

# **CHANGES IN INCOME TAX FOR AY 2018-19**



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**Shared at  
KGCA, Khanna, Punjab of Ludhiana Branch of NIRC of ICAI  
21<sup>st</sup> July 2018**

# AGENDA

- ✘ Cash Restrictions
- ✘ Changes in ITR for AY 2018-19
- ✘ Taxation of Strike-Off Companies
- ✘ Deemed Gifts u/s 56(2)(x)
- ✘ Share Premium u/s 56(2)(viib)
- ✘ Practical Aspects for ICDS



# CASH RESTRICTIONS

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## 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 19<sup>th</sup> 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/-
- Mr. A gives following donations:
  - To ABC Trust Rs. 500/-
  - To PQR Trust Rs. 1000/-
  - To XYZ Trust Rs. 1800/-

• Nil

• Nil

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

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- **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 20.9.2017 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 **December 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**

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- **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**

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- **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 25<sup>th</sup> February 2018 for the following:**
  - **Rs. 2.10 Lakhs part payment for invoice no. 4. dt. 17.9.2017 of Rs. 3 Lakhs**
  - **Rs. 95000/- part payment for invoice no. 6 dt. 30.12.2017 of Rs. 2.50 Lakhs**
  - **Rs. 70000/- part payment for invoice no. 12 dt 10.1.2018 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**

**INCOME TAX  
RETURN**

**2018-19**



# WHICH ITR?

## ✘ No major change except ITR 1, 2 & 3

| Form   | AY 2017-2018  | AY 2018-19  |
|--------|---|---|
| ITR- 1 | <ul style="list-style-type: none"> <li>• For Individuals               <ul style="list-style-type: none"> <li>• having Income from Salaries, one house property, other sources (Interest etc.)</li> <li>• having total income up to Rs.50 lakh</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• For individuals being a resident other than not ordinarily resident               <ul style="list-style-type: none"> <li>• having Income from Salaries, one house property, other sources (Interest etc.)</li> <li>• having total income up to Rs.50 lakh</li> </ul> </li> </ul> |
| ITR-2  | <ul style="list-style-type: none"> <li>• For Individuals and HUFs not carrying out business or profession</li> <li>• <b><i>Being a partner received Salary, bonus, interest, commission or remuneration from the firm treats as business Income</i></b></li> </ul>    | <ul style="list-style-type: none"> <li>• For Individuals and HUFs not carrying out business or profession</li> </ul>  |

# S. 234F FEE

2017

2018

| 8 Interest payable |  |    |  |
|--------------------|--|----|--|
| a                  | For default in furnishing the return (section 234A)  | 8a |  |
| b                  | For default in payment of advance tax (section 234B) | 8b |  |
| c                  | For deferment of advance tax (section 234C)          | 8c |  |
| d                  | Total Interest Payable (8a+8b+8c)                    |    |  |

| 8 Interest and fee payable |   |    |  |
|----------------------------|---|----|--|
| a                          | Interest for default in furnishing the return (section 234A)  | 8a |  |
| b                          | Interest for default in payment of advance tax (section 234B) | 8b |  |
| c                          | Interest for deferment of advance tax (section 234C)          | 8c |  |
| d                          | Fee for default in furnishing return of income (section 234F) | 8d |  |
| e                          | Total Interest and Fee Payable (8a+8b+8c+8d)                  |    |  |

# INCREASED SALARY & HP DETAILS

|                  |     |  |     |                       |
|------------------|-----|--|-----|-----------------------|
| B1               | i   | Salary (excluding all allowances, perquisites and profit in lieu of salary)                    | i   |                       |
| SALARY / PENSION | ii  | Allowances not exempt  | ii  |                       |
|                  | iii | Value of perquisites   | iii |                       |
|                  | iv  | Profit in lieu of salary   | iv  |                       |
|                  | v   | Deductions u/s 16  | v   |                       |
|                  | vi  | Income chargeable under the head 'Salaries' (i + ii + iii + iv - v)                            |     |                       |
|                  | B2  | Tick applicable option <input type="checkbox"/> Self Occupied <input type="checkbox"/> Let Out |     | If let out, furnish c |
| HOUSE PROPERTY   | i   | Gross rent received/ receivable/ lettable value  | i   |                       |
|                  | ii  | Tax paid to local authorities  | ii  |                       |
|                  | iii | Annual Value (i - ii)  | iii |                       |
|                  | iv  | 30% of Annual Value  | iv  |                       |
|                  | v   | Interest payable on borrowed capital   | v   |                       |
|                  | vi  | Income chargeable under the head 'House Property' (iii - iv - v)                               |     |                       |

# GENDER EQUALITY

2017

|                  |  |
|------------------|--|
| Pin code<br>     | Sex (in case of individual) (Tick) <input checked="" type="checkbox"/><br><input type="checkbox"/> Male <input type="checkbox"/> Female  |
| Mobile No. 2<br> | Employer Category (if in employment) (Tick) <input checked="" type="checkbox"/><br><input type="checkbox"/> Govt. <input type="checkbox"/> PSU <input type="checkbox"/> Others |
|                  | Income Tax Ward/Circle   |
|                  |  |

2018

|                       |  |
|-----------------------|--|
| Pin code/Zip code<br> | Employer Category (if in employment) (Tick) <input checked="" type="checkbox"/><br><input type="checkbox"/> Govt. <input type="checkbox"/> PSU <input type="checkbox"/> Others |
| Mobile No. 2<br>      |  |
|                       | Income Tax Ward/Circle   |
|                       |  |



# GSTR DETAILS – ITR 4

| INFORMATION REGARDING TURNOVER/GROSS RECEIPT REPORTED FOR GST |  |     |  |
|---|--|-----|--|
| E9  | GSTR No.   | E9  |  |
| E10   | Amount of turnover/Gross receipt as per the GST return filed | E10 |  |
|   |  |     |  |

# PRESUMPTIVE – NO BOOKS ???

## FINANCIAL PARTICULARS OF THE BUSINESS

NOTE—For E11 to E25 furnish the information as on 31<sup>st</sup> day of March, 2018

|     |   |
|-----|---|
| E11 | Partners/ Members own capital                           |
| E12 | Secured loans   |
| E13 | Unsecured loans   |
| E14 | Advances  |
| E15 | Sundry creditors  |
| E16 | Other liabilities                                       |
| E17 | Total capital and liabilities (E11+E12+E13+E14+E15+E16) |
| E18 | Fixed assets  |
| E19 | Inventories   |
| E20 | Sundry debtors  |
| E21 | Balance with banks                                      |
| E22 | Cash-in-hand  |
| E23 | Loans and advances                                      |
| E24 | Other assets  |
| E25 | Total assets (E18+E19+E20+E21+E22+E23+E24)              |

