



JUNE-2022

ALWAR BRANCH OF CIRC OF ICAI E-NEWSLETTER



"ICAI Bhawan" CA-1, CA Lane, Scheme
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CHAIRMAN'S MESSAGE



From the Desk of Chairman

Dear Members and Students,

It gives me immense pleasure to present first e-newsletter of our management committee where you will get to know about latest developments in GST, Income Tax and Companies Act along with the activities branch has conducted during quarter ending June, 2022.

With all your support and cooperation we have successfully organised following activities in branch:

1. National Conference (online-3 Days) where president of ICAI Shree Debashis Mitra Ji and Vice President Aniket Sunil Talati Ji graced the occasion with the nation best Ld. speakers like Girish Ahuja Ji, Jatin Harjai Ji, Ankit Somani Ji and others covering topics like ASMT 10, Replies to SCN under GST, changes in schedule III and HUF planning etc. attended by more than 5000 members.
2. One day seminar on income tax and GST organised in branch where Ld speakers Mukesh Soni Ji and Rahul Lakhwani ji delivered their speech covering topics like assessment and appeal under faceless regime in income tax and critical issues and fake invoicing in GST.
3. One day seminar on companies act and income tax act was conducted covering topics like changes in Schedule-III and CARO reporting and Assessment U/s 147 with recent SC Judgement on sec 148 notice.
4. Full day Seminar on professional development in core areas were conducted where Central council member Rohit Ruwatia Ji grace the occasion with other three Ld speakers where topics like project financing , issues related to Trust and NGO , Subsidy, CA Amendment Act and issues in GST were taken and explained to members and students.
5. Half day seminar was conducted on IND-AS where CA Kartik Jindal deliberated on important issues related to Ind-AS.
6. International Yoga Day was celebrated in branch on 21st June where many members participated and CA T-shirts and Caps were provided to all participants.
7. Three days Virtual Gyan Series was recently organized for students and members covering topics like CRET, Professional code of ethics and auditing standards in relation to CARO and Income tax audit.

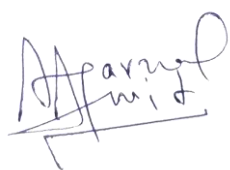
CHAIRMAN'S MESSAGE

8. Several initiatives were taken by branch for the benefits of the students like Quiz competition has been organised, seminar on how to face CA Examination was conducted and Mock test has been organised for the students.

From the beginning of next month our celebration of CA Day will get started where every day there will be different activities from 1st July to 7th July and being Chairman i invite you all to participate in all the events which are Blood Donation, Tree Plantation, Swachh Bharat Abhiyan, Half day Seminar, Health Check-up and Distribution of educational material to under privileged students where you all can also contribute, interested members can contact me or branch for the same.

At Last I would like to wish all the CA Members and Students a very Happy Chartered Accountant's Day for 1st July, 2022 and wish you all grand success in your profession and career.

Jai Hind ! Jai ICAI !
With warm regards,



CA Amit Agarwal
Chairman
Mob. 7737747747
Mail: caamitindia@gmail.com

SECRETARY'S MESSAGE



Respected Professional Colleagues,

Greetings of the day!

“View change as an opportunity, not as a threat.”

The quote is apt in the current scenario where several financial, regulatory, legal changes impacting our area of work crop up every day. These changes are actually opportunities in disguise. We, as professionals must take cognizance of the constantly changing scenario and keep ourselves updated so that these challenges could be converted into opportunities.

At the outset, I'd like to thank all the members and students for attending the recent seminars and conferences on GST, Income Tax, Companies Act, Government Subsidy, Project Finance, Ind AS etc. These programs help us to keep ourselves abreast of the latest developments. The managing committee is committed to organize seminars and events on the current issues impacting the members by securing the best faculties.

It is a matter of immense pleasure to bring to you the first e-newsletter of our term in the management committee. In the light of recent developments, our Newsletter Committee has attempted to cover as much information as possible in this edition. I would sincerely request members to contribute to the newsletter with articles of interest to our members and students.

