Bhavan	210
4	03/02/2022		Analysis of Tax Proposal of Union Budget 2022 -23 ( Jointly with Taxation & Corporate Law Forum )	Speaker: Shri V Lakshmikumaran Managing Partner, L & S Attorneys	VIA Nagpur	85
5	04/0 2/2022	Virtual Course	Understanding Bhagavad Gita ( A Journey towards Business Management Excellence)  Importance of Good Health in success  (Jointly with Ahmedabad Branch)	Speaker: CA. Chetan Dalal Mumbai	On Line	100
6	09/0 2/2022	Virtual Course	Understanding Bhagavad Gita ( A Journey towards Business Management Excellence)  Wealth Creation  (Jointly with Ahmedabad Branch)	Speaker: CA. Jay Chhaira CCM, ICAI Surat	On Line	100

## Gist of Past Events of Nagpur Branch of ICAI (February 2022)

7	14/02/2022	Virtual Course	<p>Understanding Bhagavad Gita ( A Journey towards Business Management Excellence)</p> <p>What matters most for the leadership in new normal Employees and / or competition? (Jointly with Ahmedabad Branch)</p>	<p>Speaker: Mr. Bhagirath Merchant Ex. President BSE Mumbai</p>	On Line	100
8	16/02/2022	Virtual Course	<p>Understanding Bhagavad Gita ( A Journey towards Business Management Excellence)</p> <p>Reducing gap between being human and being divine (Jointly with Ahmedabad Branch)</p>	<p>Speaker: Pujashree Bhupendrabhai Pandayaji Renowned Spritual Leader &amp; Life Management Scholer</p>	On Line	100
9	16/02/2022	Webinar	<p>Webinar on All about Income Tax Returns, Tax savings and Investment. ( For under graduate and Post graduate students)</p>	<p>Speaker : CA. Saket Bagdia Chairman Nagpur Branch</p>	Seth Kesarimak Porwal College of Art , Science and Commerce Kamptee	150
10	21/02/2022 To 26/02/2022	WICASA	<p>Back to Basics – 6 day first of its kind series bringing the CA Students, a wonderful opportunity to get their basics right across numerous subjects.</p> <p>1. Ms Office – Basic Yet Practical Excel Application 2. Basics of Taxation &amp; Tax Planning 3. Simplifications of Complex La ws 4. Basics of RERA &amp; Real Estate Terminologies 5. Financial Terminologies &amp; Macro economy 5. Basics of Equity Analysis &amp; Valuation</p>	<p>Speakers: CA. Shivam Soni CA. Palak Pavagadhi CS. Manoj Hurkat CA. Mahadeo Birla CA. Taral Pathak CA. Pratik Modi</p>	On Line	130
11	22/02/2022	Election	<p>Nagpur Branch Managing Committee Election 2022 - 25</p>		ICAI Bhavan	



## Glimpses of Past Events



**Immediate Reaction on Union Budget-2022**



**Live Screening of Union Budet-2022 - 01-02-2022**

## Glimpses of Past Events

### Nagpur Branch Election - 22nd February, 2022



## Glimpses of Past Events

### Nagpur Branch Election - 22nd February, 2022





## Glimpses of Past Events

### Nagpur Branch Election - 22nd February, 2022

















## Nagpur Branch of ICAI in News

### आईसीएआई की नागपुर शाखा सर्वश्रेष्ठ

शहर का गौरव फिर बढ़ा

संवादकर्ता

नागपुर शाखा आईसीएआई का शहर का गौरव बढ़ाते हुए सर्वश्रेष्ठ शाखा का खिताब जीता है। इस खिताब को जीतने वाली शाखा को 15 लाख रुपये की राशि दी जाएगी।



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आईसीएआई, दिल्ली और का. शाखा आईसीएआई का शहर का गौरव बढ़ाते हुए सर्वश्रेष्ठ शाखा का खिताब जीता है। इस खिताब को जीतने वाली शाखा को 15 लाख रुपये की राशि दी जाएगी।

