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Chairman's desk:

Dear all,

Covid-19 pandemic is continuing unabated causing disruptions on every walks of life. Financially it has created havoc to the millions of people across the globe. People are finding it very difficult to cope with the mental tensions it is causing in the day-to-day life. What we, as individuals, can do is to remain positive under the firm belief that "this too shall pass". Each one should create one's own 'immune system' which include a healthy diet, regular exercise, meditation, yoga & immunity boosting supplements. Hope this pandemic will go away soon.

In this issue, I would like to write about Form No. 26AS, in which significant changes are likely to be made effective from 1st June, 2020. All the high value transactions done by the individual will get reflected in the new Form No. 26AS. The intention behind it is to enable the assesseees to file their income-tax returns quickly and error-free. The transactions in Form No. 26AS is reflected based on Statement of Financial Transactions (SFT) filed by the required Institutions.



You are aware that SFTs are high value transactions carried out by individuals or business organizations, which the Government has tracked down to curb black money, money laundering and also to widen the tax base. Banks, Mutual Funds, Registrars, etc. are required to file returns to the tax department wherever the value of financial transactions exceed a specified limit, such as cash deposits of Rs. 10 lakhs or more in SB Accounts, Credit Card payments in cash of Rs. 1 lakh or more, purchase of securities or Motor Vehicle of Rs. 10 lakh or more, property purchase of Rs. 30 lakhs or more, etc.

To the said list, travel expense (domestic / foreign) educational fees / donations, jewellery purchases, electricity bills, etc. in excess of Rs. 1 lakh, insurance premium, hotel bills in excess of Rs. 50,000/- etc. are added, so that, such transactions will also get reflected in 26AS.

So, one should thoroughly verify the data reflected in 26AS and confirm that all the particulars mentioned therein are taken into consideration while filing the income-tax return.

*Regards,
Mahadevan*

I. AUDITING :

STANDARD ON QUALITY CONTROL (SQC) 1 :

Quality control for firms that Perform Audits and Reviews Historical Financial Information And Other Assurance and Related Service Engagements :

[contd....]

In the last issue we saw one of the elements in a System of Quality Control – “Leadership responsibilities for quality within the firm”. We will look into other elements in this issue.

2. Ethical Requirements :

Every audit firm should have designed its own policies and procedures to ensure that it follows Code of Ethics in letter and spirit. Not only should the Firm, but, the people working in the Firms also follow ethics”.

The fundamental principles of professional ethics include:

1. Integrity;
2. Objectivity;
3. Professional Competence & Care;
4. Confidentiality; and
5. Professional behavior.

The firm should provide necessary leadership through education & training. There should be monitoring the work of its personnel and firm dealing with non-compliance.

For a firm, ‘independence’ is a significant issue and it should ensure that the firm and its personnel are subject to independence requirements. It should create an ‘Independence’ policy and everyone in the Firm should be made aware of the same.

If there are threats to independence, the Firm should take immediate steps to eliminate such threats. Or try to reduce such threats to an acceptable level. If the Firm is not able to reduce such threats, then, wherever appropriate, should withdraw from the engagement.

The Engagement Partner should inform the Firm if there is any breach in ‘Independence’ requirements, to enable the firm to take appropriate action.

Of all the threats to Independence, **familiarity threat** is considered to be the serious threat. It may be due to the same personnel of the firm doing the assurance engagement over a long period of time. The firm should establish policies and procedures to address such threats.

Such long period of service is likely to impair the quality of performance. Rotation of Engagement Partner is one way to address the familiarity threat.

3. Acceptance and continuance of client – Relationship and Specific Engagements :

Before accepting an assurance engagement the Firm should be satisfied about the integrity of the client. If it has got any information (reliable) to believe that the client lacks integrity, then, the engagement should not be accepted.

Further, the Firm should accept an assurance engagement only if it is competent to perform the engagement. It should have the professional competence, as well as necessary human and technical resources to do so. It should scrupulously follow the Ethical Requirements.

The same is required even where the client relationship is to be continued.

If there are issues with the client which may have an impact on the integrity of the client, the Firm has to document how the issues were resolved.