As you are aware that Chartered Accountants' Day is fast approaching, Alwar Branch is celebrating CA Day week from 1-7 July, 2022 covering several activities and events for the members and students. All the members and students are requested to participate in large numbers and make it a grand success.

Looking forward to your feedback and suggestions.

Warm Regards,

A handwritten signature in blue ink, appearing to read 'Pushp', followed by a long horizontal flourish.

CA Pushp Palawat

Secretary, Alwar Branch of CIRC of ICAI

MANAGEMENT COMMITTEE



CA Amit Agarwal
Chairman



CA Priyanka Arora
Vice Chairperson



CA Pushp Palawat
Secretary



CA Nitin Gupta
Treasurer



CA Akash Singhal
CICASA Chairman



CA Jeetendra Gupta
Executive Member



CA Anil Kumar Yadav
Ex-Officio Member

NEW LABOUR CODE



CA Rahul Agarwal

The Modi govt is likely to implement 4 new labour codes soon. These will subsume 29 central labour regulations, aim to consolidate and simplify complex labour legislations. The centre had finalized the draft rules in Feb, 2021 and now around 23 states have pre-published draft rules on these laws. The central government and some of the States/UTs have pre-published rules under the four labour codes. The central government is pursuing with the remaining state governments to frame the rules under all four Codes.

The four labour codes that had been approved by the President are the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020.

1. To ensure security for all workers, the Central Government has amalgamated 9 Labour Laws into the Social Security Code in order to secure the right of workers for insurance, pension, gratuity, maternity benefit etc
 2. Four Labour Laws have been amalgamated into the Minimum Wages Code. Due to this, for the first time, all the workers have got the Right to Minimum Wages
 3. For providing better and safe environment along with occupational health and safety to workers at the work place, 13 existing Labour Laws have been subsumed in the Occupational, Safety, Health and Working Conditions Code, 2020.
 4. By amalgamating 3 Labour Laws into the Industrial Relations Code the Central Government has taken steps for safeguarding the interests of Trade Unions as well as the workers.
- The benefits of these four Labour Codes will be available to workers of both organized and unorganized sector. Now, Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and coverage of all types of medical benefit under Employees' Insurance will be available to all workers.
 - The codes seek to expand the coverage of social security (such as pension) to include the unorganised sector, the self-employed, migrant workers etc. within the legislative framework.
 - The current labour laws are currently governed by multiple legislations. The new Codes bring in with them better and wider coverage of the workforce for social security benefits, ease of compliance, digitisation of employees' records and ease of access to information such as vacancies, etc.

NEW LABOUR CODE

- There is also a likelihood that the four day work week would be implemented, effects of which will be as follows-
 1. Under these new rules, companies will be permitted to make their employees work for four days instead of five.
 2. In case, companies opt for a 4-day week instead of 5, employees will need to work for 12 hours a day, instead of eight so that the total working hours do not get impacted.
 3. The basic salary of the employees will have to be 50% of the gross salary. The PF contributions of the employees and the employer will increase and the take-home salary will come down.
 4. The new rules recognise the work-from-home structure which came into practice amid the Covid-19 pandemic.
 5. The new rules have increased the eligibility requirement for leaves from 240 days of work to 180 days of work in one year which means an employee has to work for 240 days after joining a new job to be eligible for getting a leave.
- The new pay code makes it mandatory for organizations to ensure that 50 percent of CTC of employees is basic pay, while the remaining 50 percent includes other employee allowances including house rent, overtime, etc.
- The new labour laws limit the maximum basic pay of CTC to 50 percent, thus effectively increasing the gratuity bonus to be paid to the employee.
- There is also a rule incoming for any 15 minutes or more overtime will be attracting overtime payment to the employees.
- As per the provisions of the new rules, the retirement corpus of employees shall also see an increase as per the new rules.

Even though there is no official intimation yet, 23 states have framed rules under the new labour codes, which have been passed by the Parliament and media reports suggest that they are likely to come in effect from 1 July, 2022.