# PRESUMPTIVE – NO BOOKS ???

|     |  |
|-----|--|
| E25 | Total assets (E18+E19+E20+E21+E22+E23+E24) |
|-----|--|

|               |  |
|---------------|--|
| <b>NOTE</b> ▶ | <i>Please refer to instructions for filling out this schedule (E15, E19, E20, E22 are mandatory and others if available)</i> |
|---------------|--|



# GSTR DETAILS – ITR 3, 5 & 6

2017

2018

**Duties and taxes, paid or payable, in respect of goods and services purchased**

|      |   |      |  |
|------|---|------|--|
| i    | Custom duty                                     | 7i   |  |
| ii   | Counter veiling duty                            | 7ii  |  |
|      |   |      |  |
| iii  | Special additional duty                         | 7iii |  |
| iv   | Union excise duty                               | 7iv  |  |
| v    | Service tax                                     | 7v   |  |
| vi   | VAT/ Sales tax                                  | 7vi  |  |
| vii  | Any other tax, paid or payable                  | 7vii |  |
| viii | Total (7i + 7ii + 7iii + 7iv + 7v + 7vi + 7vii) |      |  |

**Duties and taxes, paid or payable, in respect of goods and services purchased**

|      |  |       |  |
|------|--|-------|--|
| i    | Custom duty  | 7i    |  |
| ii   | Counter veiling duty   | 7ii   |  |
| iii  | Special additional duty  | 7iii  |  |
| iv   | Union excise duty  | 7iv   |  |
| v    | Service tax  | 7v    |  |
| vi   | VAT/ Sales tax   | 7vi   |  |
| vii  | Central Goods & Service Tax (CGST)                                       | 7vii  |  |
| viii | State Goods & Services Tax (SGST)  | 7viii |  |
| ix   | Integrated Goods & Services Tax (IGST)                                   | 7ix   |  |
| x    | Union Territory Goods & Services Tax (UTGST)                             | 7x    |  |
| xi   | Any other tax, paid or payable   | 7xi   |  |
| xii  | Total (7i + 7ii + 7iii + 7iv + 7v + 7vi + 7vii + 7viii + 7ix + 7x + 7xi) |       |  |

# REFUND BANK – NON-RESIDENTS

2017

| 13 Details of all Bank Accounts held in India at any time during the previous year (excluding dormant accounts) |                      |                  |  |  |   |
|---|----------------------|------------------|--|--|---|
| Sl.   | IFS Code of the Bank | Name of the Bank | Account Number<br><i>(the number should be 9 digits or more as per CBS system of the bank)</i> | Indicate the account in which you prefer to get your refund credited, if any <i>(tick one account <input checked="" type="checkbox"/>)</i> | Cash deposited during 09.11.2016 to 30.12.2016<br><i>(if aggregate cash deposits during the period <math>\geq</math> Rs.2 lakh)</i> |
| i   |                      |                  |  |  |   |

2018

Details of all Bank Accounts held in India at any time during the previous year (excluding dormant accounts) (In case of non-residents, details of any one foreign Bank Account may be furnished for the purpose of credit of refund)

| Sl. | IFS Code of the Bank in case of Bank Accounts held in India (SWIFT Code in case of foreign Bank Account) | Name of the Bank | Account Number<br><i>(IBAN in case of foreign Bank Accounts)</i> | Indicate the account in which you prefer to get your refund credited, if any <i>(tick one account <input checked="" type="checkbox"/>)</i> |
|-----|--|------------------|--|--|
| i   |  |                  |  |  |

# NON-RESIDENTS – LTCG – DTAA RELIEF

2017

| FOR NON-RESIDENTS- LTCG included in items B1 to B9 but not chargeable to tax in India as per DTAA |  |                 |   |  |                |  |
|---|--|-----------------|---|--|----------------|--|
| Sl.   | Country name, code                                     | Article of DTAA | Whether Tax Residency Certificate obtained? | Item B1 to B9 above in which included    | Amount of LTCG |  |
| I   |  |                 |   | B1e/B2e/B3e/ B4e/ B5c/B6e/B7c/B7f/B8e/B9 |                |  |
| II  |  |                 |   | B1e/B2e/B3e/ B4e/ B5c/B6e/B7c/B7f/B8e/B9 |                |  |
| III   | Total amount of LTCG not chargeable to tax as per DTAA |                 |   |  | B10            |  |

2018

| -Amount of LTCG included in items B1 to B9 but not chargeable to tax or chargeable at special rates in India as per DTAA |  |   |                     |                 |   |                            |                     |                      |                                       |  |
|--|--|---|---------------------|-----------------|---|----------------------------|---------------------|----------------------|---------------------------------------|--|
| Sl. No.  | Amount of income   | Item No. B1 to B9 above in which included | Country name & Code | Article of DTAA | Rate as per Treaty (enter NIL, if not chargeable) | Whether TRC obtained (Y/N) | Section of I.T. Act | Rate as per I.T. Act | Applicable rate [lower of (6) or (9)] |  |
| (1)  | (2)  | (3)                                       | (4)                 | (5)             | (6)   | (7)                        | (8)                 | (9)                  | (10)                                  |  |
| I  |  |   |                     |                 |   |                            |                     |                      |                                       |  |
| II   |  |   |                     |                 |   |                            |                     |                      |                                       |  |
| a  | Total amount of LTCG not chargeable to tax as per DTAA       |   |                     |                 |   |                            |                     |                      | B10a                                  |  |
| b  | Total amount of LTCG chargeable at special rates as per DTAA |   |                     |                 |   |                            |                     |                      | B10b                                  |  |

# MORE DETAILS FOR CG DEDUCTIONS

## 2017

### Information about deduction claimed

| I In case of deduction u/s 54/54B/54D/54EC/54EE /54F/54G/54GA/115F give following details |  |   |             |                            |
|---|--|---|-------------|----------------------------|
| <b>a</b>  | <i>Section under which deduction claimed</i> |   | <b>1a</b>   | <i>amount of deduction</i> |
|   | <b>i</b>                                     | Cost of new asset   | <b>ai</b>   |                            |
|   | <b>ii</b>                                    | Date of its acquisition/construction                              | <b>aii</b>  | <i>dd/mm/yyyy</i>          |
|   | <b>iii</b>                                   | Amount deposited in Capital Gains Accounts Scheme before due date | <b>aiii</b> |                            |
| <b>b</b>  | <i>Section under which deduction claimed</i> |   | <b>1b</b>   | <i>amount of deduction</i> |
|   | <b>i</b>                                     | Cost of new asset   | <b>bi</b>   |                            |
|   | <b>ii</b>                                    | Date of its acquisition/construction                              | <b>bii</b>  | <i>dd/mm/yyyy</i>          |
|   | <b>iii</b>                                   | Amount deposited in Capital Gains Accounts Scheme before due date | <b>biii</b> |                            |
| <b>c</b>  | <b>Total deduction claimed (1a + 1b)</b>     |   | <b>1c</b>   |                            |