Conflicts may arise between the client and the firm which may lead to questioning the integrity of the client. Some examples are :

- (a) Transactions with Related Parties;
- (b) Nature of the client’s business operations as well as practices – whether secretive or transparent;
- (c) Interpretations of Accounting Standards;
- (d) Indication of Money Laundering or Other criminal activities;
- (e) Frequent changing of Statutory Auditors;
- (f) Information gathered from third parties – like banks, legal counsels, websites, GST, IT data basis, etc.
- (g) Pressure from the client;
- (h) Violations in Complying with Regulatory requirements, etc.

The Firm should establish policies and procedures to withdraw from an assurance engagement.

All significant issues, consultations, conclusions and the basis for the conclusions should be well documented.

[contd...]

II. INTERNAL AUDIT :

Verification of Purchases:

As we discussed in the previous issue of Newsletter, verification of purchases is one of the important area in Internal Audit.

Internal Audit team has to first learn the existing process of 'purchases' of the organisation under Internal Audit.

During the process of verification, audit team has to verify the following:

1) Purchase Requisition :

Purchase requisition is the document which clearly specifies the details of **requirement** of materials / services / assets as the case may be. The same is raised by the respective departments – stores / production / engineering, who are in need of these items. The same is issued to the purchase department.

2) Quotation / Estimate :

On the basis of Purchase Requisition, **quotations** are invited from competitive vendors. Minimum three quotes from different vendors to be collected by the Purchase Department. The audit team has to verify the veracity of the quotes and the vendors. Audit team has to ensure that there is no monopoly in the criteria of choosing the vendors. An internal verification can also be carried out by the Internal Audit Team.

3) Purchase Order :

On the basis of the quotes received from competitive vendors, the **purchase order** is issued by the purchase department to the most competitive vendor. Audit Team has to verify the details of the purchase order, ie. the terms of delivery, payment, rate , quantity and tax compliance. Moreover, audit team to verify that the specific vendor is not black listed by any means and there is no monopolistic practice in issuing the Purchase Order to the particular vendor. The audit team also need to confirm that the quality of products are not compromised while offering the Purchase Order to the particular vendor. Audit Team has to ensure that the **purchase orders are raised prior to the date of purchase** and no backdated P.O.S. are issued in the software. Similarly, all the pending purchase orders raised should be scrutinized and SOPs to be generated for closing of pending P.O's within a time limit, to avoid any malpractices.

4) Purchase Invoice :

On the basis of Purchase Order, the specified goods / assets are delivered by the vendor along with the **Purchase Invoice**. Audit team has to specifically verify each term of Purchase Order with the Purchase Invoice and in case of any deviation, the same has to be reported.

5) Quality inspection Note :

Audit team has to ensure that the quality of materials received are inspected and approved by the quality department, before the same is taken for GRN by the stores department.

6) Goods Receipts Note [GRN] :

Audit team has to verify the GRN issued by the stores department, while receiving the goods as per the purchase order and the invoice. Any damage / shortage should be properly noted in the GRN and informed to the purchase department as well as to the accounts department. The purchase department should inform the respective vendor of such damages and shortages if any.

7) Invoice Receipt by Accounts Department :

The stores department hands over the GRN, Quality Note along with Purchase Order to the accounts department, for accounting of purchases. Audit team has to ensure that the purchases are accounted as per the Purchase Invoice without any delay and debit notes are accounted for incase of any shortage / damage or rate differences if any in comparison to the Purchase Order terms. The said debit notes to be given to the purchase department and ensure that the same is acknowledged by way of credit notes from the respective vendor. Audit team, to cross checks the accounting of the same and ensure that the payments are released to the respective vendor, deducting the respective debit notes.

8) Return of Investment [ROI] :

In case of asset purchases, internal audit team has to verify the return on investment, and its recoupment period based on the Purchase Order terms and the existing usage of asset and the financial cost involved in acquiring the same and report to the management.

General :

Internal Audit team to play a crucial role in verification of purchases and prepare an SOP, for the purchase process, taking into account the deviations / omissions noted during the course of Internal Audit. It is one of the area, where revenue leakages are observed in an organization. So, the internal audit team has to be very cautious in verification of process and any lapses from audit team will result in considerable loss to the organization. The audit team has to be very well explained about the above verification process and prior to the commencement of audit. Thus Internal Audit Team has to play a crucial role in verification of purchase – whether raw materials, trading goods, engineering goods, services or assets, in an organization.