GST – RECOVERY PROCEEDINGS



CA M. L. Agarwal

GST- Is recovery proceeding justified for differences in outward supply in GSTR-1 vs. GSTR-3B

Finance Minister Nirmala Sitharaman, in Union Budget 2021-22, proposed changes vide the Finance Bill, 2021, that amends the Central Goods and Services Tax Act, 2017 with respect to recovery of self-assessed tax, which is now notified vide Notification No. 39/2021-C.T., dated December 21, 2021, by insertion of Explanation to Section 75(12) of the CGST Act with effect from January 1, -2022.

The Explanation reads as under

“Section 75. General provisions relating to determination of tax (12) Notwithstanding anything contained in Section 73 or Section 74, where any amount of self-assessed tax in accordance with a return furnished under Section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of Section 79.

Explanation – For the purposes of this sub-section, the expression “self-assessed tax” shall include the tax payable in respect of details of outward supplies furnished under Section 37, but not included in the return furnished under Section 39.”

The above amendment has been made to clarify that “self-assessed tax” shall include the tax payable in respect of Outward Supplies (OS) which have been furnished in Form GSTR-1 under Section 37 of the CGST Act, but not included in the return furnished in Form GSTR-3B under Section 39 of the CGST Act.

For example, if a taxpayer has wrongly furnished its outward supply in GSTR-1 as 10,00,000 whereas it should have been only 1,00,000 and has paid GST in GSTR-3B on 1,00,000. Consequently, there would be a difference between outward supply shown in GSTR-1 vs. GSTR-3B of the relevant period.

Further, it is to be noted that Section 75(12) of the CGST Act starts with non-obstante clause that “Notwithstanding anything contained in Section 73 or Section 74...”



GST – RECOVERY PROCEEDINGS

Therefore, from January 1, 2022, the difference between outward supply shown in GSTR-1 vs. GSTR-3B of the relevant period would be considered as self-assessment tax and the GST Department may initiate recovery proceedings on such differential amount under Section 79 of the CGST Act (i.e. through various modes like detaining/selling goods, garnishee proceedings, selling of movable or immovable property belonging to the defaulting person, etc.).

Though, this amendment was made as deterrent to those who file GSTR 1 and pass on the GST credit to buyer but do not pay taxes correctly by filing GSTR-3B but, the said amendment gives wide power of the recovery proceedings, in respect of 'self-assessed tax' on outward supplies which have been declared in Form GSTR-1 but not included in GSTR-3B, which raises concern in the mind of trade members whether such recovery is justified even for a clerical error straightaway under Section 79 of the CGST Act without issuance of show cause notice.

In this regard, it is advisable for the Government to provide some defined time period, say 6 months, for amending the GSTR-1 for correction of any unintentional mistakes so as to provide ease of doing business.

BUSINESS BONDAGE



CA Akash Singhal

What is Business Bondage?

Business bondage is the feeling that owners of a business experience when they feel trapped or imprisoned by their company. The term essentially describes the feeling that business owners experience when they start to get overwhelmed by the complexity of owning and running a company.



For the most part, it is small business owners and entrepreneurs working on startups who experience the feeling of business bondage.

There are a lot of reasons why business owners can start to feel caged in by their businesses. Some of the most common causes are the following:

- Growth of competition within the market that the business operates in
- A personal lack of experience or inexperienced employees
- Major changes in the marketplace or economy
- Unstructured or failing business plans or operational procedures

BUSINESS BONDAGE

Business Bondage Example

A small business owner begins as an entrepreneur with an idea for producing custom-made hats for both men and women. The business owner has experience with textiles and fashion design; however, she has never actually made hats before. Because of her limited funds, she is forced to hire people who don't have a lot of experience making hats either. Initially, her business is successful. She begins to take in a lot of new orders because her clients have been very happy with the hats they ordered. That has led to a lot of word of mouth, or referral, business.

Eventually, the business owner takes on more orders than she can fill because:

- She and her small staff of workers are strapped for time
- She doesn't have enough experienced employees to work on orders and complete them in a timely fashion
- She doesn't have enough funds to purchase all the supplies she needs to complete the orders

All of the above circumstances cause the business owner to become overwhelmed and start feeling trapped by her company. She wants to be involved in creating the custom hats; however, because of all the overwhelming orders and financial issues, she spends most of her time on paperwork, phone calls, and trying to find ways to get more capital to complete orders. This overwhelming, trapped feeling is business bondage.

