



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

KOZHIKODE BRANCH OF SIRC E-NEWSLETTER

English Monthly | For private circulation only

Volume-III | Issue-10 | October 2022 | Pages : 13



INDEX

ARTICLES

AMENDMENTS IN SCHEDULE III OF COMPANIES ACT, 2013 2

TAX AUDIT 7

ACTIVITIES - OCTOBER, 2022 11

UPCOMING PROGRAMMES NOVEMBER, 2022 13

EDITORIAL BOARD

Editor : CA. SANTHOSH PAI G

Sub Editor : CA. SURYA NARAYANAN

Disclaimer:

The Kozhikode branch of SIRC of ICAI is not in any way responsible for the result of any action taken on the basis of the articles and advertisement, if any, published in the e-Newsletter. The views and opinions expressed or implied in the branch e-Newsletter are those of the authors and do not necessarily reflect those of Kozhikode Branch of SIRC of ICAI.

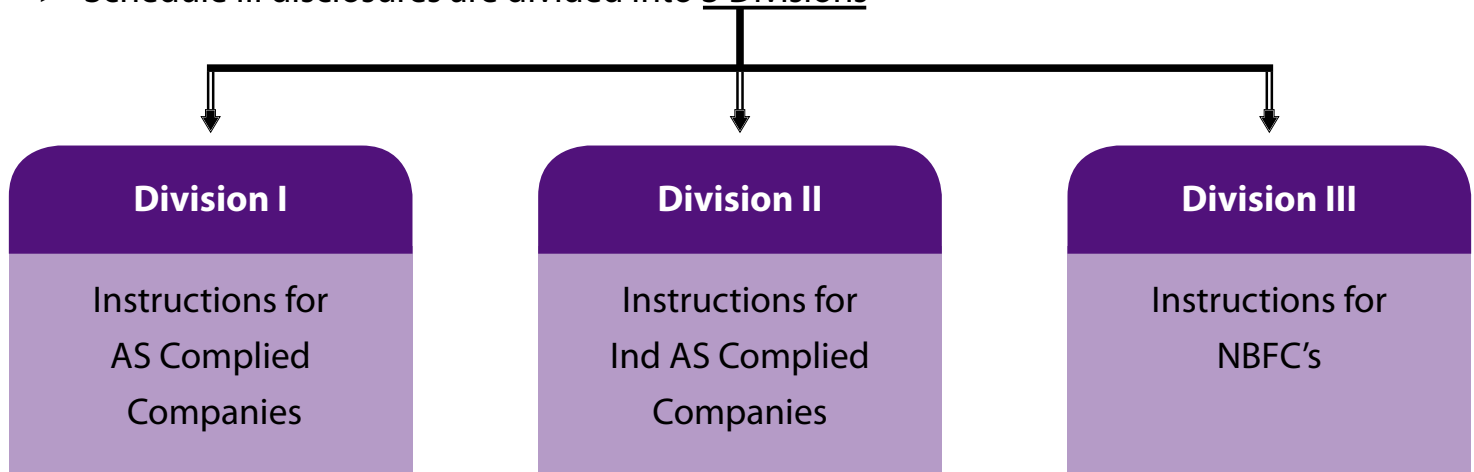
AMENDMENTS IN SCHEDULE III OF COMPANIES ACT, 2013

- CA. RENGARAJAN G

- Notification dated 24th March, 2021. Applicability from 1st April, 2021 (FY 2021-22).