# MORE DETAILS FOR CG DEDUCTIONS

## 2018

### Information about deduction claimed against Capital Gains

| <b>I In case of deduction u/s 54/54B/54D/54EC/54EE /54F/54G/54GA/115F give following details</b> |                           |   |             |                   |
|--|---------------------------|---|-------------|-------------------|
| <b>a</b>   | Deduction claimed u/s 54  |   |             |                   |
|  | <b>i</b>                  | Date of transfer of original asset  | <b>ai</b>   | <i>dd/mm/yyyy</i> |
|  | <b>ii</b>                 | Cost of new residential house   | <b>aii</b>  |                   |
|  | <b>iii</b>                | Date of purchase /construction of new residential house                           | <b>aiii</b> | <i>dd/mm/yyyy</i> |
|  | <b>iv</b>                 | Amount deposited in Capital Gains Accounts Scheme before due date                 | <b>aiv</b>  |                   |
|  | <b>v</b>                  | Amount of deduction claimed   | <b>av</b>   |                   |
| <b>b</b>   | Deduction claimed u/s 54B |   |             |                   |
|  | <b>i</b>                  | Date of transfer of original asset  | <b>bi</b>   | <i>dd/mm/yyyy</i> |
|  | <b>ii</b>                 | Cost of new agricultural land   | <b>bii</b>  |                   |
|  | <b>iii</b>                | Date of purchase of new agricultural land   | <b>biii</b> | <i>dd/mm/yyyy</i> |
|  | <b>iv</b>                 | Amount deposited in Capital Gains Accounts Scheme before due date                 | <b>biv</b>  |                   |
|  | <b>v</b>                  | Amount of deduction claimed   | <b>bv</b>   |                   |
| <b>c</b>   | Deduction claimed u/s 54D |   |             |                   |
|  | <b>i</b>                  | Date of acquisition of original asset   | <b>ci</b>   | <i>dd/mm/yyyy</i> |
|  | <b>ii</b>                 | Cost of purchase/ construction of new land or building for industrial undertaking | <b>cii</b>  |                   |
|  | <b>iii</b>                | Date of purchase of new land or building  | <b>ciii</b> | <i>dd/mm/yyyy</i> |
|  | <b>iv</b>                 | Amount deposited in Capital Gains Accounts Scheme before due date                 | <b>civ</b>  |                   |
|  | <b>v</b>                  | Amount of deduction claimed   | <b>cv</b>   |                   |

# TRANSFER OF UNQUOTED SHARES

|          |  |   |   |           |             |
|----------|--|---|---|-----------|-------------|
| <b>8</b> | From sale of assets where B1 to B7 above are not applicable            |   |   |           |             |
| <b>a</b> | <b>i</b>   | In case assets sold include shares of a company other than quoted shares, enter the following details |   |           |             |
|          |  | <b>a</b>  | Full value of consideration received/receivable in respect of unquoted shares   |           |             |
|          |  | <b>b</b>  | Fair market value of unquoted shares determined in the prescribed manner  |           |             |
|          |  | <b>c</b>  | Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b) | <b>ic</b> |             |
|          | <b>ii</b>  | Full value of consideration in respect of assets other than unquoted shares                           |   |           |             |
|          | <b>iii</b>   | Total (ic + ii)   |   |           | <b>aiii</b> |
| <b>b</b> | Deductions under section 48  |   |   |           |             |
|          | <b>i</b>   | Cost of acquisition with indexation   |   |           | <b>bi</b>   |
|          | <b>ii</b>  | Cost of improvement with indexation   |   |           | <b>bii</b>  |
|          | <b>iii</b>   | Expenditure wholly and exclusively in connection with transfer  |   |           | <b>biii</b> |
|          | <b>iv</b>  | Total (bi + bii +biii)  |   |           | <b>biv</b>  |
| <b>c</b> | Balance (8aiii – biv)  |   |   |           | <b>8c</b>   |
| <b>d</b> | Deduction under section 54D/54EC/54EE /54F/54G/54GA ( <i>Specify</i> ) |   |   |           | <b>8d</b>   |
| <b>e</b> | Long-term Capital Gains on assets at B8 above (8c-8d)                  |   |   |           |             |
| <b>9</b> | Amount deemed to be long-term capital gains                            |   |   |           |             |

# TRANSFER OF UNQUOTED SHARES

|          |  |   |   |           |             |
|----------|--|---|---|-----------|-------------|
| <b>8</b> | From sale of assets where B1 to B7 above are not applicable            |   |   |           |             |
| <b>a</b> | <b>i</b>   | In case assets sold include shares of a company other than quoted shares, enter the following details |   |           |             |
|          |  | <b>a</b>  | Full value of consideration received/receivable in respect of unquoted shares   |           |             |
|          |  | <b>b</b>  | Fair market value of unquoted shares determined in the prescribed manner  |           |             |
|          |  | <b>c</b>  | Full value of consideration in respect of unquoted shares adopted as per section 50CA for the purpose of Capital Gains (higher of a or b) | <b>ic</b> |             |
|          | <b>ii</b>  | Full value of consideration in respect of assets other than unquoted shares                           |   |           |             |
|          | <b>iii</b>   | Total (ic + ii)   |   |           | <b>aiii</b> |
| <b>b</b> | Deductions under section 48  |   |   |           |             |
|          | <b>i</b>   | Cost of acquisition with indexation   |   |           | <b>bi</b>   |
|          | <b>ii</b>  | Cost of improvement with indexation   |   |           | <b>bii</b>  |
|          | <b>iii</b>   | Expenditure wholly and exclusively in connection with transfer  |   |           | <b>biii</b> |
|          | <b>iv</b>  | Total (bi + bii +biii)  |   |           | <b>biv</b>  |
| <b>c</b> | Balance (8aiii – biv)  |   |   | <b>8c</b> |             |
| <b>d</b> | Deduction under section 54D/54EC/54EE /54F/54G/54GA ( <i>Specify</i> ) |   |   | <b>8d</b> |             |
| <b>e</b> | Long-term Capital Gains on assets at B8 above (8c-8d)                  |   |   |           |             |
| <b>9</b> | Amount deemed to be long-term capital gains                            |   |   |           |             |

