



# ICAI NAGPUR BRANCH (WIRC)

MONTHLY E-NEWSLETTER  
JANUARY 2024

वार्ता

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## Chairperson's Message



**CA. Sanjay M. Agrawal**

मेरे सीने में नहीं तो तेरे सीने में सही,  
हो कर्हीं भी आग लेकिन आग जलनी चाहिए !

### Dear Esteemed Members,

Every journey starts with the vision and has got a definite and defined destination. As I sit down to pen my last communication as Chairperson of this glorious Nagpur Branch, a lot of emotions creep in and a lot many cherished memories of my endeavor at Nagpur Branch gives me immense satisfaction. As I conclude my term as the Chairperson of the decorated Nagpur Branch of the WIRC of The Institute of Chartered Accountants of India (ICAI), I would like to take this opportunity to express my heartfelt gratitude to each and every one of you for your unwavering support and love throughout my tenure.

Over the past year, it has been an honour and privilege to serve this esteemed organization and its members. Together, we have achieved significant milestones, organized numerous seminars, workshops, and events aimed at enhancing professional knowledge and fostering a sense of camaraderie within our community. Following are a few highlights that we could proudly achieve under my Chair:

1. The Nagpur Branch is now installed with solar panels which is expected to save a lot of energy and electricity consumption bills.
2. The Branch has stayed true to its word of being a tech-savvy Branch and has enabled multiple seminars on the same

3. The heights where the Nagpur Branch stands today, is attributed to the tireless efforts of the stalwarts who have led the Chair in the past. We have installed a Chairperson Board in the branch which shows a reflection of all the Chairmen who have led the Nagpur Branch.

4. **In the most awaited landmark breakthrough of all,** It is a proud moment for Nagpur Branch that the new building project of Besa is approved by ICAI Central Council. The infra committee for Nagpur Branch formed by ICAI has discussed the changes suggested by Council and procedure for appointment of Contractor.

**We are positive that the work of the new building will start very soon under guidance of ICAI.**

The Nagpur Branch continues to organize worthy seminars and events in the best interest of the members and January-24 was another busy start to the calendar year with the Branch hosting multiple seminars.

- a. Seminar on IND AS- Overview with Emerging Endless Global opportunities with Speaker CA. Kartik Jindal, Delhi was organized by the Branch.
- b. Laced with numerous seminars for CA students, the Branch also organized a programme on Investor Awareness with profound speaker and proven investor from the industry addressing the audience in the form of CA. Anand Rathi

## Chairperson's Message

Founder and Group Chairman of The Anand Rathi Group.

- c. The Branch also conducted a Seminar on Intricacies and Litigations in GST where the Chief Guest was Shri Ananta Rakh Addl. Commissioner of State Tax and the speaker was CA. Brijesh Verma, Agra.

Worthy and informative contributions on deep rooted content have been included in the Newsletter. TCS on Foreign Travel has been the topic of discussion for quite some time. Has such imposition of tax had a discouraging effect on travellers? The topic has been avidly covered by CA. Saket Bagdia, Past Chairman - ICAI Nagpur Branch (WIRC).

Payments to MSME have been another issue of pain-point with multiple confusions surrounding the same. CA Naresh Jakhotia, an expert of taxes has addressed the same with valuable clarifications to confusions.

**"Audit of Accounting Estimates: Concept"** An approximation of a monetary amount in the absence of a precise means of measurement has been covered by CA. Rahul Sharma.

I congratulate and Thank CA Indraneel Dani and CA Uma Bagdia for their wonderful contributions under CA's got Talent section.

I am immensely proud of the strides we have made in promoting the highest standards of professional excellence and ethics in the field of finance and accountancy. Our collective efforts have not only strengthened the reputation of our branch but have also contributed to the growth and development of the profession as a whole. We have tried our best to bring laurels to the Nagpur Branch in each effort that we conduct. Our efforts bore fruit in the form of Acknowledgement from the centre at New Delhi & Region (WIRC) and I am ecstatic to inform you that **ICAI Nagpur Branch (WIRC) has been awarded the Second Best Branch all over the country and Best Branch in the Region in Large Branch category. Also, WICASA, our Students Association has been recognized as the Best WICASA not only at the regional level but also at India level the same category.**

As I step down from my role, I am confident that the ICAI Nagpur Branch (WIRC) will continue to thrive and achieve much more as together, we shall strive to uphold the principles of integrity, transparency, and accountability.

Before I bid farewell, I would like to express my deepest appreciation to the Managing Committee, the staff, and all members of the Nagpur Branch for their dedication and hard work. It has been a privilege to work alongside such talented and committed individuals. My heartfelt thanks also reaches out to our E-Newsletter Sponsor - SIDBI for their constant support in this journey and to our Joint Editors; CA Amrita Bagdia and CA Palkesh Khandelwal who have left the members spell-bound with their spectacular work throughout the year.

In closing, I extend my best wishes to the Nagpur Branch of ICAI for continued success and prosperity in the years to come. I am confident that under the guidance of capable leadership, our branch will reach new heights of excellence and make significant contributions to the accountancy profession.

This being the last edition of our exceptional newsletter, '**वार्ता**', we hope we have been able to meet the expectations of our members to bringing you the latest updates and opportunities.

It's important to remember that the definition of success is not just defined by how far you have come but also by remembering how long we still need to travel. Let's embrace the opportunities that unfold before us and collaboratively shape a future that exceeds our collective expectations under the new incoming Chair.

Thank you once again for the opportunity to serve as the Chairperson of the most vibrant branch of ICAI. It has been a truly enriching experience that I will always cherish. I would now like to conclude with the following words:

रात नहीं ख्वाब बदलता है, मंजिल नहीं कारवाँ बदलता है,  
जज्बा रखो जीतने का क्यूंकि, किसत बदले न बदले,  
पर वक्त जरूर बदलता है !