Srikala Renjith

TAXATION :

III. SECTION 12AB OF INCOME TAX ACT, 1961- PROVISIONS & REGISTRATION PROCEDURE

Union Budget 2020 proposed significant changes in compliance and registration procedure of Religious or Charitable Trusts/ Institutions etc. which are registered under section 12AA of the Income Tax Act.

Accordingly, the following amendment was made in the Finance Act, 2020 which reads as:-

Under Section 11:-

In section 11 of the Income-tax Act, in sub-section (7), with effect from the 1st day of June, 2020,—

(a) for the words, brackets, letters and figures “under clause (b) of sub-section (1) of section 12AA”, the words, figures and letters “under section 12AA or section 12AB” shall be substituted;

(b) for the words, brackets, figures and letter “clause (1) and clause (23C)”, the words, brackets, figures and letter “clause (1), clause (23C) and clause (46)” shall be substituted;

(c) the following provisos shall be inserted, namely:—

“Provided that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (46) of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later:

Provided further that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (46) of the said section, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.”.

As a result of the above amendment, following effect shall take place with effect from 1st June 2020:-

All the existing charitable and religious institutions (including NGOs) which are registered or approved under the following sections-

- Section 12A
- Section 12AA
- Section 10(23C)
- Section 80G

are compulsorily required to switch to section 12AB for fresh registration in order to continue availing exemption under section 10 or 11, as the case may be.

Currently several institutions of trusts registered under **section 10(23C)** or section 12AA are now required to renew their registration under section 12AB.

As a result of which, Section 12AA which prescribes the registration process for the registration Trusts or Institutions will cease to exist and a new section 12AB will come into force with effect from-

the date of grant of registration under section 12AB or;

the last date by which the application for registration and approval is required to be made;

whichever is earlier.

The above section shall come into effect from 1st June 2020 and the trusts or institutions are required to apply for registration and approval under section 12AB within 3 months from 1st June 2020, i.e., by 31st August 2020.

Similarly, charitable trusts and exempt institutions which are availing exemption benefit under section 80G will also now be required to apply for fresh registration under section 12AB by 31st August 2020.

“In view of the unprecedented economic crisis emanating due to the COVID-19 situation, CBDT has deferred the implementation of new procedure for approval/registration/notification of certain entities u/s 10(23C),12AA, 35 & 80G of IT Act,1961 to 1st October 2020.”

As a result of the above, the new compliances mentioned under the above sections which were applicable with effect from 1st June 2020 are now deferred and will be applicable from 1st October 2020 and have to be complied latest by 31st December, 2020.

Appropriate Authority for Application:-

The application shall be made online by Filing **Form 10A** along with the required documents to the Commissioner or Principle Commissioner who shall pass an order granting approval or rejection within three months from date of commencement of new provisions, i.e., by 31st August 2020.

Further, in case where Commissioner or Principle Commissioner is satisfied that the charitable/religious trusts institution etc. have not complied with the objects mentioned or any other law, shall cancel the registration of charitable/religious trusts institution etc. after providing the reasonable opportunity of being heard.

Similarly there are different time limits under different categories which can be summarized below:-

Category	Time Limits
Institutes already registered under section 12A or 12AA or having certificate under section 80G	By 31 st August (Now by 31 st December 2020)
Institutes who have obtained registration under section 12AB	6 months prior to the expiry of tenure of 5 years (refer the Validity Period of Registration Paragraph)
Institutions that have provisionally obtained registrations under section 12AB	6 months prior to the expiry date of the provisional registration; or Within 6 months of the commencement of its activities; Whichever is earlier.
Where institutions have modified the objectives	Within 30 days from the date of such modifications.
In any other case	At least one month prior to the commencement of the previous year.

Validity period of Registration:-

The registration once granted shall be valid for 5 years.

Registration Procedure:-

- The application can be made by filing form 10A online on the income tax site incometaxindiaefiling.gov.in
- The form is available on the income tax website under Income Tax Forms Section under e-file menu which is visible after login on the website.