# ADDITIONAL DETAILS FOR S. 56(2)

| <b>Others, Gross (excluding income from owning race horses)Mention the nature</b> |   |             |  |
|---|---|-------------|--|
| <b>i</b>  | <b>Winnings from lotteries, crossword puzzles etc.</b>  | <b>1di</b>  |  |
| <b>ii</b>   | <b>a</b> Cash credits u/s 68  |             |  |
|   | <b>b</b> Unexplained investments u/s 69   |             |  |
|   | <b>c</b> Unexplained money etc. u/s 69A   |             |  |
|   | <b>d</b> Undisclosed investments etc. u/s 69B   |             |  |
|   | <b>e</b> Unexplained expenditure etc. u/s 69C   |             |  |
|   | <b>f</b> Amount borrowed or repaid on hundi u/s 69D   |             |  |
|   | <b>Total (a + b + c + d + e + f)</b>  |             |  |
| <b>iii</b>  | <b>Income of the nature referred to in section 56(2)(x) which is chargeable to tax</b>  |             |  |
| <b>a</b>  | <b>Aggregate value of sum of money received without consideration</b>   |             |  |
|   | <b>In case immovable property is received without consideration, stamp duty value of property</b>   |             |  |
|   | <b>In case immovable property is received for inadequate consideration, stamp duty value of property in excess of such consideration</b>  |             |  |
|   | <b>In case any other property is received without consideration, fair market value of property</b>  |             |  |
|   | <b>In case any other property is received for inadequate consideration, fair market value of property in excess of such consideration</b> |             |  |
|   | <b>Total (a+ b + c +d + e)</b>  |             |  |
| <b>iv</b>   |   | <b>1div</b> |  |
| <b>v</b>  |   | <b>1dv</b>  |  |
| <b>vi</b>   | <b>Total (1di + 1dii+ 1diii+ 1div+1dv)</b>  | <b>1dvi</b> |  |



# S. 58 & S. 59

|          |   |                              |             |
|----------|---|------------------------------|-------------|
| <b>g</b> | <b>Gross amount chargeable to tax at normal applicable rates (1e – 1fvii)</b>   |                              |             |
| <b>h</b> | <b>Deductions under section 57 (other than those relating to income under 1fi, 1fii, 1fiii, 1fiv, 1fv &amp; 1fvi)</b>   |                              |             |
|          | <b>i</b>  | <b>Expenses / Deductions</b> | <b>hi</b>   |
|          | <b>ii</b>   | <b>Depreciation</b>          | <b>hii</b>  |
|          | <b>iii</b>  | <b>Total</b>                 | <b>hiii</b> |
| <b>i</b> | <b>Amounts not deductible u/s 58</b>  |                              |             |
| <b>j</b> | <b>Profits chargeable to tax u/s 59</b>   |                              |             |
| <b>k</b> | <b>Income from other sources (other than from owning race horses and amount chargeable to tax at special rate) (1g – hiii + 1i + 1j) (If negative take the figure to 4i of schedule CYLA)</b> |                              |             |
|          | <b>Income from other sources (other than from owning and maintaining race horses) (1fvii + 1k) (enter 1k as nil, if negative)</b>   |                              |             |
|          | <b>Income from the activity of owning race horses</b>   |                              |             |
| <b>a</b> | <b>Receipts</b>   | <b>3a</b>                    |             |
| <b>b</b> | <b>Deductions under section 57 in relation to (4)</b>   | <b>3b</b>                    |             |
| <b>c</b> | <b>Amounts not deductible u/s 58</b>  | <b>3c</b>                    |             |
| <b>d</b> | <b>Profits chargeable to tax u/s 59</b>   | <b>3d</b>                    |             |
| <b>e</b> | <b>Balance (3a – 3b + 3c + 3d) (if negative take the figure to 10xi of Schedule CFL)</b>  |                              |             |
|          | <b>Income under the head “Income from other sources” (2 + 3e) (take 3e as nil if negative)</b>  |                              |             |

## **S. 115BBG – TRANSFER OF CARBON CREDITS**

Income by way of winnings from lotteries, crossword puzzles, races, games, gambling, betting etc (u/s 115BB)

Dividend Income from domestic company that exceeds Rs.10 Lakh (u/s 115BBDA)

Deemed Income chargeable to tax u/s 115BBE

Income from patent chargeable u/s 115BBF

Income from transfer of credits u/s 115BBG

Any other income chargeable to tax at the rate specified under Chapter XII/XII-A

# ICDS IMPACT

2017

2018

|    |   |    |  |
|----|---|----|--|
| 23 | Any other item of addition under section 28 to 44DA   | 23 |  |
| 24 | Any other income not included in profit and loss account/any other expense not allowable (including income from salary, commission, bonus and interest from firms in which individual/HUF/prop. concern is a partner) | 24 |  |
| 25 | Total (14 + 15 + 16 + 17 + 18 + 19 + 20 + 21+22 +23+24)   |    |  |

|    |  |  |     |
|----|--|--|-----|
| 30 | Any amount disallowed under section 43B in any preceding previous year but allowable during the previous year(10g of PartA-OI) | 30   |     |
| 31 | Deduction under section 35AC   |  |     |
|    | a  | Amount, if any, debited to profit and loss account | 31a |
|    | b  | Amount allowable as deduction                      | 31b |
|    | c  | Excess amount allowable as deduction (31b – 31a)   | 31c |
| 32 | Any other amount allowable as deduction  |  | 32  |

|    |   |    |  |
|----|---|----|--|
| 24 | Any other income not included in profit and loss account/any other expense not allowable (including income from salary, commission, bonus and interest from firms in which individual/HUF/prop. concern is a partner) | 24 |  |
| 25 | Increase in profit or decrease in loss on account of ICDS adjustments and deviation in method of valuation of stock (Column 3a + 4d of Part A - OI)   | 25 |  |
| 26 | Total (14 + 15 + 16 + 17 + 18 + 19 + 20 + 21+22 +23+24+25)  |    |  |

|    |  |    |    |
|----|--|----|----|
| 31 | Any amount disallowed under section 43B in any preceding previous year but allowable during the previous year(10g of PartA-OI)                     | 31 |    |
| 32 | Any other amount allowable as deduction  |    | 32 |
| 33 | Decrease in profit or increase in loss on account of ICDS adjustments and deviation in method of valuation of stock (Column 3b + 4e of Part A- OI) | 33 |    |
| 34 | Total (27+28+29+30+31+32+33)   |    |    |