Professionally Yours,  
CA Sanjay M. Agrawal  
Chairperson - ICAI Nagpur Branch (WIRC)

## Joint Editor's Message



**CA. Amrita Bagdia**



**CA. Palkesh Khandelwal**

Dear Esteemed Professional Colleagues,

Standing in February-24; as we reflect back on our role as Joint Editors of ICAI Nagpur Branch Newsletter; our hearts' are filled with pride and satisfaction. We would like to take this opportunity to express our sincere gratitude to all of you for your support and co-operation throughout this journey. We have strived to uphold the highest standards of quality and relevance in disseminating information, knowledge and stupendous work of our members to our members.

The year 2024 has started with new challenges for our CA Profession, the most talked about being Applicability of Section 43BH, Audit Trail under Companies Act and applicability of new formats for reporting of non-corporate accounts. Our profession has become more and more demanding and we need to be on our toes to constantly update ourselves and rely and preserve all documentation as per requirements of auditing standards issued by ICAI.

We believe that Nagpur Branch newsletter 'वार्ता' has provided valuable insights, updates, and resources to help our members stay informed and empowered in their professional endeavours. Through our Newsletter, Nagpur Branch has endeavoured to showcase the achievements and

initiatives of our members, while also highlighting important developments and trends in the field of accountancy.

As we bid farewell to our roles as Joint Editors, we would like to extend our heartfelt thanks to the Chairman, Nagpur Branch and the Managing Committee, the contributors and the entire team involved in the publication process for their belief and commitment which has been instrumental in ensuring the success of this Newsletter.

In conclusion, we would like to express our best wishes to the ICAI Nagpur Branch (WIRC) for continued success and growth in the future. It has been an honour to serve our branch in this capacity, and we are grateful for the opportunity to have contributed to its success.

We wish a very happy and prosperous Professional year ahead to all members.

**Kind Regards,**

CA Amrita Bagdia  
CA Palkesh Khandelwal  
*Joint Editors,*  
Nagpur Branch of WIRC of ICAI

## Professional Enrichment



### Whether TCS on foreign travel @20% is discouraging Indian Tourists from going abroad?

**CA. Saket Bagdia, Past Chairman - ICAI Nagpur Branch (WIRC)**

Tourism plays a significant role in the Indian Economy, providing various socio-economic benefits. Tourism Industry is being seen not only as a travel planner, rather it acts as a catalyst and is highly instrumental in generation of employment and great revenue earning potential for the country as a whole.

“Atithi Devo Bhava” is the key punchline used by our forefathers for welcoming guests in our home, in our country. With our Honorable PM Shri Narendra Modi giving more stress on development of Indian Tourist destinations, this concept of TCS (Tax Collection at Source) on foreign travel comes as a deterrent or hindrance to growth in this sector.

Every coin has 2 sides and so does the interpretations and understandings follow. Many take this TCS on foreign travel @ maximum rate of 20% to be disastrous for growth of Tourism Sector and a discouragement for Indian Travelers to go abroad. Government thinks that it is pertinent to keep a track / chain of transactions done in respect of foreign travel, so that accountability and transparency is achieved.

Let's look into the tax aspects of this TCS levied in respect of foreign travel w.e.f. 01.10.2020.

TCS (Tax Collection at Source) is a type of tax that

is collected by the seller or service provider from the buyer at the time of sale of goods or provision of services as mentioned in the Income Tax Act. TCS is to be collected on sale of goods / provision of services or receipt of money whichever is earlier. It is made applicable to Overseas Tour packages since 2020 along with the Overseas remittances with the introduction of new sub section 206C(1G).

#### Applicability u/s 206C(1G):

- u An “authorised dealer”, who receives an amount, of Rs.7,00,000/- or more in a financial year for remittance out of India from a buyer, remitting such amount out of India under the Liberalised Remittance Scheme of the Reserve Bank of India;
- u A seller of an “overseas tour program package”, who receives any amount from a buyer, who purchases such package

Shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, whichever is earlier, collect a sum equal to 5% / 20% of such amount as received from the buyer.

**Liberalized Remittance Scheme (LRS)- Under**

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LRS Scheme, an individual person who is resident in India as per FEMA is permitted to remit outside India up to US\$ 2,50,000 per financial year (April to March) without any approval of RBI for any permitted current account or capital account transactions or both such as opening foreign currency account abroad, purchase of property or making investments abroad, private visit, gift/donation, business trip, medical treatment, studies abroad, going abroad on employment, etc. This scheme is available only to individuals (including minors) and not to corporates, Partnership firms, LLP, HUF etc.

### Important Definitions:

- (i) *"authorised dealer" means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 to deal in foreign exchange or foreign security;*
- (ii) *"overseas tour program package" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.*

Earlier and new TCS rates are summarized as under

<i>Nature of Payment</i>	<i>Earlier Rates Before Finance Act, 2023</i>	<i>New rate w.e.f. 1<sup>st</sup> Oct'23</i>
LRS for education through a Bank Loan	Nil up to Rs. 7 lakh 0.50% above Rs. 7 lakh	Nil up to Rs. 7 lakh 0.50% above Rs. 7 lakh
LRS for Education / Medical treatment other than through Bank loan	Nil up to Rs. 7 lakh 5% above Rs. 7 lakh	Nil up to Rs. 7 lakh 5% above Rs. 7 lakh
Overseas Tour Package	5% (Without Threshold)	5% till Rs. 7 lakh 20% thereafter
LRS for any other purpose	Nil up to Rs. 7 lakh 5% above Rs. 7 lakh	Nil up to Rs. 7 lakh 20% above Rs. 7 lakh

There was a lot of confusion as regards definition of overseas tour package and thus a clarificatory circular was issued No. 19 dated 30.06.23 which clarified the definition of overseas tour program package as –

To qualify as 'overseas tour program package', the package should include at least two of the followings:-

- (i) international travel ticket,
- (ii) hotel accommodation (with or without food)/boarding/lodging,
- (iii) any other expenditure of similar nature or in relation thereto.

If any of the above is sold standalone, it will not be covered within the definitions of Overseas tour package for collection of TCS. This clarified the confusion and cleared the air regarding applicability of TCS on sale of OTP.

