

AS AMENDMENTS
CASH RESTRICTIONS
SCHEDULE III AMENDMENTS



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FCA, FCS, FCMA, LL.B, MIMA, DISA

Shared at

Pune Branch of WIRC of ICAI

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CASH RESTRICTIONS



DEDUCTION U/S 80 G

- Not admissible if donation made exceeding Rs. 2000 in cash by a person (Earlier Rs. 10000/-). Cl. 33 Form 3CD
- A Trust receives Rs. 9000/- from Mr. B in cash on 19th July 2017. Is there any implication on Trust or Mr. B ?
- Mr. X gives following donations to PQR Trust?:
 - 20.6.2017 Rs. 1900/-
 - 25.6.2017 Rs. 2100/-
 - 27.6.2017 Rs. 1500/-
- Nil
- Mr. A gives following donations:
 - To ABC Trust Rs. 500/-
 - To PQR Trust Rs. 1000/-
 - To XYZ Trust Rs. 1800/-
- Nil

S. 40A(3) / 40A (3A)

- **Expenditure u/s 40A(3) / 40A(3A) disallowed in payment made in cash exceeding Rs. 10000/- per person per day (Old Rs. 20000/-)**
- **Limits:**
 - **Rs. 2500/- 1.4.1969**
 - **Rs. 10000/- 1.4.1989**
 - **Rs. 20000/- 1.4.1997**
 - **Rs. 10000/- 1.4.2017**
- **Reportable in clause 21 (d) of Form 3CD**

S. 40A(3) / 40A (3A)

- ABC & Co pays wages to 100 employees as per the minimum wages Act Rs. 13000/- per month in cash?
- Service of Car of Rs. 11500/-?
- Payment of Rent Rs. 15000/- pm?
- Payment of bill at Restaurant of Rs. 10500/-
- XYZ P. Ltd. purchases raw material through an invoice dt 20.7.2017 of Rs. 63000/-. Makes payment Rs. 9000/- per day?
- Would there be any difference if invoice is of Rs. 2.50 Lakhs and payment is less than Rs. 10K per day?
- XYZ P. Ltd. makes payment to its Sundry Creditor Mr. A of FY 2015-16 of Rs. 1.50 Lakhs of Rs. 15000/- per day in cash in **July 2017?**

ASSETS

- **Depreciation disallowed on cash component of asset cost exceeding Rs. 10000/- per person per day.**
 - **Capital Gain?**
 - **Deferred Tax?**
 - **MAT?**
 - **Rule 6DD?**
- **S. 35AD benefit not allowed on exp. incurred exceeding Rs. 10000/- per person per day**

SECTION 269 ST

- **No person to receive an amount \geq Rs. 2 Lakhs otherwise than by A/c payee cheque/draft or use of electronic clearing using bank a/c (i.e. primarily in cash):**
 - **in aggregate from a person in a day; or**
 - **in respect of a single transaction; or**
 - **in respect of transactions relating to one event or occasion from a person**

SECTION 269 ST

- **Not applicable to receipts by:**
 - **Government,**
 - **Bank,**
 - **Post Office Savings Bank or Co-operative Bank,**
 - **S. 269SS transactions**
 - **Such other persons or class of persons or receipts, which the CG may notify**
- **Not applicable to receipts from Bank, Post Office Savings Bank or Co-operative Bank**
- **Penalty of equal amount u/s 271DA**
- **Rule 6DD?**



- **A sells his personal Innova car to Y for Rs. 3 L in cash?**
 - Yes
- **Shyam an agriculturist sells his produce to M/s ABC & Co. for Rs. 2.5 Lakhs in Cash**
 - Yes
- **Son receives gift Rs. 5 L in cash from his father**
 - Yes
- **X receives Rs. 2.10 Lakhs on 21.7.2017 for following from Y in cash :**
 - **Loan Rs. 0.15 Lakhs**
 - **Against sale of Car Rs. 1.95 Lakhs**
 - No
- **Father of Ms. C receives gifts from various persons on occasion of C's marriage aggregating Rs. 5 Lakhs?**
 - No



- **Mr. A receives cash payment of Rs. 3.75 Lakhs from ABC P. Ltd. on 25th July 2017 for the following:**
 - **Rs. 2.10 Lakhs part payment for invoice no. 4. dt. 17.6.2017 of Rs. 3 Lakhs**
 - **Rs. 95000/- part payment for invoice no. 6 dt. 30.6.2017 of Rs. 2.50 Lakhs**
 - **Rs. 70000/- part payment for invoice no. 12 dt 10.7.2017 of Rs. 1.50 Lakhs**
- **Implications are:**
 - **271DA penalty on Mr. A for Rs. 3.75 Lakhs**
 - **Mr. A to report Rs. 2.10 Lakhs in SFT in Form 61A**
 - **ABC P. Ltd expense of Rs. 3.75 Lakhs would be disallowed u/s 40A(3)**



