



Editorial Board

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Chairman's desk;

Dear All,

All of us are moving through a critical phase, as the Covid pandemic continues in our midst. However, the world has decided to move on irrespective of whether Covid continues or so, by following the precautions correctly. All the lockdowns are being withdrawn in a phased manner ensuring normally since in activities. This is good for the country and its people without mobility, basic human necessities will take severe beating.

*The Covid pandemic disrupted the way we live so far. Life became miserable, but at the same time, it created lot of new opportunities. Those who are willing to grasp the opportunities will succeed in life and those who lament about misfortunes will suffer in life. So, we are not left with any option other than to look for new opportunities and grab them and move forward in life. We need not be worried unduly about what the future hold for us, but, at the same time we should evaluate how the future unfolds and take steps to grab the opportunities, especially the changes happening in information technology having an impact in the whole gamut of finance. You don't have to wait for the **right time** to move on. Today is the right time.*

Recently, I happen to read an article on cloud-based technology in the field of Accounting. It has been stated therein that more than 60% of the accounting firms are implementing cloud-based technologies, which means, students should stay abreast of these developments and opt for courses that teach them about this technology. This is just one area. To achieve this you have to be vigilant and at the same time pro-active also. Just dreaming big alone is not enough. You have to take steps to reach your vision in life. Just because, difficulties will arise, you should not drop your vision.

There was a story on how inactivity will adversely impact your growth. When a child was born, the parents took the details of his birth to the astrologer to know about his future.



The astrologer, after checking his star and time of birth, prepared his horoscope and informed the parents that the child's time is very bad till he reaches 30 years of age and so nothing will work-out for him. Thereafter, there will be a change for the better. So, when the child grew up and failed in his classes, the parents accepted it as his 'bad time' without taking any steps to improve his studies. This attitude went on so long a period that he didn't learn anything worthwhile and his youthful years got wasted. He achieved nothing in life. Unless we take efforts, we cannot achieve anything in life, irrespective of what the 'stars' say.

Similarly, there was a story of how one should open one's eyes and see how he can move forward. In a class, the teacher asked students a question. It goes like this: "Suppose you are in a dream. You are walking alone through a forest area. Suddenly, you find that there is a 'lion' standing in front of you. To find an escape route, you turned back to run. After taking some steps, you find another 'lion' in front of you. When you started running towards the left, again there was another 'lion' in front. Then, when you looked around, you find that you are surrounded by 'lions' on all sides. How will you escape? Is there a way?"

All the students said that there is no way to escape. Only one boy said that there is a way. The teacher asked him what it is. The boy said: "Simple! You just have to awake from your dream". The teacher then explained, that instead of remaining in your dreams, you should be awake and face the situations in which case you will find that there are solutions to your problems. So, try to have a positive pro-active mind to face challenges in life.

*Regards,
Mahadevan*

I. AUDITING:

Standard on Auditing [SAs] : Check-List :

In the **August '21** Newsletter, we briefly touched upon SA : 200; 210 & 230. In this issue, we will try to learn about the following Standards on Auditing [SAs] :

(4) SA : 240 : (Revised) : The Auditors' Responsibilities Relating to Fraud in an Audit of Financial Statements :

1. Whether there is an indication that the Financial Statements might be susceptible to any material misstatement due to fraud? Or is there an indication that fraud might happen?
2. Whether the entity has internal audit & if yes, whether the internal audit reports suggest fraud or chances of occurring fraud?
3. Whether all the unusual or abnormal transactions or variances compared to previous year have been analysed fully, to ascertain the chances of occurrence of fraud?
4. Whether you have identified and assessed the risk of material misstatement due to fraud :
 - a) at the financial statement levels; and at the ascertain lever; for :
 - (i) classes of transactions; and
 - (ii) account balances and disclosures?
5. Whether your checking has indentified areas where there are chances of collusion of employees in perpetrating a fraud?