### Exemptions under the provision:

**TCS is not applicable in following conditions-**

When the buyer is,

**1. Liable to deduct tax at source under any other provision of this Act and has deducted such amount;**

**TDS is deducted by the buyer e.g. Corporates.**

**2. The Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.**

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**This is a very important provision which clarifies that in case the traveller is deducting TDS of the Travel Agent under any section, then Travel agent is not required to collect TCS on that OTP Sale.**

**It has been clarified in Circular 10 dated 30<sup>th</sup> June'23-**

i) Threshold of Rs. 7 lakh per financial year per individual in clause (i) of sub-section (1G) of section 206C shall be restored for TCS on all categories of LRS payments, through all modes of payment, regardless of the purpose: Thus, for first Rs 7 lakh remittance under LRS there shall be no TCS. Beyond this Rs 7 lakh threshold, TCS shall be at the rate of -

- a) 0.5% (if remittance for education is financed by loan taken from a financial institution);
- b) 5% (in case of remittance for education/medical treatment);
- c) 20% for others.

For purchase of overseas tour program package under clause (ii) of sub-section (1G) of section 206C, the TCS shall continue to apply at the rate of 5% for the first Rs 7 lakh per individual per annum; the 20% rate will only apply for expenditure above this limit.

### Expenses covered under Medical Treatment

Remittance for the purposes of medical treatment shall include,-

- i) remittance for purchase of tickets of the person to be treated medically overseas (and his attendant) for commuting between India and the overseas destination;

- ii) his medical expense; and
- iii) other day to day expenses required for such purpose.

### Expenses covered under Education

Remittance for the purpose of education shall include,-

- i) remittance for purchase of tickets of the person undertaking study overseas for commuting between India and the overseas destination;
- ii) the tuition and other fees to be paid to educational institute; and
- iii) other day to day expenses required for undertaking such study.

### TCS on Non-Residents

- u TCS collection is not necessary in case of non Resident individuals as well as non resident corporates.
- u Take care to record and keep the evidence that the purchaser is a non resident
- u A foreign citizen does not become Non resident Automatically. It depends on the no of days stay in India
- u Ideally, you should take a declaration and the TRC (Tax Residency Certificate) of the buyer.

### TCS on Credit card on Forex payment

- u The FEMA rules allowed the Credit card swipes in foreign Exchange without TCS and LRS.

The clause read as below:-

*"Nothing contained in rule 5 shall apply to the use of International Credit Card for making payment by a person towards meeting expenses while such person is on a visit*

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*outside India"*

- u Though the exemption was conditional, the banks never collected TCS on Credit card swipes in foreign exchange.
- u As per the new notification on 16<sup>th</sup> May, 2023 the above exemption is removed which makes all the credit card expenses in Foreign exchange covered under TCS.
- u On 19<sup>th</sup> May RBI gave a fresh Notification allowing foreign currency payment up to Rs.7 lacs without any TCS.

### TCS on Receipts Vs Payments

- i) The responsibility of collection of TCS and payment is with the Seller of OTP.
- ii) However, under the same section TCS is collected by the Bank on all foreign remittances.
- iii) The responsibility of TCS on Remittance is with banker not TA.
- iv) However, TA has to take into consideration the impact of TCS on remittance, since it will affect the cash flow.

### Compliance Calendar-

TCS Payment	
Period	Date
April to March	7 <sup>th</sup> of Next month
TCS Return filing Due Date	
April to June	15 <sup>th</sup> July
July to September	15 <sup>th</sup> October
October to December	15 <sup>th</sup> January
January to March	15 <sup>th</sup> May

### Few Issues-

- a) Whether the threshold of Rs 7 lakh, for TCS to become applicable on LRS, applies separately for each remittance through different authorised dealers? If not, how will authorised dealer know about the earlier remittances by that remitter through some other authorised dealer?

It is clarified that the threshold of Rs 7 lakh for LRS is qua remitter and not qua authorised dealer. This is clear from the first proviso to sub-section (1G) of section 206C of the Act. The proviso states that the TCS is not required if the amount or aggregate of amounts being remitted by a buyer is less than seven lakh rupees in a financial year. The threshold continues to apply qua remitter.

Since the facility to provide real time update of remittance under LRS by remitter is still under development by the RBI, it is clarified that the details of earlier remittances under LRS by the remitter during the financial year may be taken by the authorised dealer through an undertaking at the time of remittance. If the authorised dealer correctly collects the tax at source based on information given in this undertaking, he will not be treated as "assessee in default". However, for any false information in the undertaking, appropriate action may be taken against the remitter under the Act.

It is further clarified that same methodology of taking undertaking from the buyer of overseas tour program package may be followed by the seller of such package.

Thus, declaration needs to be obtained from the customer by the Tour operator / autho-

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rized money changer to decide on rate of Tax Collection whether it is 5% or 20%.

**b) How is the calculation of TCS/LRS done?**

Per person / Per family / Per Invoice / Per booking / per hotel / per service booked /Per entity making the payment

The TCS is made per PAN, as provided by the customer. If there are number of travellers you can give the option to the customer, based on customer's declaration and PAN you collect the TCS and pay on that PAN. It is important since the Credit will be available to the payer, based on the PAN declared by him/her.

**c) If only hotel or only transfers is booked? Is it a package? Does TCS still apply? Does package include airline ticketing/ visa?**

As per the provisions If you give any single service, it cannot be termed as OTP. Only if there are more than one service it can be considered as package. However, the bank will cross check TCS in case of all LRS payments. Thus, it will be necessary to collect TCS even if only Hotel is booked. Further Hotel and Transfer may be considered to be OTP since there are more than one service.

**d) Agents raise invoice in advance and make payments/remittances subsequently after a month or two? How to make such compliances.**

The obligation of TCS is on the collection against OTP, Advance or otherwise, once you receive the money you pay TCS. For e.g. The package cost is Rs. 10,000/- for travel in January. Advance received is Rs. 3,000/- in October. Then TCS to be collected in October on 3000/- and on balance when received from customer. However, if any client refuses to

pay the TCS you cannot take the plea that it is not collected hence not paid. In such cases you have work out the TCS proportionately by grossing up. The same will result in the TCS amount being blocked up to actual billing.