Contents required to be furnished in Form 10A:-

- (1) Name of the Trust, Society or Institution.
- (2) PAN details of the Trust, Society or Institution.
- (3) Registered Address of the Trust, Society or Institution.
- (4) Select the type of Trust:- Religious/ Charitable/ Religious-cum-Charitable

- (5) E-Mail and Mobile number of the Managing Trustee/Chairman/Managing Director/Any authorized person by whatever name called
- (6) Legal Status of the Trust
- (7) Objects of the Trust
- (8) Date of Modification of Objects, if any.
- (9) Whether the application granted in the past is rejected or the registration is cancelled ? If yes, details of the order cancelling the same.
- (10) If the applicant is registered under FCRA, 2010? If yes, then details of the same.

Documents required for Registration:-

Following is the list of documents as mentioned on the Income Tax Website:-

- (a) Where the trust is created, or the institution is established, under an instrument, self-certified copy of the instrument creating the trust or establishing the institution;
- (b) Where the trust is created, or the institution is established, otherwise than under an instrument, self-certified copy of the document evidencing the creation of the trust, or establishment of the institution;
- (c) Self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;
- (d) self-certified copy of the documents evidencing adoption or modification of the objects, if any;
- (e) where the trust or institution has been in existence during any year or years prior to the financial year in which the application for registration is made, self certified copies of the annual accounts of the trust or institution relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up; note on the activities of the trust or institution;
- (f) self-certified copy of existing order granting registration under section 12A or section 12AB, as the case may be; and
- (g) self-certified copy of order of rejection of application for grant of registration under section 12A or section 12AB, as the case may be, if any.

**Keerthana Krishna – Trainee
M&S, PALAKKAD**

TAXATION :

IV. FACELESS ASSESSMENT

Faceless assessment means carrying out of **income tax assessment procedure without human interface** with the use of technology wherein, a **centralized NeAC (National Electronic Assessment Centre)** shall be the medium of communication with the assesses and department with the use of Artificial intelligence, algorithms. The Cases shall be assigned to the department through automated allocation system. There will be no direct contact of Assessing Officer with assessee.

NEED FOR FACELESS ASSESSMENT:-

The faceless assessment has been devised for greater transparency, greater efficiency and accountability to the assessment process by:-

Technologically eliminating face time with Assessing Officer;

Enhancing transparency involved in assessment proceedings;

Optimizing utilization of the resources through economies of scale and functional specialization.

EXCLUSIONS TO SCHEME:-

Any assessment that includes serious frauds, major tax evasion, sensitive and search;

The system also excludes International Taxation and Black Money Act & Benami property.

FRAMEWORK

• National e-Assessment Center (NeAC)

A National e-assessment Centre which is been set up to facilitate the conduct of e-assessment proceedings in a centralized manner.

- Headed by Pr. CCIT
- Located at Delhi

• 8 Regional e-Assessment Centers (ReAC)

Regional e-assessment Centers situated in different states across India will conduct of e-assessment proceedings. Cases shall be provided by NeAC through automated allocation system without any human interface. – Headed by CCIT

- Located at Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Pune, Bangalore and Hyderabad

• Assessment Unit – Identify issues, seek information and analyse material to frame draft assessment orders

- **Verification Unit** – Conduct enquiry, examination of books of account, examination of witnesses and recording of statement (through VC)
- **Technical Unit** – Provide advice on legal, accounting, forensic, Information Technology, Valuation, Transfer Pricing, Data Analytics etc.
- **Review Unit** – Review of Draft Assessment Order – Whether material evidence brought on record, points of facts and law incorporated, application judicial decisions considered, arithmetic correctness etc.

PROCEDURE FOR FACELESS ASSESSMENT:-

Serving notice to assessee:-

NeAC shall serve the **notice** on assessee along with the **reasons** for selection of case.

Assessee may file **response** to above notice within **15 days** to NeAC.

NeAC shall assign the case to AU & AU shall make draft assessment order:-

With the use of AI and automated allocation system **NeAC** then shall **assign** the said case anonymously to AU of any **one regional ReAC**.

After getting assigned with the case AU shall make request to the NeAC for:-

- Further documents, evidences, etc. for case as needed,
- Conduct of enquiry or verification by VU as needed,
- Seeking technical assistance from TU as needed.