# ICDS IMPACT

| Schedule ICDS |   | Effect of Income Computation Disclosure Standards on profit |
|---------------|---|---|
| Sl. No.       | ICDS  | Amount (+) or (-)   |
| (i)           | (ii)  | (iii)   |
| I             | Accounting Policies   |   |
| II            | Valuation of Inventories ( <i>other than the effect of change in method of valuation w/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI</i> ) |   |
| III           | Construction Contracts  |   |
| IV            | Revenue Recognition   |   |
| V             | Tangible Fixed Assets   |   |
| VI            | Changes in Foreign Exchange Rates   |   |
| VII           | Government Grants   |   |
| VIII          | Securities ( <i>other than the effect of change in method of valuation w/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI</i> )               |   |
| IX            | Borrowing Costs   |   |
| X             | Provisions, Contingent Liabilities and Contingent Assets  |   |
| 11a.          | <b>Total effect of ICDS adjustments on profit (I+II+III+IV+V+VI+VII+VIII+IX+X)</b><br>(if positive)   |   |
| 11b.          | <b>Total effect of ICDS adjustments on profit (I+II+III+IV+V+VI+VII+VIII+IX+X)</b><br>(if negative)   |   |

# REVISED DEPRECIATION

2017

| Schedule DPM |  | Depreciation on Plant and Machinery (Other than assets on which full capital expenditure is allowable as deduction under any other section) |      |       |      |     |      |       |
|--------------|--|---|------|-------|------|-----|------|-------|
| 1            | Block of assets                                      | Plant and machinery   |      |       |      |     |      |       |
| 2            | Rate (%)   | 15  | 30   | 40    | 50   | 60  | 80   | 100   |
|              |  | (i)   | (ii) | (iii) | (iv) | (v) | (vi) | (vii) |
| 3            | Written down value on the first day of previous year |   |      |       |      |     |      |       |

2018

| Schedule DPM |  | Depreciation on Plant and Machinery (Other than assets on which full capital expenditure is allowable as deduction under any other section) |      |       |
|--------------|--|---|------|-------|
| 1            | Block of assets                                      | Plant and machinery   |      |       |
| 2            | Rate (%)   | 15  | 30   | 40    |
|              |  | (i)   | (ii) | (iii) |
| 3(a)         | Written down value on the first day of previous year |   |      |       |

# ITR-6 SPECIFIC CHANGES

- ✘ **Separate Format for Balance Sheet and Profit & Loss Account has provided for companies on which Ind-AS is applicable in ITR-6**
- ✘ **CSR appropriation**

|           |                       |   |              |
|-----------|-----------------------|---|--------------|
| <b>51</b> | <b>Appropriations</b> |   |              |
|           | <b>i</b>              | <b>Transfer to reserves and surplus</b>   | <b>51i</b>   |
|           | <b>ii</b>             | <b>Proposed dividend/ Interim dividend</b>  | <b>51ii</b>  |
|           | <b>iii</b>            | <b>Tax on dividend/ Tax on dividend for earlier years</b>   | <b>51iii</b> |
|           | <b>iv</b>             | <b>Appropriation towards Corporate Social Responsibility (CSR) activities (in case of companies covered under section 135 of Companies Act, 2013)</b> | <b>51iv</b>  |



# ITR-6 – FOREIGN CURRENCY

**Schedule FD** Break-up of payments/receipts in Foreign currency (to be filled up by the assessee who is not liable to get accounts audited u/s 44AB)

| Foreign Currency Transaction | S. No. | Amount (in Rs.)                                  |  |
|------------------------------|--------|--|--|
|                              | i      | Payments made during the year on capital account |  |
|                              | ii     | Payments made during the year on revenue account |  |
|                              | iii    | Receipts during the year on capital account      |  |
|                              | iv     | Receipts during the year on revenue account      |  |

**NOTE** ▶ Please refer to instructions for filling out this schedule.



# ITR-6 – OWNERSHIP – UNLISTED CO

| OWNERSHIP<br>INFORMATION | In case of unlisted company, particulars of natural persons who were the ultimate beneficial owners, directly or indirectly, of shares holding not less than 10% of the voting power at any time of the previous year <i>(if available)</i> |                  |                           |                   |
|--------------------------|---|------------------|---------------------------|-------------------|
|                          | S.No.   | Name and Address | Percentage of shares held | PAN (if allotted) |
|                          |   |                  |                           |                   |
|                          |   |                  |                           |                   |
|                          |   |                  |                           |                   |

# ITR 7 CHANGES – CHANGE IN OBJECTS

## 2017

|     |   |  |                             |
|-----|---|--|-----------------------------|
| i   | Whether Registered u/s 12A/12AA?  | <input type="checkbox"/> Yes   | <input type="checkbox"/> No |
| ii  | If yes, then enter Registration No.                                       |  |                             |
| iii | Commissioner/Director of Income-tax (Exemptions) who granted registration |  |                             |
| iii | Date of Registration (DD/MM/YYYY)   | ___/___/___  |                             |
| iv  | Whether activity is,-   | <input type="checkbox"/> charitable, <input type="checkbox"/> religious or <input type="checkbox"/> both? Please tick <input checked="" type="checkbox"/> as applicable. |                             |

|    |  |
|----|--|
| i  | Is there any change in the objects/activities during the Year on the basis of which approval/registration was granted? |
| ii | If yes, date of such change (DD/MM/YYYY)   |

# ITR 7 CHANGES – CHANGE IN OBJECTS

## 2018

|           |   |   |
|-----------|---|---|
| <b>i</b>  | <b>Is there any change in the objects/activities during the Year on the basis of which approval/registration was granted?</b> |   |
| <b>ii</b> | <b>If yes, please furnish following information:-</b>   |   |
|           | <b>a</b>  | <b>date of such change (DD/MM/YYYY)</b>   |
|           | <b>b</b>  | <b>whether an application for fresh registration has been made in the prescribed form and manner within the stipulated period of thirty days as per Clause (ab) of sub-section (1) of section 12A</b> |
|           | <b>c</b>  | <b>whether fresh registration has been granted under section 12AA</b>   |
|           | <b>d</b>  | <b>date of such fresh registration (DD/MM/YYYY)</b>   |