**e) If passenger pays by credit card directly to the hotel at the time of checkout, will Credit Card Company have to collect TCS? If agent buys services for his customers on an international website and pay by credit card, what is TCS position?**

TCS is applicable when you bill for OTP and collect the same. If someone directly pays to the hotel by credit card there is no liability of TCS on the Travel agent who has arranged the bookings. However, the Bank will collect TCS on the same under LRS. The TCS will be applicable whether the agent pays for the same by credit card or through bank.

**What is the penalty for non-compliance of collection of TCS by Travel Agent? How does the government ensure that the law is being followed?**

- u First you are liable to pay the Interest for delay in deduction and payment
- u Then you have to pay the late fees for delay in filing
- u Then AO can levy further penalty
- u The Income Tax Department can proceed with Prosecution resulting in jail term.
- u Primary responsibility is on the Assessee, Then the Auditor has to report any discrepancy.
- u The Income Tax Dept can make a survey if they feel it right.

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### Conclusion-

Whenever there is any change of any law, there is resistance. The intention and compliance need to be cleared and everyone needs to follow the law to avoid any government action. Yes, 20% rate is very high and harsh on individuals wishing to

travel abroad but this TCS can always be claimed as credit by them while filing their Income Tax Return. So this is a revenue neutral concept intended to track the movement of passengers travelling abroad but which results in blocking of working capital / funds of passengers travelling abroad till the time of filing Income tax return to adjust against tax liability or to claim as refund as the case may be.

### INVITATION FOR ARTICLES FOR NEWSLETTER

"The pen is mightier than the sword"  
by Glancey Jonathan

The Newsletter Committee of Nagpur Branch of WIRC of ICAI is inviting articles for its Newsletter.

**Submission Guidelines:** The articles have to be submitted by the 5th of the month to the following email-id : [ nagpur@icai.org ]. There is a strict plagiarism check and the articles which are not adhering to the prescribed standards are not published in the newsletter. Illustrations are strongly encouraged to illustrate and emphasize your message. Article can be written by one person or jointly but not more than 2 on a single article. A passport size picture of the writer/ writers should be attached with the article along with their Name and Email ID.

We welcome your efforts and hope you would make the best use of the open platform.

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### Timely Payments to MSME for Deduction under Income Tax Law: Confusion & Clarification

**CA. Naresh Jakhota, Nagpur**

MSME are growth engines & vital catalysts for our economy. The Micro, Small and Medium Enterprises Development Act (MSMED) was enacted to nurture MSME in the country. As per section 15 of the MSMED Act, payment to Micro and Small enterprises has to be done before the Appointed Day. The Appointed Day is 15 days from the date of actual delivery of goods or the rendering of services. While the MSMED Act already enforces timely payments, its implications now extend to the Income Tax Act-1961.

At present, Section 43B of the Income Tax Act provides for deduction of certain expenditure only on actual payment basis i.e., the deduction is available only if the amount is paid within the prescribed time period. If the payment is not done then the deduction is either not available or it is available in the year of the payment. Few of the existing transactions which are covered by section 43B include taxes/duties/cess, interest payable to Banks/NBFC, Payment towards PF/ESIC, etc. Finance Act - 2023 has widened the scope of section 43B so as to include the payments to micro and small enterprises also in accordance with the provisions of MSMED Act. As a result, deduction for purchase of any goods/services or towards expenses availed from Micro and Small Enterprises shall be allowed only if the payment

is actually made within the period agreed between the buyer & seller. If the period agreed in writing is beyond 45 days then the payment has to be done within 45 days only. If there is no agreement then the payment has to be done before the appointed date (i.e., 15 days).

Unlike other items of section 43B like taxes/duties/cess, etc wherein the deduction is available if the payment is done on or before the due date of filing the Income Tax Return (ITR), the payment to Micro & Small enterprises shall not be admissible as deduction if the same is paid after the end of the financial year and the period of 15 days or 45 days is over. Deduction is admissible only if the payment is either done in the same financial year or within a period of 15 days or 45 days if the same is falling due after 31st March.

Let us understand the impact of the above provision with the following example wherein purchase is done without any written agreement and there is no stipulation to make the payment before 15 days. As a result the payment is required to be done within 15 days of delivery of goods:

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S.No.	Invoice Date	Date of delivery of Goods	Appointed Day (As per MSMED Act)	Payment Date	FY in which deduction will be allowed
1	01.03.24	01.03.24	16.03.24	25.03.24	2023-24
2	11.03.24	15.03.24	30.03.24	02.04.24	2024-25
3	25.03.24	27.03.24	11.04.24	10.04.24	2023-24
4	25.03.24	27.03.24	11.04.24	15.04.24	2024-25

In the first case, even though the payment is done after the appointed date under MSMED Act, still it is done within the same financial year (FY) and so it will be eligible for deduction in the FY 2023-24.

In the second case, the appointed date of payment was 30.03.24 (i.e., FY 2023-24). Since the payment was not done by 31.03.24 but paid in next FY, deduction would be admissible in the FY 2024-25.

In the third case, the appointed date was falling in the FY 2024-25 and since the payment was done before that, deduction would be admissible in the FY 2023-24.

In the fourth case, the purchase was done in the FY 2023-24 but the payment was not done before the appointed day. As a result deduction would not be admissible in the FY 2023-24 but would be admissible in the FY 2024-25 in which the payment is done.

The above illustration is covering the case where no written agreement exists and so the appointed day is 15 days. The same logic & working can be applied if there exists a written agreement wherein the payment would be required to be done before the dates as per mutual agreement (& if the mutually agreed period exceeds 45 days, the payment would be required to be done within 45 days).

### Applicability to Traders:

This is the most important issue raised by many. Section 43B(h) is applicable only in respect of the amount payable to Micro or Small Enterprises. Pure Traders (even if Registered under the

MSMED Act 2006 or have obtained Udyam registration) are not covered in the definition of Micro or Small Enterprises. So, there will be no disallowance u/s 43B(h) if payment to such traders is done even beyond 45 days. One may also refer to the Office Memorandum Dated 01.09.2021 issued by the Ministry of MSME which clarifies that the registration is restricted for priority sector lending only.