Causes of Business Bondage

As indicated before, business bondage results from a variety of things. Many business owners make the mistake of thinking that staying busy and working harder means that they are accomplishing something. In many cases, business owners – especially those of small businesses – work hard instead of working smart. They don't run their company efficiently and the company's performance suffers.

A lack of leadership is also a major cause of business bondage. Quite often – as with the example above – small business owners want to be doers instead of leaders. They want to be physically involved in every aspect of the business. This can lead to a great deal of micromanagement, which, for many companies, slows the flow of the company's production and ends up putting the business behind in productivity and revenue.

Lack of capital and lack of a clearly established business model and operational procedures are major causes of the business bondage phenomenon. Establishing solid management, setting up a strong business model with a solid structure and clear procedures, and accepting the role as overseer are good ways for business owners to avoid the feeling of business bondage.

CARO 2020



CA Rajesh Kumar

Introduction to CARO 2020

CARO 2020 is a new format for issue of audit reports in case of statutory audits of companies under Companies Act, 2013. CARO 2020 has included additional reporting requirements after consultations with the National Financial Reporting Authority (NFRA). NFRA is an independent regulatory body for regulating the audit and accounting profession in India. The aim of CARO 2020 is to enhance the overall quality of reporting by the company auditors.

Applicability of CARO 2020

CARO 2020 is applicable for all statutory audits commencing on or after 1 April 2021 corresponding to the financial year 2020-21. The order is applicable to all companies which were covered by CARO 2016. Accordingly, the order applies to all the companies except the following companies specifically excluded from its purview:

- One Person Company.
- Small companies (Companies with paid up capital less than/equal to Rs 50 lakh and with a last reported turnover which is less than/equal to Rs 2 crore).
- Banking companies.
- Companies registered for charitable purposes.
- Insurance companies.
- The following private companies are also exempt from the requirements of CARO, 2020: –
 - Whose gross receipts or revenue (including revenue from discontinuing operations) is less than or equal to Rs 10 crore in the financial year.
 - Whose paid up share capital plus reserves is less than or equal to Rs 1 crore as on the balance sheet date (i.e. usually at the end of the FY).
- Not a holding or subsidiary of a Public company.
- Whose borrowings is less than or equal to Rs 1 crore at any time during the FY.

Reporting Requirements Under CARO 2020

The auditor's report (CARO 2020) shall include a statement on the following matters, namely:

1. Details of tangible and intangible assets.
2. Details of inventory and working capital.
3. Details of investments, any guarantee or security or advances or loans given.
4. Compliance in respect of a loan to directors.
5. Compliance in respect of deposits accepted.
6. Maintenance of costing records.
7. Deposit of statutory liabilities.
8. Unrecorded income.
9. Default in repayment of borrowings.
10. Funds raised and utilization.

CARO 2020

11. Fraud and whistle-blower complaints.
12. Compliance by a Nidhi.
13. Compliance on transactions with related parties.
14. Internal audit system.
15. Non-cash dealings with directors.
16. Registration under section 45-IA of RBI Act, 1934.
17. Cash losses.
18. Resignation of statutory auditors.
19. Material uncertainty on meeting liabilities.
20. Transfer to fund specified under Schedule VII of Companies Act, 2013
21. Qualifications or adverse auditor remarks in other group companies.

In a case where the auditor's answer to any of the requirements mentioned above is unfavorable or negative, then the auditor's report shall also state the basis for such unfavorable or qualified answer. Also, in a case where the auditor is unable to express any opinion on any specific matter, the report shall indicate such fact along with the reasons as to why it is not possible for the auditor to give an opinion on the same.

However we are giving detailed Reporting of 5 clauses only which are new in CARO 2020

17. Cash losses

Has the company incurred any cash losses in the financial year and the immediately preceding financial year, the amount of cash losses incurred.

18. Resignation of statutory auditors

Whether during the year, has there been any resignation of statutory auditors, if yes, has the auditor considered the objections, issues or concerns raised by the outgoing auditors.