(5) SA : 250 (Revised) : Consideration of Laws and Regulations in an Audit of Financial Statements :

1. Whether you have clearly understood the existing regulatory factors that are applicable to the Industry? And whether you have updated your knowledge on the same?
2. Whether you have devised an audit program to obtain sufficient evidence that the entity has complied with the relevant regulatory laws?
3. Whether, during audit, you have come across information on instances of non-compliance with the applicable laws and regulations? If yes, whether you have considered their possible impact on the Financial Statements?
4. Whether the Engagement Letter specifically states the responsibilities of the Management in complying with the applicable laws & regulations and the auditor's responsibility in case of non-compliances?

(6) SA : 265 : Communicating Deficiencies in Internal Control to those charged with Governance and Management :

1. Whether you have identified any deficiencies in Internal Control? If yes, whether such deficiencies are significant?
2. If yes, whether he has communicated to the appropriate levels of management, in writing?

(7) SA : 299 : Joint Audit of Financial Statements ?

1. Whether the joint auditors have planned the audit in accordance with SA : 300?
2. Whether the joint auditors have developed a joint audit plan – clearly bifurcating the areas each of the joint auditor is responsible to check?

(8) SA : 300 : Planning an Audit of Financial Statements:

1. Whether the procedures required by SA : 220 (Revised) : "Quality Control for an Audit of Financial Statements" have been performed, at the beginning of commencement of audit?
2. Whether the auditor has evaluated the Ethical Requirements; including 'independence' before accepting the audit?
3. Whether the audit plan includes : nature, timing and extent of audit procedures at the ascertain level?

(9) SA : 315 : Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment :

1. Whether the auditor has obtained an understanding of the following :
 - (a) Relevant Industry; Regulatory and other External factors including the applicable financial reporting framework?
 - (b) The nature of the entity, including :
 - (i) its operations;
 - (ii) its ownership and governance structures;
 - (iii) the types of business investments the entity is making;
 - (iv) how the entity is financed?
2. Whether the auditor has obtained an understanding of internal control relevant to the audit?
3. Whether the auditor has obtained an understanding of the business process flow and the flow of information and its software system?

(contd.....)

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II. Internal Audit:

STATUTORY COMPLIANCE – GST :(continued from previous edition)

MEANING & SCOPE OF SUPPLY :

1. Taxable Event :

- The **taxable event** in GST is **SUPPLY**;
- It can be **Supply** of Goods or Services or both;
- The Central & State Governments will have simultaneous powers to levy GST on **intra-state** (within the state) Supplies.
- Only the Central Government has got the exclusive power to levy GST on inter-state (Between the States) supplies.

2. SUPPLY :

- **“Supply”** includes :

“all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.”

From the above, the meaning of the word ‘**supply**’ can be understood in terms of the following **six** parameters :

1. It has to be supply of Goods or Services or both;
2. It should be made for a **consideration**;
3. It should be made **in the course of or furtherance of business**;
4. It should be made by **taxable person**;
5. It should be a **taxable supply**;
6. It should be made within the taxable territory.

Further, in certain other cases also, they are considered as ‘Supply’ such as :

1. Import of Services for a consideration, whether or not in the course of furtherance of business.

There are instances where a transaction is **deemed to be** a supply even without consideration.

1. Activities specified in **Schedule I**, made or agreed to be made without consideration are deemed to be supplies :

Schedule I

Schedule I provides for four activities which are considered as supply even when made without consideration which are scrutinized herein below:

1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.

- In order to attract GST under the above mentioned case the transfer must be of permanent nature thereby meaning that temporary transfer such as lease, license shall not qualify as supply under Schedule I and accordingly temporary transfer made without consideration fall outside the preview of GST and thereby not leviable to GST.

2. Supply of goods or services or both between related persons or between distinct persons as specified under section 25, when made in course or furtherance of business. Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

3. Supply of goods –

- (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal.
- (b) by an agent to his principal where agent undertakes to receive such goods on behalf of principal.

4. Import of services by a person from a related person or from any of his other establishment outside India, in course or furtherance of business.

2. The activities referred to in **Schedule II** are also to be treated as Supplies :

Schedule II :

1. Transfer

- any transfer of the title in goods is a supply of goods;

- any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services;
- any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods.

2. Land and Building

- any lease, tenancy, easement, licence to occupy land is a supply of services;
- any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services.

3. Treatment or process

- Any treatment or process which is applied to another person's goods is a supply of services.