I. A BRIEF OF SCHEDULE III

- ▶ Schedule III is the basic format prescribed by the Company's Act under **Section 129** for the preparation and presentation of Financial Statements.
- ▶ Schedule III disclosures are divided into 3 Divisions



II. COMMON CHANGES IN SCHEDULE III

SI No.	Amendments	Before	After
1.	"Turnover" substituted under provision for rounding off of figures	Turnover	Total Income
2.	Notes-Share Capital: Disclosure of Promoters (Anx-1)	No specific Disclosure	Shareholding of Promoters
3.	Ageing of Trade Payables (Anx-2)	No specific Disclosure	Ageing Schedule
4.	Disclosure of Revaluation of PPE and Intangible Assets (Anx-3) [CARO 2020-(i)(d)]	No specific Disclosure	To be Disclosed in PPE Schedule



SI No.	Amendments	Before	After
5.	If revaluation is performed for PPE disclosure of whether the same is done by registered valuer as per Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.	NA	To be disclosed.
6.	Ageing of Trade Receivables (Current and Non Current) (Anx-4)	No Specific Disclosure	Ageing Schedule for Trade Receivables
7.	Disclosure of Details of Funds obtained from Bank and FI's where such funds have not been used for the specific purpose intended. [CARO 2020 (ix)(c)]	No Specific Disclosure	Disclosure of details of where such funds have been used.
8.	Omission of disclosure of SBN (Specified Bank Notes)	Specific Tabular disclosure for SBN's	Omitted
Additional Regulatory Information			
9.	Title Deeds of Immovable Property not held in the name of the Company (Anx-5) [CARO 2020 (i)(c)]	No Specific Disclosure	Specific details of the such Immovable property
10.	Disclosure of Loans or Advances made to Promoters, Directors, KMP's and Related Parties. (Anx-6)	No Specific Disclosure	Specific tabular disclosure to be made.
11.	Ageing and Completion details of WIP and Intangible assets under Development.(Anx-7)	No Specific Disclosure	Specific Schedules to be disclosed.
12.	Disclosure of Benami Property Held and Other related Disclosures. (Anx-8) [CARO 2020 (i)(e)]	Not Required	Specific disclosures to be made.



SI No.	Amendments	Before	After
13.	Current assets pledged against borrowings from Banks and FI's (Anx-9)	No Specific Disclosure	Specific disclosures to be made.
14.	Wilful defaulter as declared by Bank/ FI's or any other lender [CARO 2020 (ix)(b)]	No Specific Disclosure	a. Date of Declaration as Wilful Defaulter b. Details of Defaults (Amount & Nature).
15.	Relationship with Struck off Companies (Anx-10)	No Specific Disclosure	Specific details to be disclosed.
16.	Where charges/satisfaction to be filed with ROC beyond the statutory period	No Specific Disclosure	Details and Reasons thereof.
17.	Where the Company has not complied with Sec 2(87) of the Act read with Companies (Restriction on number of Layers) Rules, 2017	No Specific Disclosure	a. Name and CIN of companies beyond specified layers b. Relationship/extent of holding in such Co's
18.	Ratio Analysis (Anx-11)	No Specific Disclosure	Specific Ratios and explanations to be provided.
19.	Where any Scheme of Arrangements have been approved u/s 230-237	No Specific Disclosure	Disclose that "The effect has accounted in Books in accordance with the Scheme and Accounting Standards Deviation from the same shall be explained.
20	Grants or donations received (relevant in case of section 8 companies only)	NA	Disclosed under Revenue from Operations
21.	Undisclosed Income - Income not recorded in books but surrendered or disclosed in tax assessments.	NA	To be disclosed under Additional information



SI No.	Amendments	Before	After
22.	Where the Company is covered under Section 135-CSR (Anx-12)	Existing Disclosures on amount spent etc.	Additional disclosures to be made
23.	Where the Company has traded or invested in Crypto/Virtual Currency (Anx-13)	No Specific Disclosures	Related Disclosures to be made
24.	Utilisation of borrowed funds and share premium (Anx-14)	No Specific Disclosures	Specified Disclosures to be Made

III. AMENDMENTS TO DIVISION I

SI No.	Amendments	Before	After
1.	Change in the heading of "PPE"	Property Plant & Equipment	Property Plant & Equipment and Intangible Assets
2.	Change in the Subheading under "PPE"	Tangible Assets	Property Plant & Equipment
3.	Regrouping of Current maturities of Long-term Debts	Other Current Liabilities	Short Term Borrowings
4.	Regrouping of Security Deposits	Loans and Advances	Other Non-Current Assets
Additional Regulatory Information			
5.	Total Revenue (Wording reframed)	Total Revenue	Total Income