# ITR 7 CHANGES – CORPUS DONATION

## 2017

|          |                  |   |              |
|----------|------------------|---|--------------|
| <b>5</b> | <b>Additions</b> |   |              |
|          | <b>i</b>         | <b>Income chargeable under section 11(1B)</b>   | <b>5i</b>    |
|          | <b>ii</b>        | <b>Income chargeable under section 11(3)</b>  | <b>5ii</b>   |
|          | <b>iii</b>       | <b>Income in respect of which exemption under section 11 is not available by virtue of provisions of section 13</b> |              |
|          | <b>a</b>         | <b>Being anonymous donation at Diii of schedule VC to the extent applied for charitable purpose</b>                 | <b>5iiia</b> |
|          | <b>b</b>         | <b>Other than (a) above</b>   | <b>5iiib</b> |
|          | <b>iv</b>        | <b>Income chargeable under section 12(2)</b>  | <b>5iv</b>   |
|          | <b>v</b>         | <b>Total [5i + 5ii+5iiia+5iiib+5iv]</b>   |              |

# ITR 7 CHANGES – CORPUS DONATION

## 2018

|          |                  |   |   |             |  |
|----------|------------------|---|---|-------------|--|
| <b>5</b> | <b>Additions</b> |   |   |             |  |
|          | <b>i</b>         | <b>Corpus donation to other trust or institution chargeable as per Explanation 2 to section 11(1) [item No. 15(i) of Schedule ER]</b> |   |             |  |
|          | <b>ii</b>        | <b>Income chargeable under section 11(1B)</b>   |   |             |  |
|          | <b>iii</b>       | <b>Income chargeable under section 11(3)</b>  |   |             |  |
|          | <b>iv</b>        | <b>Income in respect of which exemption under section 11 is not available by virtue of provisions of section 13</b>                   |   |             |  |
|          |                  | <b>a</b>  | <b>Being anonymous donation at Diii of schedule VC to the extent applied for charitable purpose</b> | <b>5iva</b> |  |
|          |                  | <b>b</b>  | <b>Other than (a) above</b>   | <b>5ivb</b> |  |
|          | <b>v</b>         | <b>Income chargeable under section 12(2)</b>  |   |             |  |
|          | <b>vi</b>        | <b>Total [5i + 5ii+5iii+5iva+5ivb+5v]</b>   |   |             |  |



# TAXATION OF STRIKE OFF COMPANIES

**S. 159**

- Legal Representative

**S. 170**

- Succession of business otherwise than on death

**S. 176**

- Discontinuation of business

**S. 178**

- Company in liquidation– responsibility of official liquidator

**S. 179**

- Liability of directors of private company in Liquidation

# TAXATION OF STRIKE OFF COMPANIES

- ✘ **Assessment of company struck off**
- ✘ **S. 248(7) [Companies Act] – The liability, if any of every director, manager or other officer who was exercising any power of management and of every member of the company dissolved shall continue and may be enforced as if the company had not been dissolved.**



# INVESTOR TAXATION

**Investor of company  
strike-off**

**Capital Loss??**

**Extinguishment of  
Right therein 2(47)(ii)**

# OTHER STRIKE-OFF EFFECTS??

- × **Company's shareholder non-existent. Who is the owner ??**
- × **GM when shareholders do not exist – if all shareholders non-existent ??**
- × **Auditor responsibility when shareholder does not exist ??**
- × **Unsecured loans from /to strike-off company ??**
- × **Debtor / Creditor being strike-off Co. ??**

# IT DEPARTMENT ACTION

- ✘ **CBDT decided that request/appeal for restoration of name with retrospective date from date of being 'struck off' to be made**
- ✘ **The CBDT laid out cases where revival requests should be considered.**
  - + **Where proceedings were already under progress,**
  - + **Where proceedings were being contemplated,**
  - + **Where department appeals were pending,**
  - + **Where penalty proceedings already initiated were pending**
  - + **Where prosecution proceedings had been initiated.**

# A one stop place where all your Queries can be answered by various Experts throughout the Country

[www.expertspanel.in](http://www.expertspanel.in)

The screenshot shows the homepage of ExpertsPanel.in. At the top, there is a dark blue navigation bar with the logo 'ExpertsPanel.in' on the left, a search bar with a dropdown menu set to 'Questions', and several navigation icons: a menu icon, a document icon, a share icon, a group of people icon, a question mark icon, and a tag icon. On the right side of the navigation bar, there is a profile picture of 'PRAMOD JAIN' and a dropdown arrow.

Below the navigation bar is a banner image showing hands working on a laptop and documents. The text on the banner reads: 'A Place to Share Knowledge for and by Professionals in Law, Tax, Accounts, Finance'.

Below the banner is a horizontal menu with the following items: 'Recent Questions' (highlighted in blue), 'Articles', 'Presentations', 'Videos', and 'Notifications'.

On the left side, there is a sidebar titled 'All Categories' with the following items and counts: 'Audit & Assurance and Accounting Standards (63)', 'Bank / Insurance / Stock / Debtors Audit (42)', 'Corporate Matters/LLP (206)', 'Goods and Services Tax (GST) (1,018)', and 'Income Tax'.

The main content area is titled 'Recent Questions'. It features two question cards:

- The first card shows a question added 10 hours ago: 'Goods and Services Tax (GST) By vikas khaniyo, CA, rohtak'. It has 1 answer (by CA DK Bholusaria) and 16 views.
- The second card shows a question added 12 hours ago: 'Corporate Matters/LLP By CA K Rajendra Prasad, CA, India'. It has 0 answers and 3 views.

On the right side, there is a box titled 'Have a written opinion?' with a pencil icon. Below it is a 'Ask a question:' form with a text input field and a 'Next' button.

At the bottom right, there is a notification box from 'nmore-25@googlegroups.com' with the text: 'Digest for nmore-25@googlegroups.com - 3 updates in ... Today's topic summary Concept by CA Pramod Jain'.

*CA. Pramod Jain*

# DEEMED GIFTS

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# DEEMED GIFTS

- × **S. 56(2)(x) w.e.f. 1<sup>st</sup> April 2017**
- × **Earlier**
  - + **Individual & HUF covered for all assets; and**
  - + **Firms and Companies for shares**
- × **Now ANY PERSON covered for:**
  - + **Money**
  - + **Immovable Property**
  - + **Property other than Immovable Property**

# MONEY

---

- ✘ **Receives any sum of money**
- ✘ **Without consideration**
- ✘ **Aggregate value of which exceeds Rs. 50000/-**
- ✘ **Income - whole of the aggregate value of such sum**
- ✘ **Exceptions – relatives, etc.. discussed later**