After getting the above requests from AU, NeAC shall:-

- Request assessee for documents, evidences, etc. as requested by AU.
- Request VU to conduct enquiry or verification as requested by AU.
- Request TU of ReAC for the needed technical assistance.

NOTE– Request shall be made by NeAC to VU or TU or RU etc. of one of the ReAC through automated allocation system with the use of Artificial intelligence. It will be devoid of any human interference hence making it faceless.

After AU is provided with the respective assistance as requested to NeAC, AU shall make in writing a draft assessment order & send its copy to NeAC.

Sending the draft assessment order to NeAC:-

NeAC on receiving the draft order from AU it may take any of the three steps, either:-

- Finalise the draft assessment order OR

- Provide an opportunity to assessee in case of any modification OR
- Assign draft order to RU for the conduct of review.

NeAC shall Provide Opportunity to assessee in case of modification:-

When against the draft assessment order any opportunity is provided to assessee:-

Then assessee may either:-

Issue response to NeAC within time:-

NeAC shall send the assessee's response to AU.AU after taking assessee's response into consideration send the revised asst. order to NeAC.

NeAC on receiving the revised draft order shall either;

- Finalize the draft assessment order OR,
- Provide an opportunity to assessee in case of any modification OR,
- Assign draft order to RU for the conduct of review.

May not issue response to NeAC within time:-

NeAC shall finalise the draft asst. order.

This process shall continue unless the draft asst. order is finalized.

NeAC may assign the draft order to RU for the conduct of review:-

RU shall after doing the review of draft asst. order it may either:-

- Concur with the draft asst. order & intimate to NeAC, or
- Suggest modification & intimate to NeAC

After getting the intimation, NeAC shall send order to AU

Afterwards, AU will do modification & there again send the copy to NeAC .

Upon receiving the above respective intimation, NeAC shall either:-

- Finalize the draft assessment order OR,
- Provide an opportunity to assessee in case of any modification OR,
- Assign draft order to RU for the conduct of review.

The above process shall continue unless the revised draft order is finalized.

After Finalization of assessment:-

The NeAC shall after completion of assessment, transfer all the electronic records of the case to Assessing Officer having jurisdiction over such case for: –

- Imposition of Penalty

- Collection and recovery of demand
- Rectification of mistake
- Giving effect to appellate orders
- Submitting reports to be produced before Commissioner (Appeals)/Tribunal/courts as the case may be
- Proposal seeking sanction for launch of prosecution and filing of complaint before the court

NOTE:-With the overriding power, NeAC if considered necessary, at any stage of assessment proceedings can transfer the case to Assessing Officer. having jurisdiction over such case. Thereby meaning,such case shall proceed with normal assessment procedure & not with faceless assessment scheme.

ISSUES CONCERNING FACELESS ASSESSMENT SCHEME:-

The employee associations of Income Tax have said that the restructuring carried out in the Department to implement the Faceless Assessment Scheme is making 97 percent of the workforce feeling left out.

Employees working at Income tax department fears that they will be made redundant and might lose their work to computers and automation of work.

It will be burdensome to the assesses to scan and upload the tons of papers as there will be no direct physical contact with the department.

**ATHIRA.K - ARTICLE,
M&S, PALAKKAD**

CASE LAWS :

GST :

NO GST for Club Membership :

The Appellate Authority for Advance Ruling, Maharashtra Bench has ruled in the case of Rotary Club of Mumbai, Nariman Point that :

“amount collected as membership subscription and admission fees from members are not liable to GST as Supply of Services”.

V. UDYAM REGISTRATION - A MOTIVE TO ELEVATE THE MSME SECTOR

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Ministry of Micro, Small & Medium Enterprises (M/o MSME) envision a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises.

Udyam Registration also known as MSME Registration is nothing but a Government registration that is provided along with a recognition certificate and a unique number. The idea behind introducing Udyam Registration is to simplify the procedural format that business owners had to go through to register their business under Micro Small Medium Enterprise or MSME earlier and provide the maximum benefits for its development.

⇒ What is MSME?

The organizations which are eligible for Udyam Registration are meant to be either in manufacturing or producing or processing or preservation of goods or in providing the services.

An enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely: --

- (i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

⇒ What are the Benefits of getting registered as Udyam?

One will get to enjoy several advantages after registering his/her business and by obtaining Udyam Registration. The Registration process is simple and in addition to that, one won't have to handle the paperwork for obtaining Udyam Registration. The top benefits being:

- Udyam registration helps in getting Government tenders;
- Due to the Udyam, the bank loans become cheaper as the interest rate is very low There are various tax rebates available for Udyam;
- Becomes easy to get licenses, approvals, and registrations, irrespective of the field of business. Higher preference is given to **businesses registered under Udyam for Government license and certification**;
- Registered Udyams gets tariff subsidies and tax and capital subsidies;
- Registration helps in the reduction of the cost of getting a patent done or the cost of setting up the industry.

⇒ How to Register?

The process of Udyam Registration is quite easy. The system today is kind of rejuvenated, and it seeks comparatively less information than the older process. It's important to note that the MSME Registration is free of cost and the website does not charge any official fee for issuing registration certificate. Here is a simple guide for registering under MSME for obtaining Udyam Registration.

1) Visit the Official Website “<https://udyamregistration.gov.in/>”

The very first steps for getting your business registered online will be on visiting the **official Udyam Registration portal**. Click on “For new Entrepreneurs who are not registered yet as MSME” option for first time users.

2) Enter Your Personal Information being Aadhaar number

The initial particulars that you will need to enter will be your name and your 12-digit unique Aadhaar number and verification through OTP.

3) PAN Verification

Select the type of organization and enter the PAN and validate.

4) Fill in Correspondence Details

Complete postal address, email address and mobile number of the company/enterprise/entity is required to be provided.

5) Fill the Bank Details

Enterprise's active bank account number along with the IFSC code is to be provided of the concerned branch.

6) Enterprise Details

The details of the mainline activity of the enterprise from the "services" or "manufacturing" is to be provided along with the number of persons employed and National Industry Classification (NIC) Code for Activities.

After filling all the particulars, the investment in Plant & Machinery and Turnover details shall be auto populated to the Registration Form from the respective Income Tax Returns and GST Portal after successful submission of the Registration Form.

7) Select the District Industry Centre and Accept the Declaration

In the final step of this process, select the district industry centre from the provided drop-down list. After that, accept the declaration, submit and complete the registration with OTP verification. After successful verification, a Registration Number will be received. Once all the information is verified by the Government, an E-registration document will be received in the Email address.

⇒ Existing Enterprises

- All existing enterprises registered under EM-Part-II or UAM is required to register again on the Udyam Registration portal on or after the 1st day of July, 2020.
- All enterprises registered till 30th June, 2020, will be reclassified in accordance with this notification.
- The existing enterprises registered prior to 30th June, 2020, will continue to be valid only for a period up to the 31st day of March, 2021.
- An enterprise registered with any other organisation under the Ministry of Micro, Small and Medium Enterprises should register itself under Udyam Registration.

⇒ Are any Documents necessary for Registration?

- MSME registration process is fully online, paperless, and based on self-declaration.

- There is no requirement of documents or proof for registering an MSME.
- PAN & GST linked details on investment and turnover of enterprises will be taken automatically from Government databases.
- Having PAN & GST number is mandatory from 01.04.2021.

**SHRUTHI RAMAKRISHNAN - Article
M&S, Palakkad**

NEWS :

No Current Accounts for clients with cash credits, overdraft facilities: RBI :

With a view to improve credit discipline, the RBI has barred banks from opening Current Accounts for customers who have availed cash credit or overdraft facilities, stressing that there is a "need for discipline" on this front.

This is done so that all transactions shall be routed through Cash-Credit or Overdraft account.

RBI had, in its inspection of records of PMC, Co-op. Bank, involving a fraud of more than Rs. 4,000 cr. Found that multiple current accounts were opened to divert funds.

The RBI stated: "No Bank shall open current accounts for customers who have availed credit facilities in the form of Cash Credit (CC) or Overdraft (OD) from the banking system and all the transactions shall be routed through the CC / OD A/c."

There is a possibility that if multiple accounts are opened, there is a possibility that the same customer could indulge in routing his transactions through his other Current Accounts which can lead to potential financial disaster.