IV. AMENDMENTS TO DIVISION II

SI No.	Amendments	Before	After
1.	Lease Liabilities	Non-Current/Current Borrowings	Financial Liabilities (under Non-current/ Current Liabilities)
2.	Statement of Changes in Equity (Anx-15)	Existing Disclosure	New disclosure
3.	New Subheading under Current Assets- Other Financial Assets : It is an all inclusive heading for other Financial assets that do not fit into other criterias. The same shall include: Security Deposits, Bank deposits with more than 12M maturity, Others	NA	Non-Current/Current Assets>Loans
4.	Regrouping of Security Deposits	Loans (Non-Current/ Current)	Other Financial Assets (Non Current/Current)
5.	Long Term Maturities of Finance Lease	Non-Current Liabilities > Borrowings	Omitted
6.	Current Maturities of Long Term Liability	Other Financial Liability (Current)	Borrowings (Current)
Additional Regulatory Information			
7.	If valuation is performed for investment property then whether the same is done by registered valuer as per Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.	NA	To be disclosed

TAX AUDIT

I. WHY TAX AUDIT?

- Finance Bill, 1984,
- The compulsory audit is intended to ensure proper maintenance of books of account and other records, in order to reflect the true income of the tax payer and to facilitate the administration of tax laws by a proper presentation of the accounts before the tax authorities. This would also save the time of the Assessing Officers considerably in carrying out the verification.

Turnover limit for the previous year	Amount of profit with respect to turnover (in %)	Whether cash receipts less than 5% of the Turnover	Whether Cash payment less than 5% of the total payment	Is Tax audit Applicable
More than 10 Crores	Not applicable	Not applicable	Not applicable	Yes
More than 2crore but upto 10 Crore	Not applicable	Yes	Yes	No
More than 2crore but upto 10 Crore	Not applicable	No	No	Yes
More than 1 crore but upto 2 Crore	More than 8% or 6% of Turnover	Not applicable	Not applicable	No
More than 1 crore but upto 2 Crore	Less than 8% or 6% of Turnover	Not applicable	Not applicable	Yes
Less than 1 Crore	More than 8% or 6% of Turnover	Not applicable	Not applicable	No
Less than 1 Crore	Less than 8% or 6% of Turnover	Not applicable	Not applicable	Yes



Sl No	Details	Amount
1	Total Turnover	10,00,00,000
2	Invoice Discount	1,00,000
3	Cash Discount	1,00,000
4	Turnover Discount	1,50,000
5	Special Rebate	50,000
6	Commission on Sales	1,00,000
7	Sales Returns	2,00,000
8	Sale of fixed assets	3,00,000
9	Sale of property	3,40,000
10	Sale of Shares held as Investment	2,00,000
11	Sale of Shares held as Stock	6,00,000
12	Tax Audit turnover	9,86,60,000

II. DUE DATE

- 30th September

III. LIMIT

- 60 per partner
- B K Kamath vs ICAI- Kerala High Court- (2003) 130 TAXMAN 0435

IV. THE END RESULT

FORM NO. 3CA
[See rule 6G(1)(a)]

Audit report under section 44AB of the Income -tax Act, 1961,
in a case where the accounts of the business or profession of a person
have been audited under any other law

*I/we report that the statutory audit of M/s. (Name and address of the assessee with Permanent Account Number or Aadhaar Number) was conducted by *me/us/M/s. in pursuance of the provisions of theAct, and*I/we annex hereto a copy of *my/our/their audit report dated along with a copy of each of :-

- (a) the audited *profit and loss account/income and expenditure account for the period beginning fromto ending on
- (b) the audited balance sheet as at,; and
- (c) documents declared by the said Act to be part of, or annexed to, the *profit and loss account/income and expenditure account and balance sheet.