### Invoice can be considered as Written Agreement?:

Written agreement is must for the benefit of 45 days U/s 43B(h). In my opinion, if the invoice/purchase order/delivery memo etc mentioned the period of 45 days or more, it would be sufficient to draw inference that there exists a written agreement.

### Non Payment due to disputes:

The period of 15 days or 45 days is applicable from the date of acceptance or deemed acceptance. "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 15 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;

and "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;

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If the buyer has made a written objection, the date of acceptance shall be reckoned from the date of resolution of the disputes.

### Ensuring Compliance with new provision for the FY 2023-24:

#### 1. In respect of Purchase / Services without written agreement:

Ensure that payment is done before 31st March 2024 against all purchases/services done from 1st April 2023 to 16th March 2024. In short, all creditors as on 16th March 2024 (excluding opening creditors as on 01.04.2023) towards purchases/services are to be paid off till 31st March 2024.

In respect of purchases done from 17th March to 31st March 2024, the payment shall be required to be made within 15th day of its purchase failing which the deduction would not be available in the FY 2023-24.

#### 2. In respect of Purchase / Services with written agreement of more than 45 days:

In such a case, the buyer needs to ensure that the payment is done before 31st March 2024 against all purchases/services done from 1st April 2023 to 15th Feb 2024. In short, all creditors as on 15th Feb 2024 (excluding opening creditors as on 01.04.2023) towards purchases/services are to be

paid off till 31st March 2024.

In respect of purchases done from 16th Feb to 31st March 2024, the payment shall be required to be made within 45th day of its purchase failing which the deduction would not be available in the FY 2023-24.

### Conclusion:

1. Every new law comes with a new set of complications and confusions. Section 43B(h) will have many as it will affect each and every business house. Understanding and adhering to the provisions of section 43B(h) is crucial to avoid significant tax liabilities. Though the mutual terms and conditions of payment may be different, yet the provision of MSMED Act & Income Tax Act will prevail over it.

2. While the intention behind this provision is commendable, its potential side effects could be significant and far-reaching. It may adversely affect micro and small enterprises, as buyers might opt to procure goods and services from entities not registered under the MSMED Act. It is anticipated that there will be considerable confusion, doubts, and nuances surrounding the new

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### Audit of Accounting Estimates: Concept

**CA. Rahul Sharma**

**Accounting Estimates Defined:** "An approximation of a monetary amount in the absence of a precise means of measurement. This term is used for an amount measured at fair value where there is uncertainty, as well as for other amounts that require estimation. Where this SA addresses only accounting estimates involving measurement at fair value, the term 'fair value accounting estimates' is used". (As defined under SA 540)

**Understanding Accounting Estimates:** For entities of all size and nature, some or the other time management has to make accounting estimates. This happens particularly in a situation when monetary amounts in financial statements cannot be directly deduced. All Accounting estimates have some degree of estimation; this is due to uncertainties involved in quantification, this may be due to inherent limitations of management's knowledge or due to nature of available data that give rise to inherent subjectivity and variation in the

measurement outcomes. Along with being subjective, accounting estimates may also be complex. Thus accounting estimates have important implications over the financial statement audit, **because the complexity, subjectivity or other inherent risk factors on the measurement of these monetary amounts makes them sensitive for misstatement**. The accounting process often presents certain scenarios where an amount or item in the financial statements cannot be measured with precision. In financial reporting, when the amounts of assets, liabilities, income, or expenses for the period cannot be measured with precision, they are determined using accounting estimates. **Accounting Estimate** are estimated based on judgment and knowledge derived from experience, training and formal teaching. Estimation is involved in reporting certain elements of the financial statements – value of which cannot be determined using objective data.

Even though uncertainties and values are determined using historical estimates and approximations, they deserve to be a part of financial reporting. A prudent estimation

## Professional Enrichment

will surely result into a transparent and reliable financial statement. The value of such element cannot be always fixed based of any specific data. They usually involve a lot of complexities & uncertainties and therefore expertise, skill and knowledge is required to determine the value, which will always be an approximation.

This also establishes the fact that there is some level of subjectivity in the process because the management and accountants require a very good level of skill, expertise and knowledge to make the assumption which can be acquired through *experience, training and formal teaching*. Sometimes there may be a considerable difference in values estimated by different persons. Management may derive value of an element of financial statement using certain assumptions which will completely different from value deduced by auditors.

Typically the notes on accounts contain the details of the basis or assumptions used in estimating elements of financial statements. ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures, deals with the auditor's responsibilities relating to accounting estimates and related disclosures in an audit of financial statements. The **auditor's objective** is to obtain sufficient, appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework (AFRF).

### *Accounting Estimates V/s Accounting Principles:*

These are two different financial concepts which are commonly used during

preparation of financial statements. However, it is very much vital to distinguish between the two. Let us differentiate the same, as given below:

**Meaning:** Accounting Estimate means an approximation of a value of Asset, Liability, Income or Expenditure for which a precise means of measurement is not available on the other hand Accounting Principles can be understood as Specific principles, bases, conventions, rules, and practices used by the management while preparing and presenting financial statements.

**How they affect data:** change in Accounting estimates changes actual financial information on the other hand Accounting principles changes signify conceptual changes in how financial information is calculated.

**How change is given effect:** Changes in Accounting Estimates is given effect prospectively however changes in Accounting Principles should be given effect retrospectively.

**What is used in background:** In accounting estimates, information related to historical data, opinions and knowledge of experts, etc are used for achieving useful results, whereas in case of the Accounting Principles, the guidelines are provided by various laws, Accounting Bodies and policymakers following which decisions are taken.

**Subjectivity:** Accounting Estimates are subjective in nature due to their dependence on expert knowledge, skill and experience, which also depends on the information available from various sources during a particular time. Accounting Principles are more objective in nature since rules and policies are fixed and in each Accounting Period these should also be disclosed in notes to financial statements.

Both of these are important and relevant in

## Professional Enrichment

the world of finance and should be used to maintain Quality of financial reporting which is achieved by consistency, transparency and understandability of the financial condition of the business.