19. Material uncertainty

Existence of any material uncertainty on the date of the audit report on an evaluation of: – The ageing report, financial ratios and expected dates of realization of financial assets and payment of financial liabilities, any other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans. – Opinion whether the company can meet its the liabilities which exist as at the balance sheet date when such liabilities are due in the future.

20. Transfer to fund specified under Schedule VII of Companies Act, 2013

– With respect to obligations under Corporate Social Responsibility, whether the company has transferred the unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of 6 months from the expiry of the financial year. – Whether any amount which remains unspent has been transferred to a special account in accordance with provisions of section 135 of the Companies Act, 2013.

21. Qualifications or adverse auditor remarks in other group companies

In case there have been any qualifications or adverse remarks in the audit reports issued by the respective auditors in case of companies included in the consolidated financial statements, to indicate the details of the companies and the paragraph numbers of the respective CARO reports containing the qualifications or adverse remarks.

DIPP | How to Apply and Benefits For Start-ups



CA Priyanka Arora

DIPP Registration | How to Apply and Benefits

The Indian Government always comes up with different schemes and benefits to promote startups in India with a vision of transforming the country from job seekers to job creators. To fulfill this idea, they have launched the DIPP registration (Department of Industrial Policy and Promotion)/Startup India Scheme for Startups under the Ministry of Commerce and Industry. Let's look up step wise to whole process.

Step 1 - Business Registration

Firstly, to apply for DIPP Registration, you must register your startup on the MCA Portal (Ministry of Corporate Affairs). The business structures that are eligible for the scheme are Private Limited Company, Limited Liability Partnership, Partnership (Registered).

Most importantly, the startup must incorporate either on or after 1st April 2016 to be eligible for the registration under DIPP.

Step 2 - Register with DIPP Startup India Scheme

DIPP registration for a startup is an easy process. All you have to do is fill out the form on Startup India, attach the necessary documentation and submit it. However, only 1 out of 100 applications gets approval from the authorities. Wondering why? When you fill out the form for registration, they ask you some important questions about your startup.

For example:

- What is the problem that your startup is resolving?
- How are you solving that problem?
- What is unique about your startup?
- How your solution is generating revenue?
- How do you plan to improvise and grow in the future?

The authorities examining your application for DIPP Registration are looking for something distinctive. So, if they are not satisfied with your pitch, they may reject your application.

Step 3 - Collect the Documents for DIPP Registration

The documents necessary to apply for DIPP Registration of your startup are:

Certificate of Incorporation/ Registration Certificate, Business PAN Card, Business Email Id, Mobile Number, Company Details, Details of Directors/Partner, Authorised Representative Details, Revenue Model, Website/Pitch Deck/Patent, Details of IPR Registration (if any), Information of Funds (if availed from any investors), Award or Certificate of Recognition (if any).

Recommendation letter from:-

Incubators (Recognised by Government)

Letter of Funding from Angel Investors (not less than 20% in equity)

Patent Registration Letter

Most importantly, get the documents self-attested before submitting them. Also, check if your business is fulfilling all the standards for the DIPP registration:

- Must be registered as Private Limited Company/ Limited Liability Partnership (LLP) / Registered Partnership Firm
- Turnover must be less than Rs.100 crores in any previous years.
- The application should be made in the first 10 years after the incorporation.
- The business activities should relate to innovation or improvement in any products, services or processes.
- The business must either generate employment or wealth.

DIPP | How to Apply and Benefits For Start-ups

Step 4 - Select the Tax Benefits

The startups can avail themselves of the tax benefits from the government. For this purpose, you must get consent from the inter-ministry board. However, after applying, it is completely in the hands of the authorities to approve or reject the application.

Once the application gets approved, you may register your startup for tax benefits. Also, after the DIPP registration, startups can get the IPR benefits without any additional licenses.

Step 5 - Get the DIPP Registration Certificate

After accomplishing all the above tasks, you can submit the application for DIPP Registration. You will get a unique registration number when you apply. However, the Registration Certificate will issue after verification of the documents. Make sure that you submit all the documents and are not forged in any manner.