2. The statement of particulars required to be furnished under section 44AB is annexed herewith in Form No. 3CD.

3. In *my/our opinion and to the best of *my/our information and according to examination of books of account including other relevant documents and explanations given to *me/us, the particulars given in the said Form No.3 CD are true and correct subject to the following observations/qualifications, if any:

- a.
- b.
- c.

.....
**(Signature and stamp/Seal of the signatory)

Place:

Name of the signatory

Date:

Full address

Notes :





V. THE UTILITY



Form 3CA-3CD User Manual

Taxpayer	+
e-Filing Services	+
Statutory Forms	+
How to ... Videos	
Social Media	+
Do's & Dont's	

1. Overview

To discourage tax avoidance and evasion, the requirement of a tax audit was introduced by the Finance Act of 1984, by inserting a new section 44AB w.e.f Assessment Year 1985-86.

A tax audit involves an expression of the tax auditor's opinion on the truth and correctness of certain factual details, furnished by the assessee to the Income Tax Authorities to enable correct assessment of total income considering all allowances, deductions, losses, adjustments, exemptions etc. and determination of tax thereon. It is conducted to achieve the following objectives:

- Ensure proper maintenance & correctness of books of accounts by the taxpayer & certification of same by the CA
- Report observations/discrepancies noted by the CA during the course of audit
- Report prescribed information in compliance of various provisions of Income tax Act as referred in Form 3CD.

This form has to be uploaded by a CA using their DSC.

VI. 3CD

- 44 main clauses
- Multiple sub-clauses

VII. THE GO TO DOCUMENT

Exposure Draft of Revised Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961

VIII. FORM 3CD

- If a particular item of income/expenditure is covered in more than one of the specified clauses in the statement of particulars, care should be taken to make a suitable cross reference to such items at the appropriate places.
- If there is any difference in the opinion of the tax auditor and that of the assessee in respect of any information furnished in Form No. 3CD by the assessee, the tax auditor may consider stating both the view points and also the relevant information related to matter in order to enable the tax authority to take a decision in the matter.
- If any particular clause in Form No.3CD is not applicable, he should state that the same is not applicable.
- in computing the allowance or disallowance, he should keep in view the law applicable in the relevant year, even though the form of audit report may not have been amended to bring it in



conformity with the amended law.

- In case the assessee has furnished prescribed particulars in part or piecemeal or relevant form is incomplete or the assessee does not give the information against all or any of the clauses, the auditor should not withhold the audit report. In such a case, he should qualify his report in para 3 of Form 3CA or para 5 of Form 3CB as applicable
- The information in Form No. 3CD should be based on the books of accounts, records, documents, information and explanations made available to the tax auditor for his examination.
- In case the auditor relies on a judicial pronouncement, he may mention the fact as his observations in clause (3) of Form No. 3CA or clause (5) provided in Form No. 3CB, as the case may be
- Where in respect of any particular aspect, reporting is required at more than one clause, in that case, information may be furnished at any one of the clause and reference may be given at other clause.