4. Transfer of business assets

- where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person;
- where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services;
- where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless-
 - (i) the business is transferred as a going concern to another person; or
 - (ii) the business is carried on by a personal representative who is deemed to be a taxable person

5. Supply of services

The following shall be treated as supply of services, namely:-

- renting of immovable property;
- construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier.

Explanation.-For the purposes of this clause-

(1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:-

- (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or
- (ii) a chartered engineer registered with the Institution of Engineers (India); or
- (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(2) • the expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;

- temporary transfer or permitting the use or enjoyment of any intellectual property right;
- development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;
- agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and
- transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.

6. Composite supply

The following composite supplies shall be treated as a supply of services, namely:-

- works contract as defined in clause (119) of section 2; and
- supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

7. Supply of Goods

The following shall be treated as supply of goods, namely:-

Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.

3. Activities Not considered as Supplies :

Schedule III spells out activities which shall not be treated as Supplies.

Schedule III :

- 1) Services by an employee to the employer in the course of or in relation to his employment.
- 2) Services by any court or Tribunal established under any law for the time being in force.
- 3) (a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
- (b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or

(c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.

- 4) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- 5) Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.
- 6) Actionable claims, other than lottery, betting and gambling.

Explanation.—For the purposes of paragraph 2, the term “court” includes District Court, High Court and Supreme Court.

Exclusion from the term Supplies :

1. Securities – as such
2. Money – as such

However, dealing in securities or money can result in supply.

Exempted Supplies :

Those which attracts ‘Nil’ rate of tax or which may be wholly exempt from tax as may be notified and includes non-taxable supply.

1. **Refer Notification** No. 2/17 dt. 28.6.2017 (Central Tax)

Non-taxable Supply :

“Non-taxable supply” means a supply of goods or services or both which is not leviable to tax under CGST Act or under the IGST Act. A transaction must be a ‘supply’ as defined under the GST law to qualify as a non-taxable supply under the GST.

Note : *Only those supplies that are excluded from the scope of taxation under GST are covered by this definition – i.e., alcoholic liquor for human consumption, articles listed in section 9(2) or in schedule III.*

Difference between Nil Rated, Exempt, Zero Rated and Non-GST supplies

Supply Name	Description
Zero Rated	Exports Supplies made to SEZ or SEZ Developers.
Nil Rated	Supplies that have a declared rate of 0% GST. Example: Salt, grains, jaggery, etc.
Exempt	Supplies are taxable but do not attract GST and for which ITC cannot be claimed. Example: Fresh milk, Fresh fruits, Curd, Bread etc.
Non-GST	These supplies do not come under the purview of GST law. Example: Alcohol for human consumption, Petrol etc.

Inter / Intra-state Supply :

The **location of the supplier** and the **place of supply** determines whether a supply is treated as an Intra-state supply or an Inter-state supply.

Intra-State supply of goods means supply of goods where the **location** of the supplier and the **place** of supply are in the same state or UT.

Inter-State supply of goods means supply of Goods where the **location** of the supplier and **place** of supply are in the different State or UTs.

Imports, Supplies from and to SEZs are treated as **deemed Inter-State Supplies**.

Composite / Mixed Supply :

1. Composite Supply :

A composite supply would mean a supply made by taxable person to a recipient consisting of **two or more** taxable supplies of goods or services or both or any combination thereof, **which are naturally bundled and supplied in conjunction with each other in the ordinary course of business**, one of which is a **principal supply** :

Eg :

- (a) Goods are packed and transported with insurance :

Here, the supply of goods, packing materials, transport and insurance – is a **composite** supply.



Supply of Goods is the **principal** supply.

Mixed Supply :

A **mixed** supply means **two or more** individual supplies of goods or services or any combination of thereof, made in conjunction with each other by a taxable person for a single person where such supply does not constitute a composite supply.

Eg :

- (a) A supply of package, consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices are supplied for a **single price**



is a **Mixed** Supply

Because, each of these items can be supplied separately and is not dependent on any other.

Determination of tax liability of composite and Mixed Supplies :

1. A **composite** supply comprising two or more supplies, one of which is a principal supply, shall be treated as supply of such **principal** supply & taxed accordingly;
2. A **mixed** supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the **highest rate** of tax, and will be taxed accordingly.