*CA. Pramod Jain*

# **IMMOVABLE PROPERTY**

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# PROVISIONS

**Buyer**

**S. 56(2)(x)**

**Seller**

**S. 50C**

**S. 43CA**

**S. 50D**

**S. 54 / 54F  
/ 54EC**

# **IMMOVABLE PROPERTY S. 56(2)(X)**

- ✘ **Covers land, building or both**
- ✘ **Receives without consideration - stamp duty value exceeds Rs. 50000/-**
- ✘ **Receives through inadequate consideration – consideration less than stamp duty value – difference exceeds Rs. 50000/-**
- ✘ **Exceptions – relatives, etc.. Discussed later**
- ✘ **Where date of agreement & date of registration are not same, value on date of agreement if some payment made by a/c payee cheque / bank draft / ECS on or before date of agreement**

# IMMOVABLE PROPERTY

- ✘ If value disputed by assessee u/s 50C(2) , AO may refer to Valuation Officer
- ✘ Is leasehold land covered?
  - + Transfer of leasehold rights in a building do not attract provisions of S. 50C - *DCIT v Tejinder Singh (2012) (50 SOT 391) (Kol)*
  - + Leasehold rights in plot of land is not 'land or building or both' - *Atul G. Puranik v. ITO (132 ITD 499)(Mum)*.
  - + S. 50C applies to Transfer of Development Rights - *Chiranjeet Lal Khanna v. ITO (132 ITD 474)(Mum)*

# IMMOVABLE PROPERTY

- ✘ Mr. A (not a relative of Mr. B) gifts immovable property whose stamp duty value is Rs. 15 Lakhs to Mr. B.
  - ✘ Actual cost in hands of Mr. A was Rs. 18 Lakhs.
  - ✘ What would be the cost of acquisition in hands of Mr. B?
    - + S. 49(1) – cost to previous owner i.e. Rs. 18 L
    - + S. 49(4) – If subject to s. 56(2), stamp duty value i.e. Rs. 15 L
- + Rs. 15 L

## **OTHER THAN IMMOVABLE PROPERTY**

- ✘ **Property – Expl. to 56(2)(vii) Capital Asset namely:**
  - + **Imm. Property being land or building or both**
  - + **Shares and securities**
  - + **Jewellery**
  - + **Archaeological collections**
  - + **Drawings**
  - + **Paintings**
  - + **Sculptures**
  - + **Any work of art**
  - + **Bullion**

# EXCEPTIONS

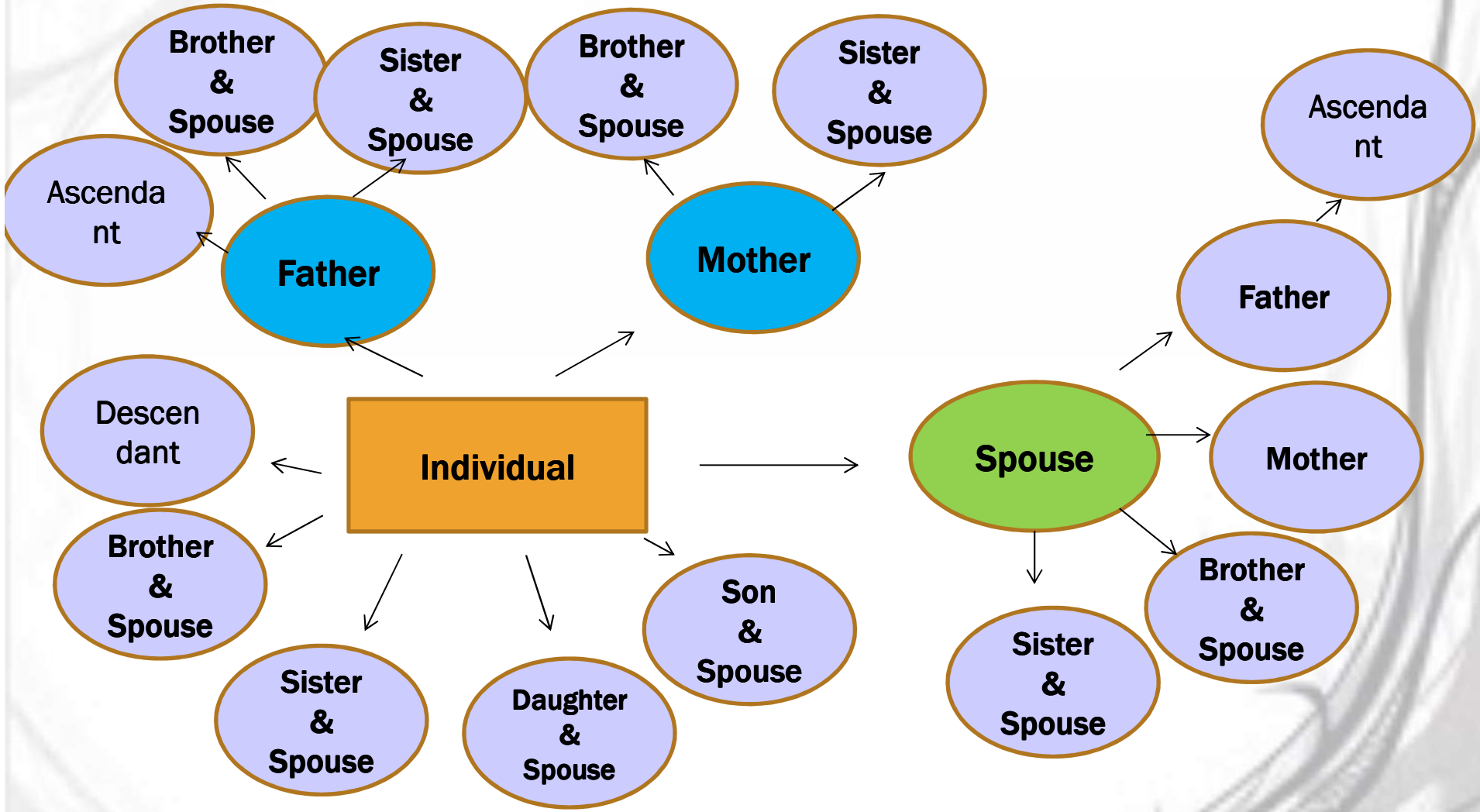
## × Relative

### + In case of an individual:

- a) Spouse;
- b) Brother or sister;
- c) Brother or sister of the spouse;
- d) Brother or sister of either of the parents;
- e) Any lineal ascendant or descendant;
- f) Any lineal ascendant or descendant of the spouse;
- g) Spouse of person referred to in (b) to (f)

### + In case of a HUF, any member thereof

# RELATIVES



# **EXCEPTIONS**

---

- ✘ On the occasion of the marriage of the individual**
- ✘ Under a will or by way of inheritance**
- ✘ In contemplation of death of the payer or donor, as the case may be**
- ✘ From any Local Authority as defined in the Explanation to section 10(20)**
- ✘ From any Fund or Foundation or University or other Educational Institution or Hospital or other Medical Institution or any Trust or Institution referred to in section 10(23C)**