IX. METHOD OF ACCOUNTING

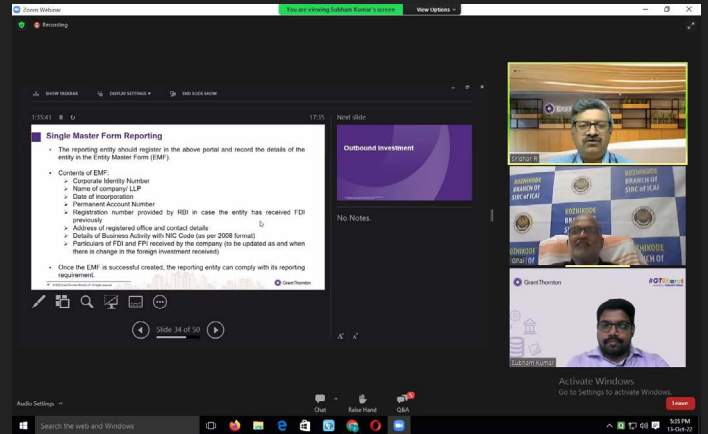
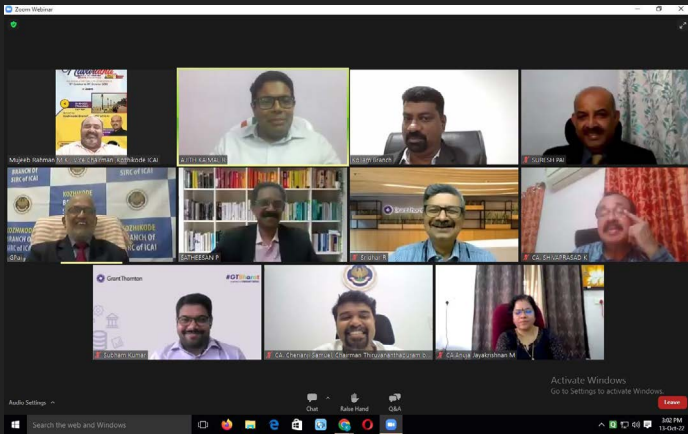
- Change in method of accounting- Impact
- ICDS – Impact

X. ICDS

Income Computation & Disclosure Standard ('ICDS')		Corresponding Accounting Standard ('AS')	
I	Accounting policy	1	Disclosure of accounting policy
II	Valuation of Inventories	2	Valuation of inventories
III	Construction contracts	7	Construction contracts
IV	Revenue recognition	9	Revenue recognition
V	Tangible fixed assets	10	Property, Plant & equipment
VI	The effects of changes in foreign exchange rates	11	The effects of changes in foreign exchange rates
VII	Government Grants	12	Accounting for Government Grants
VIII	Securities	13	Accounting for investments
IX	Borrowing Costs	16	Borrowing Costs
X	Provisions, Contingent Liabilities &	29	Provisions, Contingent Liabilities &

- In case of conflict between the provisions of the Income Tax Act and ICDS, the Income Tax Act shall prevail.

ACTIVITIES - OCTOBER, 2022



**Navaratna All Kerala Virtual CPE Conference - Jointly organised by 9 branches of SIRC of ICAI
Kozhikode Branch of SIRC hosted programme on 13.10.2022**

**Topic : FEMA – NRI Investments,
Speakers : CS. Sridhar R., Chennai. and CA. Subham Kumar, Chennai.**



**CPE Seminar - Topic : 9 methods of Valuation,
Speaker : CA. Tarun Jagdish, Calicut - 14.10.2022**



**One day CPE Seminar on
 “Oppression and Mismanagement under companies act - a critical analysis of Affairs and Case laws”,
 Speaker : CS Anil Kumar B., Former Member (Technical) NCLT Cochin and Chennai Bench and
 Topic : “Transaction Audit & Forensic Engagements under IBC”, Speaker : CA. Gopalkrishna Raju, Chennai
 - 22.10.2022**



Upcoming Programmes November, 2022

6

ICAI MSME Yatra and CPE Seminar

Venue :Regional Science Centre and Planetarium,
JafarKhan Colony Road, Kozhikode

Topic :Schemes of MSMEs and Role of CAs
will be conducted as a part of the event.

Speaker :Sri. T.M.Muraleedharan,
Lead District Manager, Canara Bank

10

Virtual CPE Meeting

Topic :E Verification - Procedures & FAQs in
Income tax (Interactive Session)

Speaker :Mr. Arun Prasanth I N,
Income Tax Officer, I & CI, Kozhikode

15

Virtual CPE Meeting

Topic :Code of Ethics - Way forward

Speaker :CA. Niranjan Joshi, Mumbai

25

CPE Seminar

Topic :Income Tax aspects of Charitable Trusts
3:00 PM to 6:00 PM

Speaker :CA Prashant S Iyer, Kottayam

Contributions to e-newsletter

Contributions in the form of articles, poems, jokes, travelogues etc. are invited from members for consideration in the monthly e-Newsletter. Interested members may email their contribution to icaikoznewsletter@gmail.com along with name, membership number and mobile number.