- **A charitable trust organises 3 days Satsang of Pandit ji. It receives followings in cash:**
 - **Rs. 10 lacs as donations from various persons in 3 days**
 - **Rs. 4.50 lacs from 3 sponsorship in equal amounts**
- **It pays the following:**
 - **Rs. 1 lacs per day for tent**
 - **Rs. 1.50 lacs per day to caterers**
 - **Rs. 75000 per day for security and sevadar to manpower consultant**
 - **Yes, In hands of receiver for payment made by Trust**



- **PQR P. Ltd receives Rs. 5 lacs each from its 2 subscribers on incorporation in cash**
 - Yes
- **Mr. B introduces Rs. 3 Lacs as capital in partnership firm ABC & Co?**
 - Yes
- **Mr. B partner withdraws the following in cash from ABC & Co. during FY 2017-18:**
 - **Rs. 1.80 Lacs remuneration Rs. 15K p.m.**
 - **Rs. 36000 being interest on 31.3.2017**
 - **Rs. 3 L on different dates, being profit**
 - S. 40A(3)



- **Mr. A takes loan of Rs. 5 Lakhs from ABC Ltd (NBFC) by cheque, but repays instalment of Rs. 20000/- p.m. in cash. Is ABC Ltd liable for s. 271DA penalty?**
 - **No**
- **Circular No. 22 of 2017 dated 3rd July 2017**
 - **Receipt in nature of repayment of loan by NBFCs /HFCs - receipt of 1 instalment of loan repayment in respect of a loan shall constitute a 'single transaction' as specified in S. 269ST(b) & all the instalments paid for a loan shall not be aggregated for the purposes of determining applicability of S. 269ST**

EXEMPTIONS - NOT. NO. 57/2017 DT. 3.7.17

- **Receipt by a business correspondent on behalf of bank or co-operative bank, as per RBI**
- **Receipt by a white label automated teller machine operator from retail outlet sources on behalf of bank or co-operative bank, as per RBI**
- **Receipt from an agent by an issuer of pre-paid payment instruments as per RBI**
- **Receipt by a company or institution issuing credit cards against bills raised in respect of one or more credit cards**
- **Receipts which is not includible u/s 10(17A) - Awards by CG / SG**

SCHEDULE III AMENDMENTS



SCHEDULE III

- ✘ Amended w.e.f. 30th March 2017.
- ✘ Every company to disclose details of SBN held & transacted during 8/11/2016 to 30/12/2016 .

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016			
(+) Permitted receipts			
(-) Permitted payments			
(-) Amount deposited in Banks			
Closing cash in hand as on 30.12.2016			

AUDITOR'S REPORT

- ✘ Whether the company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016**
- ✘ And if so**
- ✘ Whether these are in accordance with the books of accounts maintained by the company.**

WHAT TO DO

- ✘ **Obtain cash balance certificates with denominations as on closing of 8.11.16 & 30.12.16**
- ✘ **Obtain cash book and bank statements for demonetization period – keep a signed copy in audit documents, wherever feasible**
- ✘ **Perform audit procedures**
- ✘ **Verifying permitted SBN transactions**
- ✘ **Obtain due MR**
- ✘ **Issue report accordingly**

	SBNs		Other Denomination Notes		Total	
	Denom ination	Amo unt	Denominati on	Amount	Denomi nation	Amo unt
Closing Balance as on 8.11.2016						
Add: Withdrawal from bank	NA	Nil				
Add: Receipts for permitted transactions						
Add: Receipts for non-permitted transactions						
Less: Paid for permitted transactions						
Less: Paid for non-permitted transactions						
Less: Deposited in Bank						
Closing Balance as on 30.12.2016						

SUGGESTED M. R.