### **Concept of Audit of Accounting Estimates:**

Before going in detail we shall take a snapshot of audit procedure which should be adhered if any estimated figure is involved in financial statements. The primary objective of auditor is to gather "Sufficient and Appropriate Audit Evidence" in support of various assertions of the financial elements. To prepare financial statements is the primary responsibility of the management like any other figure, accounting estimate is also appear at the initiative of the management and not auditor. The auditor should obtain evidence as to a. That accounting estimate is reasonable as per the circumstances and b. that it has been appropriately disclosed. To disclose an estimate depends on various factors like legal requirement of disclosure, materiality of volume or nature, matching concept etc. Normally auditors apply following procedure while auditing accounting estimates:

(A) Review and test the process through which estimate are developed: including evaluation of date and evaluation of

assumptions underlying the estimates; testing the calculations involved in the estimate; comparison of estimate and actual results of prior periods and evaluation of the approval procedure of the management.

- (B) Comparison of the estimates developed by the management with estimates developed by auditors.
- (C) Subsequent events (Events occurred after generation of estimates and up to submission of Audit Report) related with estimates must be reviewed.

Knowledge of client business and consistence of other audit evidences gathered with accounting estimates also plays vital role in the final assessment of reasonableness of an accounting estimate. If auditor is of the view that accounting estimates developed by the management are significantly different from the estimates assessed or developed by the auditor, he may request the management to carry out necessary changes. In case management refuses to revise it's estimate it would be considered a misstatement and the auditor would need to consider it's effect on the financial statement.

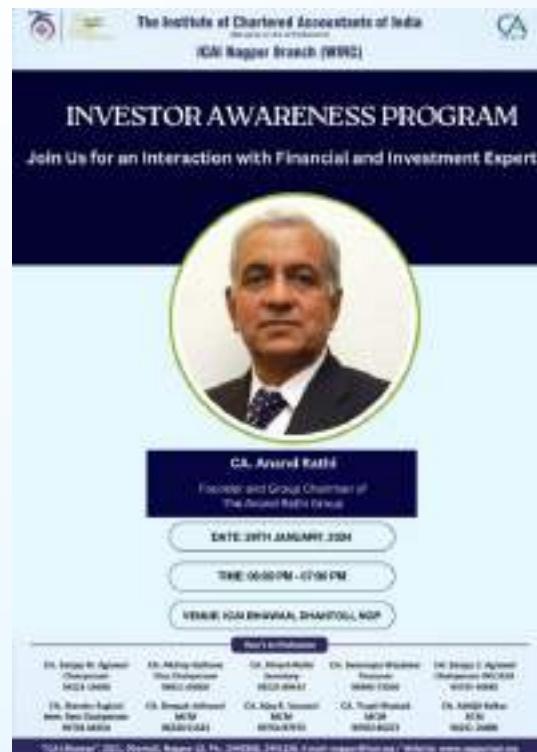
## Glimpses Of Past Events - Circulars/Activity



Chief Guest - CA. Sudhir Surana  
Past Chairman, Nagpur Branch



Chief Guest - CA. Anand Rathi  
Founder & Group Chairman of the  
Anand Rathi Group



## Glimpses Of Past Events - Circulars/Activity



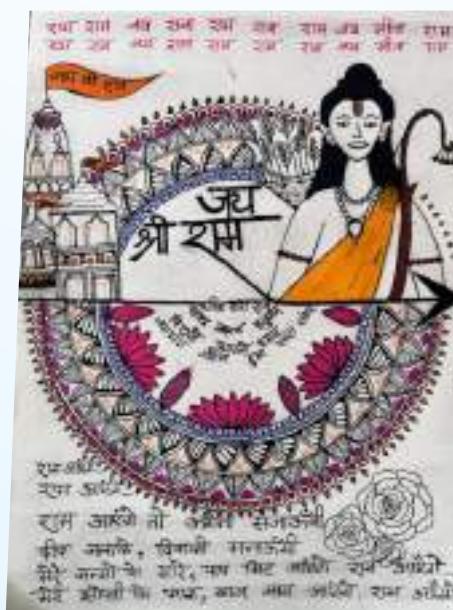
Chief Guest - Shri Ananta Rakh  
Additional Commissioner of State Tax

## CA's Got Talent

Photography clicked by  
CA. Indraneel Dani, Nagpur



Painting contributed by  
CA. Uma Bagdia, Nagpur



## Gist of Past Events - Activity for Students : January 2024

Se. No.	Date	Programme Type	Topics	Speakers / Chief Guest
1.	02/01/2024 to 16/01/2024	Physical Program	(IITSS) ADV MCS Course	-
2.	02/01/2024 to 16/01/2024	Physical Program	(IITSS) Orientation Course	-
3.	05/01/2024	Physical Program	Startup and Valuation	Speaker : CA Nitin Alsi CA Chirag Kothari
4.	11/01/2024 to 12/01/2024	Physical Program	Chorus 2023 Phoenix Fusion: Heaven's Grace, Hell's Embrace	Events : Mr And Miss WICASA  Daredevil  Treasure Hunt  Stock market  Other Games  Fashion show  Cultural Night  Chief Guest: Shri Dayashankar Tiwari  Guest of Honor  CA Jalfesh Shah Sir
5.	23/01/2024 to 07/02/2024	Physical Program	(IITSS) Information Technology Course	-
6.	11/08/2023 To 28/08/2023	Physical Program	(IITSS) ADV Information Technology Course	-
7.	24/01/2024 to 09/02/2024	Physical Program	(IITSS) ADV MCS Course	-
8.	24/01/2024 to 09/02/2024	Physical Program	(IITSS) Orientation Course	-

## ICAI Nagpur Branch in News

## स्थानीय

विदेश की बात | 5  
प्राप्ति: 7 अगस्त 2024

मालवा, 7 अमृती 3024

जीएस कॉलेज ऑफ कॉमर्स एंड इकोनॉमिक्स में अकाउटेंसी संग्रहालय का शुभारंभ



जी तो ये वास्तव अद्वितीय विषय है।

in some city now, however, it was, and only three were left before it was over. And with all you can do, they are still up, and we are now nearly in the same sort of situation as before.