However, if you fail to submit any necessary documentation or the documents are false, you will be liable to pay 50% of your paid-up capital with a minimum of Rs. 25,000 as a penalty.

Benefits of DIPP Registration

► Income Tax Exemption

The startups under DIPP registration can get exemption from income tax payment for 3 consecutive years from the date of incorporation. For this purpose, the startup must have the approval from IMB Inter-Ministry Board. The benefit is available for the startups incorporated on or after 1st April 2016.

► Exemption from Angel Tax

The main source of funds for startups is angel investment. But, that investment is taxable. However, the government exempts the startups under DIPP registration from the tax levied on angel investments to promote the investments and increase the funding. Also, the tax exemption is only if the total paid-up share capital and share premium are below Rs.25 crores.

► IPR Registration Fees Reduces

The startup can claim a rebate of 50% in Trademark and 80% in Patent application fees. In fact, the patent application can also process on the fast track for a DIPP recognized startup.

► Power of Self-Certification

Startups can self-certify compliance for 6 labour laws and 3 environmental laws after DIPP Registration.

For labour laws, no inspection will perform for 5 consecutive years from the incorporation. Also, startups falling under the "white category" of environmental laws will only have random checks.

► Exemption from EMD to file Government Tenders

A startup can file government tenders without the mandatory minimum capital, turnover or experience. Moreover, they do not need to pay Earnest Money Deposits (EMD) for filling tenders.

► Business Connections

The government organizes a Startup Fest every year for the startups under DIPP registration. It helps them to interact, exchange information and create brand value in the market.

► Access to Government E-Market

Government E-Market (GeM) is an online procurement marketplace for the government department to get products and services. In fact, the startups under DIPP registration can register themselves as sellers on GeM. Also, sell their products or services directly to the government.

► Easy Winding of Business

The DIPP registration startups can easily wind up within 90 days under insolvency or bankruptcy.

GALLERY



SEMINAR ON INCOME TAX & GST



SEMINAR ON COMPANIES ACT & INCOME TAX



SEMINAR ON PROFESSIONAL DEVELOPMENT

GALLERY



SEMINAR ON IND AS



CIRC ORIENTATION PROGRAMME - LUCKNOW



YOGA DAY CELEBRATION



QUIZ COMPETITION

UPCOMING EVENTS – CA DAY CELEBRATION



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



Alwar Branch of CIRC of ICAI



Celebrates **74th Chartered Accountants' Day**

Flag Hoisting Ceremony
Tree Plantation
Clothes Distribution at Old Age Shelter

Chief Guest

Shri Shiv Prasad Madan Nakate Ji
District Collector, Alwar

Friday July 1st, 09:30 A.M.

Venue: CA-1, ICAI Bhawan CA Lane, Scheme No. 08, Extn. Alwar

2nd July 2022

Blood Donation Camp
Venue: CA Branch Alwar

3rd July 2022

Distribution of Education material to under privileged Children
Venue: Sapna NGO
Vijay Mandir Road, Alwar

7th July 2022
Health Check-up Camp
Venue: CA Branch Alwar

CA DAY WEEK

4th July 2022
Tree Plantation
Venue : Kendriya Vidyalaya
Itarana Distt. Alwar

6th July 2022
Half day Seminar on Financial & Tax Literacy Programme
Venue: CA Branch Alwar

5th July 2022
Swachh Bharat Abhiyan
Venue: CA Branch Alwar



CA. Amit Agarwal
Chairman



CA. Priyanka Arora
Vice-Chairperson



CA. Pushp Palawat
Secretary



CA. Nitin Gupta
Treasurer



CA. Akash Singhal
CICASA-Chairman



CA. Jeetendar Gupta
Member



CA. Anil Kumar Yadav
Chairman CICASA, CIRC
Ex-Officio Alwar Branch

MANAGING COMMITTEE - ALWAR BRANCH OF CIRC OF ICAI

UNITY IS STRENGTH



**21ST WORLD
CONGRESS OF
ACCOUNTANTS**
2022 | 18-21 NOVEMBER | MUMBAI INDIA

BUILDING TRUST ENABLING SUSTAINABILITY

Editor : CA Vivek Arya