Srikala Renjith

III. Case Laws :

GST :

1. Definition of a 'Restaurant'

Going by the Cambridge Dictionary, which defines a restaurant as a “place where meals are **prepared and served** to the customer”, the Odisha’s Appellate Authority for Advance Ruling (AAAR) held that and outlet cannot be classified as a restaurant, if it is selling eatables prepared somewhere else and sold mainly for takeaway. This is important because, in case of restaurant, GST rate is 5% without ITC. If not, the items sold by the registered person will attract GST rate applicable on individual items.

2. GST on recovery of statutory charges in the case of Real Estate Developer :

The Authority for Advance Ruling (AAR), Haryana Bench, in Re : Ashiana Housing Ltd. has held that : “The amount of statutory charges, ie., External Development Charges and Infrastructural Development Charges, recovered by the Applicant from buyers and paid further to respective Government authorities will form part of value of taxable supplies being made by the Applicant.

3. ITC on expired cakes, pastries, etc. not available and to be reversed :

In a reference made by Sidharth Foods, the Gujarat AAR has ruled that : ‘cakes and pastries’ whose self-life has expired and, therefore, returned to the manufacturer or destroyed by a bakery or any retailer, will not be eligible for ITC.

IV. Others :

SHADOW

Long and solitary though this path
I find myself in a comfort zone
For although facing life’s wrath
I’m not always alone.

Quite by my side she walks,
Strong, tall & bold
Immune to all ill talks
Ready to take on life as it unfolds.

Not that we are never apart
But the severance is not so long
She’s back by my side at the day’s start
For it’s with each other we belong.

I wish I could be all that she is
That I had her finesse & bliss
Confident & Smart though she maybe
She is confined & never free

It’s a simple lesson one must learn
Identity is not easy to earn
So I continue my walk, solo
With my companion my shadow

Thailambal. V - Trainee

V. Save the Dates - SEPTEMBER 2021

STATUTORY DATES	
INCOME TAX	
07/09/2021	Due date for deposit of Tax deducted/collected for the month of August, 2021.
14/09/2021	Due date for issue of TDS Certificate for tax deducted under section 194-IA, section 194-IB and section 194-M in the month of June, 2021
15/09/2021	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July, 2021 has been paid without the production of a challan
15/09/2021	Second Installment of Advance Tax for July - September for Assessment Year 2022-23
30/09/2021	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, section 194-IB and section 194M in the month of August, 2021.
30/09/2021	Due date for linking Aadhar number with Pan 2021

ROC	
30/09/2021	Due date for filing DIR 3 KYC for Directors
GST	
Due Date	Statement/Return/Certificates to be issued/Furnished
11/09/2021	Due date for filing GSTR 1(AUGUST 2021) whose aggregate turnover exceeding Rs.5 crore in the previous financial year
13/09/2021	GSTR-1 IFF Filing (Optional) for the month of AUGUST 2021
20/09/2021	Due date for filing GSTR 3B (AUGUST 2021) whose aggregate turnover exceeding Rs.5 crore in the previous financial year and who not opted IFF scheme
22/09/2021	Deposit of monthly Tax liability by those who have opted quarterly filing scheme (QRMP)