### संतुलित और विकासोन्मुख बजट

यह एक संतुलित और विकासोन्मुख बजट है, लेकिन



इस बजट को लेकर अजित प्रसाद की बहुत ही उम्मीदें धराखरी हो गईं। बुनियादी ढांचे के विकास और कृषि सहायता पर केन्द्रित पहल अग्रेसर है। संस्करण की तारीख होनी चाहिए।

राजेंद्र बघडिया, अध्यक्ष, आईसीएआई नागपुर शाखा

Wed, 02 February 2022  
<https://epaper.bhaskarh>

Lokmat Times

## FinMin has tried to please all sectors

From Finance  
to development



A balanced budget has been announced by the Finance Minister, Nirmala Sitharaman, which was aimed at all sectors of the economy.

With economic growth projected at 12 per cent, a welcome step of growth, the budget is expected to be a balanced one.

Expectations on the economic side of the budget were high, but the government has tried to please all sectors.



Stakeholders with respect to reduction of taxes and streamlining of compliance, which was aimed at all sectors of the economy.

The budget presented this year lacked both and hence, said former chairman of ICAI, Suresh Kumar.

Opportunity provided for self-reliance in the budget, said former chairman of ICAI, Suresh Kumar.



It may seem that the budget has tried to please all sectors, but the government has tried to please all sectors.

Main focus of this budget is on infrastructure, health, digitization and post offices which are key sectors of the economy.

The compliance burden placed on business is a major concern, said former chairman of ICAI, Suresh Kumar.

The Hitavada

Nagpur City News - 2022-02-02 - Page 8

## Nagpur branch of ICAI adjudged 'Regional Best Branch'

By Bhaskar News

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President of ICAI (Dr. Nirmala Sitharaman) presenting the award to the Regional Best Branch of ICAI, Nagpur.

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Support to the regional best branch award is a recognition of the efforts of the branch members.

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Reported by Bhaskar News



Celebrating 75 years of India's Independence

## Credit Scheme for MSMEs

Assistance to Re-energize capital  
Investments by SMEs

### (ARISE)

**5.50% to 6.80% p.a.** for  
first year with reset  
applicable thereafter  
(as per internal rating)

- MSMEs engaged in high growth sectors (including sunrise sectors)
- End-to-End digital journey
- Submission of minimal papers
- E-signing facility for document execution
- Quicker sanction

- TL up to ₹700 Lakh to existing / brownfield entities, subject to maximum of 80% of the project cost
- 100% financing for loans upto ₹3 crore, based on FD upto 25% (interest bearing)
- Facility of TL/FCTL available

Digital Technology  
Enabled  
Quick Sanction

Attractive  
Interest Rate

Target Group /  
Ease of Doing

Broad  
Features

SIDBI Thematic Assistance for  
Purchase of capital Assets in  
New Enterprises

### (STHAPAN)

**6.00% to 7.30% p.a.** for  
first year with reset  
applicable thereafter  
(as per internal rating)

- MSMEs in identified sectors under Production Linked Incentive Scheme, other high growth sectors etc.
- Quicker sanction
- End-to-End digital journey
- E-signing facility for document execution

- TL upto ₹2000 Lakh, subject to maximum of 75% of the project cost
- New Entities or Greenfield units are eligible

To Know more, visit our nearest branch. Locate us at: [www.sidbi.in](http://www.sidbi.in)

Follow us on  [SIDBIOfficial](#)  [sidbiofficial](#)  [sidbiofficial](#)  [SIDBI Official](#)  [SIDBI \(Small Industries Development Bank of India\)](#)  
Email: [bd.dco@sidbi.in](mailto:bd.dco@sidbi.in)





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The Views expressed in the News Letter are those of the Individual contributors and not necessarily those of the Nagpur Branch of WIRC of ICAI. Published by **CA. Saket Bagadia**, Editor in Chief on behalf of the Institute of Chartered Accountants of India, Nagpur branch & designed by him at Agrawal Paper Rulling & Book Binding Works, Telipura, Sitabuldi, Nagpur M.: 8087142982

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E-Post



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