RBI tightens Bank audit – with LFAR covering all key operational areas :

The RBI has asked banks to put into operation, starting FY 2021, a revised LFAR where the Statutory Auditor will be required to comment on adverse features considered significant in the top 50 standard large advances and the accounts that need the management's attention, among them.

The LFAR will cover risks associated with credit, market and operational and also look at capital adequacy, going concern assessment and information systems.

The RBI said, an examination of inactive / inoperative accounts might also be carried out, as it is a fraud-prone area.

[source : Business Line : 7.9.2020]

VI. Save the Dates – OCTOBER 2020

STATUTORY DATES	
INCOME TAX	
07/10/2020	Due date for E-payment of TDS deducted for September, 2020
15/10/2020	Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of August, 2020
15/10/2020	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of August, 2020*
15/10/2020	Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of August, 2020*
31/10/2020	Due date for filing of return of income for the assessment year 2020-21 if the assessee (not having any international or specified domestic transaction) is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited).The due date for filing of return has been extended from October 31, 2020 to November 30, 2020 vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.
31/10/2020	Audit report under section 44AB for the assessment year 2020-21 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E
31/10/2020	Due date for filing of audit report under section 44AB for the assessment year 2020-21 in the case of a corporate-assessee or non-corporate assessee. The due date for filing of audit report for the assessment year 2020-21 has been extended from September 30, 2020 to October 31, 2020 vide the Taxation and Other Laws
GST	
01/10/2020	GSTR 3B for August 2020 (Annual Turnover up to Rs 5 Cr in Previous Financial Year)
11/10/2020	Monthly GSTR 1 for September 2020 (Summary of outward supplies where turnover exceeds Rs 1.5 crore)
18/10/2020	CMP 08 for July to September 2020
20/10/2020	GSTR 3B for September 2020 (Annual Turnover of more than Rs 5 Cr in Previous Financial Year)
31/10/2020	GSTR 9 and 9C (Annual Return) FY 2018-19
31/10/2020	GSTR 1 (Quarterly) for July to September (Summary of outward supplies where turnover is upto Rs 1.5 crore)
31/10/2020	Annual GSTR 4 for FY 2019-20

Answers to September edition Test Your Skill :

1. b
2. b
3. d
4. c
5. c
6. b
7. b
8. c.
9. b
10. a
11. a
12. d
13. b
14. a
15. b

Answers to September edition Crossword Puzzle :

ACROSS

1. Asset
2. Payable
3. External
4. SEC
8. Economic
11. Matching
13. Increase
14. Revenue
15. Manufacturing
18. Variance
19. Wages