VI. TEST YOUR SKILL:

1. Mr. Shyam, a retailer purchased furniture on 20th May, 2020 for Rs 10000 in cash, and on 20th September, 2020 for Rs. 15000 and Rs 20000 by bearer cheque and account payee cheque respectively. Depreciation allowable for AY 2021-22 would be
 - a. 2000
 - b. 3000
 - c. 4500
 - d. 1500
2. Mr. ROY aged, 61 years, received dividend of 12,00,000 from ABC Ltd. in P.Y. 2020-21. Interest on loan taken for the purpose of investment in ABC Ltd., is 3,00,000. Income included in the hands of Mr. X for P.Y. 2020-21 would be –
 - a. 12,00,000
 - b. 9,60,000
 - c. 9,00,000
 - d. 2,00,000
3. Mr. Ramesh pays a rent of Rs5,000 per month. His total income is Rs 2,80,000 (i.e., Gross Total Income as reduced by deductions under Chapter VI-A except section 80GG). He is also in receipt of HRA. He would be eligible for a deduction under section 80GG of an amount of
 - a. 60,000
 - b. 32,000
 - c. 70,000
 - d. Nil
4. The maximum amount which can be donated in cash for claiming deduction under section 80G for the P.Y. 2020-21 is –
 - a. 5,000
 - b. 10,000
 - c. 1,000
 - d. 2,000
5. Unexhausted basic exemption limit of a non-resident individual can be adjusted against –
 - a. only LTCG taxable @ 20% u/s 112
 - b. only STCG taxable @ 15% u/s 111A
 - c. both (a) and (b)
 - d. neither (a) nor (b)
6. Can a registered person opting for composition scheme collect GST on his outward supplies?
 - a. Yes, in all cases
 - b. Yes, only on such goods as may be notified by the Central Government
 - c. Yes, only on such services as may be notified by the Central Government
 - d. No
7. The tax liability of Nirlep Co-operative Society (does not opt to pay tax under section 115BAD) on the total income of ₹ 90,000 for P.Y. 2020- 21, is –
 - a. 24,000
 - b. 28,080
 - c. Nil
 - d. 24,960
8. Scheme for corporatization and demutualization of recognized stock exchange is sent to :
 - a. Central Government
 - b. SEBI
 - c. ROC
 - d. None of above
9. SEBI may restrict scheme of corporatization and demutualization on :
 - a. The voting rights of shareholders who are also stock brokers of the recognized stock exchange
 - b. The right of shareholders or stock brokers to appoint the representatives on the board
 - c. The maximum number of representative appointed shall not exceed 1/4 of the total strength of the board.
 - d. All of above
10. Duties and functions of clearing house/clearing corporation shall involve:
 - a. Periodical settlement of contracts and differences thereunder
 - b. The delivery and payment for securities
 - c. Submission of periodical settlements
 - d. All of above
11. The power to supersede the governing body of the stock exchange is vested with :
 - a. SEBI
 - b. Central Government
 - c. Representatives appointed central government
 - d. ROC
12. An appeal by an investor pursuant to delisting of securities of the company in which he is a member shall be made to SAT within :
 - a. 10 days
 - b. 7 days
 - c. 15 days
 - d. 30 days
13. The appeal filed to SAT shall be disposed off :
 - a. As expeditiously as possible
 - b. Within 3 months
 - c. Within 6 months
 - d. Within a year.
14. Every recognized stock exchange shall preserve its books of accounts and other documents for a period of :
 - a. 8 years
 - b. 10 years
 - c. As determined reasonably
 - d. 5 years
15. An inquiry into the affairs of the stock exchange or its members be made by :
 - a. SEBI
 - b. Central Government
 - c. SAT
 - d. None of the above

VII.CROSSWORD PUZZLE

1									6			
2												19
3												
4				5								
	8	7								20	18	
9	10							17				
	11											
	12											
			13									
	14											
	15											
16												

Across

- Under strategic sale method of, the government sells a major share to a strategic partner.
- Standard costing is a technique of
- Maslow's needs hierarchy theory relates to.....
- maintains the foreign exchangereserves of India.
- Custom duty on import of machinery is an example of expenditure.
- Profit to incorporation treated as capital reserve.
- has been founded to act as permanent watchdog on the international trade.
- Is an alternative to articles of association.
- Advance income tax is shown in the side of the balance sheet.

- In the absence of a partnership deed, the rate of interest allowed on the partners loan to the firm is percentage.
- In marine insurance, at the time of of subject matter, the insurable interest must exist.
- The doctrine of indoor management provides protection to the
- In foreign trade, what is the price quoted by a supplier which includes all charges incurred upto the delivery of goods to the buyer called?

Downward

- Henry Fayol is known for principles of.....
- Who is father of scientific management?
- Unity of command implies having not more than one
- Appointment of company secretary is made by.....
- Workmen's compensation fund is a
- Liability of a company secretary is both contractual and
- A cooperative auditor starts his work of audit from book.

AmruthaThilakan- Article

THANK YOU FOR MAKING US PROUD

Congratulations on your success



**Aswin S
CA Final –
Exemption : Economic Laws**

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