- ✘ **We have appropriately disclosed {Refer Note []}, the details of Specified Bank Notes (SBN) held and transacted during the period from 8.11.2016 to 30.12.2016 pursuant to the requirement of Notification G.S.R 308(E) dated 30th March 2017.**
- ✘ **Further we confirm that we have complied with all relevant guidelines / notifications issued by RBI from time to time in respect of holding and dealing with SBN, and that the company had proper controls, system and procedures in place for such compliances.**

REPORTING FORMATS

× **Clean Report:**

- + Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note [*]

× **Where clause not applicable:**

- + The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note [*]
- + The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company - Refer Note [*]

REPORTING FORMATS

- ✘ **Company provided details, but auditor could not verify due to non-availability of sufficient and appropriate audit evidence resulting into scope limitation**
- + **The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note [*];**
- ✘ **Also comment in report – not received information**

REPORTING FORMATS

- ✘ **Company did not give disclosures:**
 - + The Company has not provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.
- ✘ **Company did not give certain requisite disclosures:**
 - + The Company has not provided certain requisite disclosures in the FS as to holdings as well as dealings in Specified Bank Notes during period from 8.11.2016 to 30.12.2016. Consequently we are unable to obtain sufficient and appropriate audit evidence to report whether the disclosures to the extent stated in the notes are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note [*]
- ✘ **Also comment in both cases – not received information**

REPORTING FORMATS

- × **Company has disclosed, but have transacted in non-permitted receipt/payments**
- + **The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, as stated in notes [*] to the financial statements amounts aggregating to Rs. [] as represented to us by the Management have been utilized for other than permitted transactions/received amount aggregating Rs. [] from transactions which are not permitted;**

AMENDED W.E.F. 30TH MARCH 2016

- ✘ **AS 2 (Valuation of Inventories)**
- ✘ **AS 4 (Contingencies and Events Occurring after the Balance Sheet Date)**
- ✘ **AS 6 (Depreciation Accounting requirements for depreciation are now incorporated in revised AS 10)**
- ✘ **As 10 (Property, Plant and Equipment)**
- ✘ **AS 13 (Accounting for Investments)**
- ✘ **AS 14 (Accounting for Amalgamation)**
- ✘ **AS 21 (Consolidated Financial Statements)**
- ✘ **AS 29 (Provisions, Contingent Liabilities and Contingent Assets)**

AS 6 & AS 10

- × AS 6 omitted
- × AS 10 – Property Plant & Equipment. For tangible only
- × PPE are tangible items that:
 - × Are held for use in production or supply of goods or services, for rental to others, or for administrative purposes; AND
 - × Are expected to be used during more than a period of twelve months
- × It now includes bearer plants, biological assets too
- × Provides for recognizing & derecognizing costs of replacement of:
 - × Parts (Other than small parts)
 - × Major inspection costs

AS 10

- ✘ Capitalization of decommissioning, restoration & similar liabilities – other than for producing inventories)- in old AS too
- ✘ If deferred payments – interest subject to AS 16
- ✘ Revaluation model or Cost model
- ✘ Revaluation of entire class not specific asset
- ✘ Investment Property in AS 13 only at Cost Model
- ✘ Enhanced disclosures
 - + Existence and amounts of restrictions on title, and PPE pledged as security for liabilities
 - + Contractual commitments for PPE

AS 10

- ✘ **Component accounting**
- ✘ **Change in depreciation is now accounting estimate**
- ✘ **No gross block / net block but now – carrying amounts**
- ✘ **Spare parts, which were being treated as inventory & are now required to be capitalised as per AS 10, to be capitalised at their carrying amounts & depreciated over their remaining useful lives prospectively**

OTHER IMPORTANT AMENDMENTS

- ✘ **AS 2 - Earlier - Machinery Spares which can be used only with item of a fixed asset were FA if its use is irregular.**
 - + **Now - spare parts, servicing equipment and standby equipment to be FA only as per AS 10 (PPE) - 12 month**
 - + **Common classification for inventories would include Stock-in-trade (in respect of goods acquired for trading)**
- ✘ **AS 4 - no provision for proposed dividends now**

OTHER IMPORTANT AMENDMENTS

- ✘ **AS 13 – Investment property at cost model - AS 10 less depreciation and any impairment costs**
- ✘ **AS 14 – Amalgamation - Limited revision to include reference to Companies Act, 2013**
- ✘ **AS 21 - Where no subsidiary but an associate / JV, to prepare CFS as per applicable AS**
- ✘ **AS 29 - Discounting of decommissioning, restoration & similar liabilities as per AS 10 at pre-tax rate that reflect the current market assessment of time value of money & and the risks specific to the liability**

IND AS - ROADMAP FOR OTHER THAN BANKS, NBFC & INSURANCE COS.

From FY
2015-16

- Any company voluntary

From FY
2016-17

- All companies having net worth of rupees 500 crore or more.
- Holding, subsidiary, joint venture or associate companies of above companies.

From FY
2017-18

- Cos. whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of < Rs. 500 crore.
- **Unlisted companies** having net worth of Rs. 250 crores or more but less than Rs. 500 crore.
- Holding, subsidiary, joint venture or associate companies of above companies.

THANK YOU!



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