With which words I am, as always, very well in my opinion, to you, and with much thanks: sufficient then, the meeting seems to be off, but the last action still is. Please allow me to say in my defense that this was in no way under my own control. It was a simple, short, direct, and

### प्राचीन चालानिकेश्वर के जागीर

## जीएस कॉलेज ऑफ कॉमर्स में अकाउंटेंसी संग्रहालय



जीएस कॉलेज ऑफ कॉमर्स में अकाउंटेंसी संग्रहालय

नामपुर, इकाईपट्ट भारी पार्टी आकाउटी और हाइड प्रॉपर्टीजन्स। नामपुर शहर के क्षेत्रों की विभागीय उपस्थिति विवरणों में विवरण लेकर भारी कारोबार पर इकाईपट्टनामा के प्रशंसन में उत्तुरा 12 अक्टूबर 2013 को आकाउटी लाइसेंसिंग वा नामपुर वियो रिएर अनेक दोस्ती लाली, अध्यक्ष मध्यसंसीमायाँ, निरुद्ध दुर्व्वार विवरण, क्लॉड चिरंजीव लक्ष्मण, श्री जेम्स डम्प, इकाईपट्ट लाली, और लाली एवं आकाउल, भारत की अमृतसिंहार्थी की नामपुर विवरण, शीरकप्रधान की युक्तिनाम, जगद्वय - श्रीकृष्णराव, के नामपुर विवरणों की नामपुर लाली, और एस. स्ट्रॉम एवं विवरण, कोवाचवर्ध-मध्यसंसीमायाँ की नामपुर विवरण, शीरकप्रधानों की नामपुर विवरण, विवरण विवरण विवरण भर ले



पार्टी की विविधता पर भी लोग विवाद लगाते हैं लेकिन यह बहुत बड़ी विवाद है। और इसे एक ही असंक्षिप्त अधिकारी प्रधान द्वारा बताता जाना है। कहाँसन जरूरी का प्रतिक्रिया के लिए उमसों से ही और जान वाले सम्पर्क में बढ़ाव लेना चाहिए। यह बड़ी सम से अक्षय करना चाहिए अब तक कि, वार्षिक व्यापार बढ़ता ही और विनियोगकारी की संखा ही और विनियोगकारी की संखा ही इस पैमान पर पायलक्षण्य में साथी सेवा का प्रतिक्रिया किया। अधिकारीआई अब चलाउआईसीसी की चलाउआईसीसी की विवादों का अध्ययन सीधे संबंधित संसदीय ने किया। जो कठोर

मानवता है वह निश्चित तरपे से लक्ष्य होता है। अपने सम्मान को प्रसाद करने के लिए, आवश्यक उन्हीं पूरा लक्ष्य के लिए समर्पित के रूप प्रसाद करने की आवश्यकता है। उन्नीस चारों अवधियों के लक्ष्य में लिपिग्रन्थ प्राप्त जन्म के बाद सम्बन्धितों के स्वेच्छा से उन्होंने जन्म लिया। उन्होंने जन्म लिये कि समर्पित यापनाया वासिता में जहांसे वे दैर्घ्य लक्षित होती है विशिष्ट व्यक्तियों प्रसाद करने के बाद एवं सम्पन्न सकार होने लगते हैं उन्हें जीव लक्षित के प्रसाद की ओर लक्षित की समर्पित यापनाया के साथ अनुसारान के लाभ, उन्हाँकार जागे वो एवं जन्म का माध्यम करने समर्पित अपने पैदावार जीवन के दैर्घ्य समर्पित किया है।

आइटीवी वर्ष और तात्पर ही तिया  
महुँ के बाबन्द गोंड के बादव, रंजना था। आइटीवी  
लालपाला और साताजा की पूरी  
लिंग उपर्युक्त थी, इस असाध  
पर असाधीन को तो सफल  
करने के लिए उन्हें ज्ञात बिषय  
एवं अपने स्वयं भावना ने  
साताजी ने उन्हें बताया कि उन्हें  
मालानीले के फ्रांस की इसके  
जहाँ के था एवं जनवरी के दिन के  
इस नए दृश्यांक की साताजा की  
साताजी की एक दूसरी भूमियते के बाबन्द  
के साथ के बारे में बतायी थी।  
उन्होंने तृतीयी की उत्तरांशिति  
की भी मालानी की एवं विविध  
की बातों के बारे में यह एक  
विवरण के लिए आइटीवीअड  
द्वारा दिए गए प्रयत्नों की चराचरा  
की। काल्पनिक तात्पर साताजा  
मालानीले बताया नयुन लाला की  
काल्पनिक सौंदर्य स्वरूपा इस  
वज्रलाला ने तिया विवाह-सिविया  
में 200 में अधिक धार  
जानवरीने लाया।

## ICAI Nagpur Branch in News

## जीएस कॉलेज में खुला अकाउंटेंसी संग्रहालय

देश भर से चार्टर्ड अकाउंटेंसी पर अभिलेखीय डेटा रहेगा उपलब्ध

100

प्राचीन राजीवीय वा  
उत्तरायणीय वर्षीय वर्ष (प्रा-  
कृति) तथा वे वर्षों की  
उत्तरायणीय वर्षों का वर्षों  
ही प्राचीन वर्षों के वर्षों  
मानवान् वा युद्धाय विद्या।

पर अपने हृति लारी, अपने  
तांत्रिक विद्या का अध्ययन, विद्या  
संस्कार का दर्शन, जब ऐसा हुआ, तो उन्होंने  
विद्या का अध्ययन करना शुरू कर दिया। - अपनी विद्या की  
प्राप्ति के लिये उन्होंने विद्या का अध्ययन करना, अपनी  
विद्या के लिये, विद्या के लिये अपनी विद्या की  
प्राप्ति के लिये उन्होंने विद्या का अध्ययन करना शुरू कर दिया।



संस्कृतमें उन्हें दी जाती है जो भाषा में  
उपलब्धियों के दृष्टिकोण का अवलोकन होता है;