DOWNWARD

5. Principles
6. Income
7. Equivalents
9. Cost
10. Materiality
12. Conservatism
16. Machine
17. Standard

VII. TEST YOUR SKILL :

1. Amount of money required to be spend on CSR initiatives is -
 - a. 5% of Net profit
 - b. 2.5% of Net profit
 - c. 2% of Net profit
 - d. 0.5% of Net profit
2. Provisions of CSR are applicable to:
 - a. Companies with net worth of 500 Crore/more
 - b. Companies with turnover of 1000 Crore /more
 - c. Companies with net profit of 5 Crore /more in any financial year
 - d. All of the above
3. As per Section 2(6) of the Companies Act, 2013, ----- Company means a company in which other company has a significant influence (control of at least 20% of total voting power), but which is not a subsidiary company of the company having such influence
 - a. Associate
 - b. Holding
 - c. Subsidiary
 - d. None of the above
4. Agent of Foreign Company is doing a business from hotel room in India. Whether that room is considered as place of business?
 - a. Yes
 - b. No
 - c. Partly Yes
 - d. Partly No
5. Which type of company is Section-8 company?
 - a. Company with limited liability
 - b. Company with unlimited liability
 - c. Can be any of the above
 - d. None of above
6. Doctrine of Indoor Management of Companies Act 2013 is in the favour of?
 - a. Employees
 - b. Directors
 - c. Internal Control System
 - d. External Stakeholders
7. Any foreign company who wish to issue the shares in India can apply to any foreign custodian by issuing their shares, is called as
 - a. Global Depository Receipt
 - b. American Depository Receipt
 - c. Indian Depository Receipt
 - d. None of above
8. Company shall file return of Private Placement in Form number.....
 - a. PAS 4
 - b. PAS 2
 - c. PAS 3
 - d. PAS 5
9. Sweat equity shares allotted to employees shall be locked it for.....
 - a. 6 Months
 - b. 1 Year
 - c. 2 Years
 - d. 3 Years
10. Mr. P purchased a car for his personal use for Rs. 5,00,000 in April, 2018 & sold the same for Rs. 5,50,000 in July, 2018. The taxable capital gains would be.
 - a. Nil
 - b. Rs. 5,50,000
 - c. Rs. 50,000
 - d. Rs. 4,00,000
11. Mr. P converts his capital asset (acquired on June 10, 2009 for Rs. 60,000) into SIT in March 10, 2019. FMV on date of above conversion was Rs. 3 lacs. He subsequently sells stock-in-trade so converted for Rs. 4,00,000 on June 10, 2019. What is date of transfer of asset?
 - a. June 10, 2009
 - b. March 10,2019
 - c. June 10, 2019
 - d. None of the above
12. In respect of winnings from lottery, crossword puzzle or races or card game etc.
 - a. No deduction under Chapter VI-A is allowed and basic exemption limit cannot be exhausted
 - b. No deduction under Chapter VI-A is allowed but unexhausted basic exemption can be exhausted
 - c. Both deduction under Chapter VI-A and basic exemption are allowed
 - d. Deduction under Chapter VI-A is allowed but basic exemption limit cannot be exhausted
13. Income of a minor child from a fixed deposit with a bank, made out of income earned from scholarship is -
 - a. to be assessed in the hands of the minor child
 - b. to be clubbed with the income of that parent whose total income, before including minor's income, is higher
 - c. completely exempt from tax
 - d. to be clubbed with the income of father
14. Which of the following activities will be considered as a supply of service
 - a. Mr A borrows an amount of ` 1, 50,000 from one of his relative Mr Q and agrees to repay the entire amount with interest after a year.
 - b. M/s Raj enterprises applied for loan from SBI Bank against which a processing fees and interest is charged by the bank
 - c. Mr H exchanged INR against purchase of US \$ for which a commission was charged
 - d. All of the above
15. While repairing the factory shed, few goods were also supplied along with the labour service. Whether it is a :
 - a. Composite Supply
 - b. Mixed Supply
 - c. Works Contract Service
 - d. None of the above

VIII. CROSSWORD PUZZLE

1					6								18	17
	2						4	5						
3														
	19									10	11	12		
7														
8														
9														
	13					20								
21														
													22	
14														
15														
16														

ACROSS

- Real account records dealings in
- The offer curves introduced by Alfred Marshall, help us to understand how the terms of is established in International trade.
- A person is entitled to take credit of input tax as self assessed in the return and credited to electronic credit ledger on basis.
- Indian GST model has rate structure.
- How will the goods be classified under GST regime.
- The concept of GST is originated in
- The value of concessional loans to employees is determined on the basis of lending rates of for the same purpose.
- Any transfer of capital asset by a 100% subsidiary company to its holding company shall not be regarded as transfer when holding company is an Company.
- Input tax credit as credited in electronic credit ledger can be utilized for payment of
- The value of supply of goods and services shall be the value.
- Number of digits in a PAN card are
- In market equilibrium supply is vertical line. The downward sloping demand curve shifts to right . Then price will

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DOWNWARD

- Any written evidence in support of a business transaction is called
- The long term assets that have no physical existences but are rights that have value is known as Assets.
- GST is a based tax on consumption of goods and services.
- Which market structure is the degree of control over the price of its product by a firm very large?
- Who propounded the opportunity cost theory of international trade?
- The salary, remuneration or compensation received by the partners is taxable under the head income from
- The capital that is consumed by an economy or a firm in the production process is known as
- The sale income (credit and cash) of a business during a given period is called
- A decrease in demand causes the equilibrium price to
- Total utility is maximum when marginal utility is.....

Editors' Note :

From the next issue onwards 'Answers' to "Test Your Skills" and "Cross Word Puzzle" will not be published in the Newsletter. But will be send thro' mail on individual requests.

Answers can be mailed to msofficerichur1@gmail.com