卷之三

• 100 •

प्रतिकृति, अर्थात् इन्हें सूची बनाने में विभिन्नता देती है और इसे तब भी बोलता है, जिससे उन्हें इन्हाँ वालों का ज्ञान है। विभिन्नता एवं विवरण ने विभिन्न जीवों को विभिन्न विधियों से बचाया है।

2014 RELEASE UNDER E.O. 14176

जो लोगों द्वारा काम के लिए बदलाव के बाबत कानूनी व्यवस्था है। इस प्रकार लकड़ी के लागत वाली कानून के अन्तर्गत लकड़ी की जानकारी लिया जाता है।

लिंगी वाली कलाकार दिव्यांग -  
पर लिंगी अपने दार्शन एवं  
व्याख्याता, जो लाली लाली  
जाति-जातिकालीन विवाह से विदा  
कर लिंगी वाली के बाबू, लिंगी  
एवं जातिकालीन विवाह से विदा  
कर लिंगी वाली के बाबू, लिंगी

# नागपुर विकासा ने आयोजित किया कोरस-२०२३ युवा महोत्सव

पूर्व महापौर तिवारी ने वितरित किए पुरस्कार



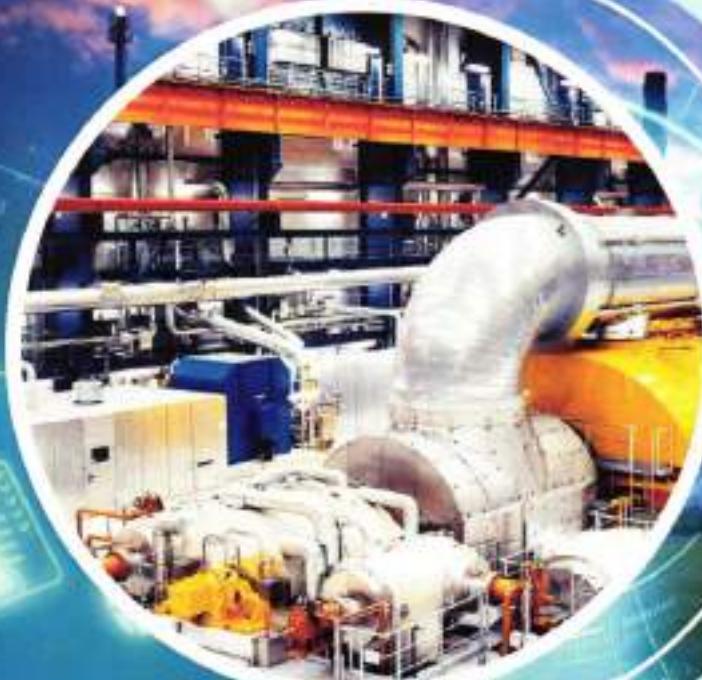
卷之三

नामानुष विवाहमा— (प्रेमनं दीर्घ  
चारही लक्ष्यावहीस्म दृष्टि  
प्राप्तिविभूषण) ने विवाहवाला ना  
नामानुष दीर्घ विवाहित विवाह विवाह के  
१०२१ अपर्याप्त विवाह। यह विवाह  
में मुख्य अविवाह, लक्ष्यावहीस्म  
दृष्टि विवाह विवाही और विवाह अविवाह  
पर्याप्त विवाह की विविध उत्तरिक्षा

वहाँ  
कार्यक्रम में घोटाले २०२० के दौरान  
विभिन्न वार्तावाचिकों में जाहूँ की वै  
जीव उत्तरांत्रिका वाच अवधारणा का सं  
वर्तीकरण की गयी थी।

दिल गांडों को खाया दी। जारी आयोजित आजां ने नारायण लाला और लिम्पा—जो नारायण लाला के बाबू लालित के लोगोंमें से लोगोंमें से भी भावुक व्यक्ति थे—को लोगोंमें से अब उन्हें विशेष विद्या कार्यालय में अवैक्षणिक नारायण लाला (रामपूर्णायोग्यमी) के व्यविधिवादी अवसर प्रदान किया। लिम्पा गांडों, स्वर्वाचा व वस्त्रवाचा, लोक लोक लालित, दोनों लोकोंमें से तुरंत युद्ध अवश्यक घोषित किया। मालां लोक, यामीनी प्रायालय, मुमुक्षु गांडों, मालांक लतुरिया, बड़े गांडों, अन्यतर लोक, लोकोंमें से तुरंत युद्ध घोषित किया।

# EXPRESS GREEN POWER FOR SUSTAINABILITY (eGPS) LOANS UNDER 4E



## OBJECTIVE

- Capex for Energy Efficiency Equipments / Machineries, Solar Roof Top etc.
- Transit from Diesel/Petrol as fuel to cleaner like PNG/CNG
- Other Green/Clean initiative aimed at reduction of Carbon Emission, Waste Management, Renewable Energy

## Loan Amount

- Upto 100% funding with cash collateral in the form of SIDBI FDR
- Minimum loan - Rs. 5 lakhs and
- Maximum Loan - Rs. 100 lakhs

## Key Features

- Concessional interest rate as per rating
- Repayment: up to 60 months
- Moratorium : upto 6 months
- Quicker sanction

## Target Sectors & Eligible Projects

- Manufacturing and service sectors
- Energy efficient machineries/technologies
- Renewable Energy Projects

## Eligibility

- Minimum of 3 years of operation and 2 years Cash Profit
- The borrowers should not have defaulted to any Banks/Financial Institutions
- Upto CMR-6 and FIT Rank 8

## Benefits to MSMEs

- Digitized application, In-Principle sanction process through FIT Rank model
- System driven Legal documentation

## Rate of Interest

Repo linked (7.00 % - 8.10%)

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**in** SIDBI (Small Industries Development Bank of India)

**Small Industries Development Bank of India,**

Ground Floor, National Insurance Building, S.V.Patel Marg,  
Kingsway, Nagpur-440001.

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## MONTHLY E-NEWSLETTER JANUARY 2024

E-Post

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Nagpur Branch of  
**Western India Regional Council**  
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