# EXCEPTIONS

- ✘ From or by any Trust or Institution registered u/s 12A /12AA
- ✘ By any Fund or Trust or Institution or any university or other educational institution or any hospital or other medical institution referred in
  - + S. 10(23C) (iv) – Importance in India / states
  - + S. 10(23C) (v) – Approved religious or charitable trust
  - + S. 10(23C) (vi) – Approved university or educational institute
  - + S. 10(23C) (via) – Approved hospitals

# EXCEPTIONS

- ✘ **By way of transaction not regarded as transfer:**
  - + **S. 47 (i) – Total / partial partition of HUF**
  - + **S. 47 (vi) – Amalgamation if amalgamated co. Indian**
  - + **S. 47 (via) – Amalgamation of two foreign companies asset being shares subject to certain conditions**
  - + **S. 47 (viaa) – Amalgamation of banks sanctioned by CG**
  - + **S. 47 (vib) – Demerger if resulting co. in Indian Co**
  - + **S. 47 (vic) – Demerger of foreign company asset being shares subject to certain conditions**

# EXCEPTIONS

- ✘ **By way of transaction not regarded as transfer:**
  - + **S. 47 (vica) - business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank**
  - + **S. 47 (vicb) - business reorganisation, of a capital asset being shares by predecessor co-operative bank to successor co-operative bank**
  - + **S. 47 (vid) - transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company**
  - + **S. 47 (vii) - trf by a shareholder, in scheme of amalgamation, of capital asset being share or in amalgamating co. subject to certain conditions**

# EXCEPTIONS

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- ✘ **From an individual by a trust created or established solely for the benefit of relative of the individual**

# **SHARES ISSUE & TRANSFER**

# SHARE ISSUED EXCEEDING FMV

- × **S. 56(2) (viib) – w.e.f. AY 2013-14**
  - + **Company receives consideration from a resident for issue of shares exceeding FMV – aggregate consideration < 50K**
  - + **Exemption for receipt by**
    - × **Company in which public are substantially interested**
    - × **Venture capital undertaking from VC company or VC fund as defined in 10(23FB)**
    - × **Notified companies – startup companies – Not. No. 45/2016 dated 14.6.2016**

# SHARES TRANSFERRED

- ✘ **S. 56(2) (x) - Buyer**
- ✘ **S. 50CA w.e.f. AY 2018-19 - Seller**
  - + **Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being share of a company other than a quoted share, is less than FMV of such share determined in such manner as may be prescribed, the value so determined shall be deemed to be the full value of consideration received or accruing as a result of such transfer**

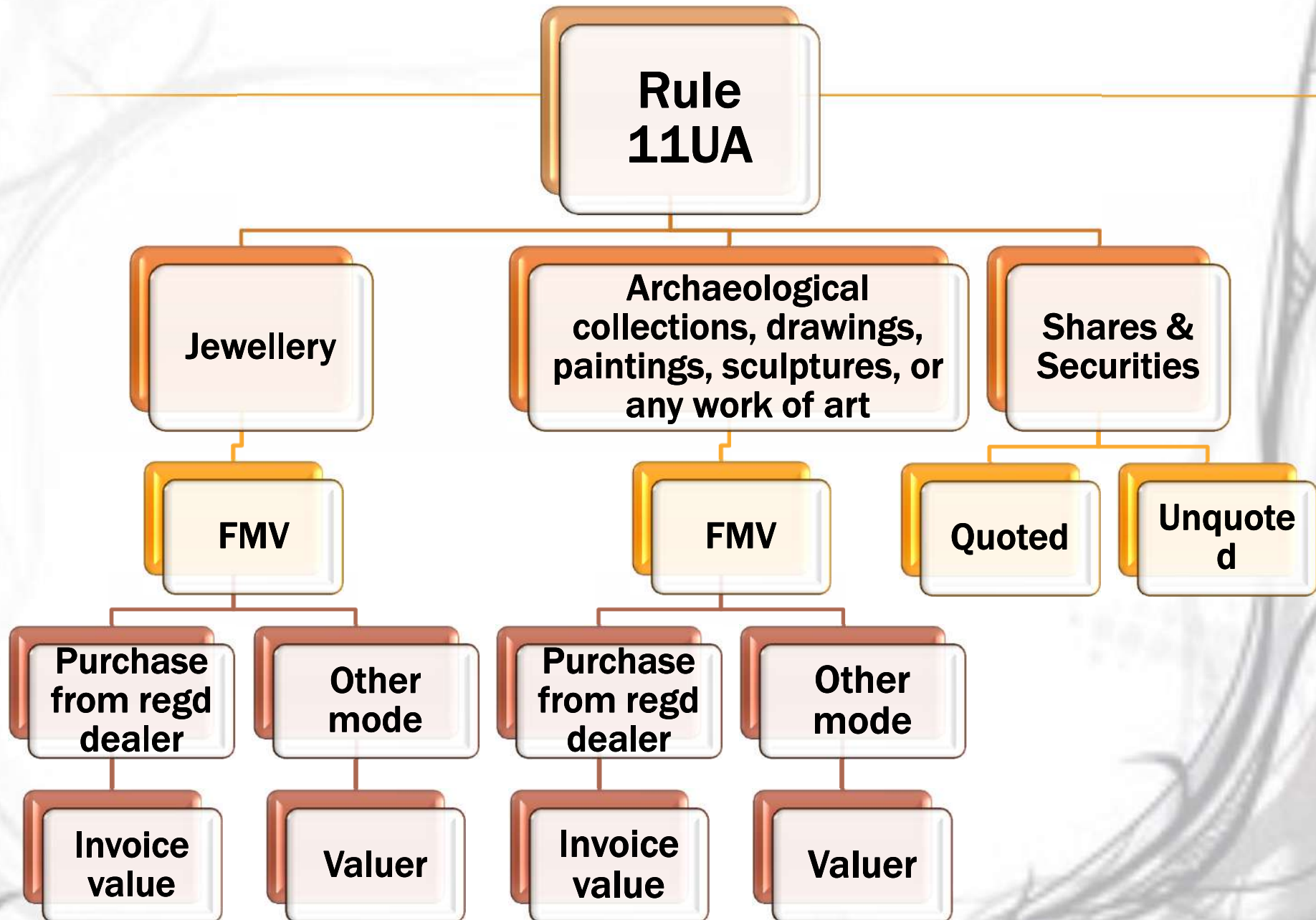
# SHARES FMV

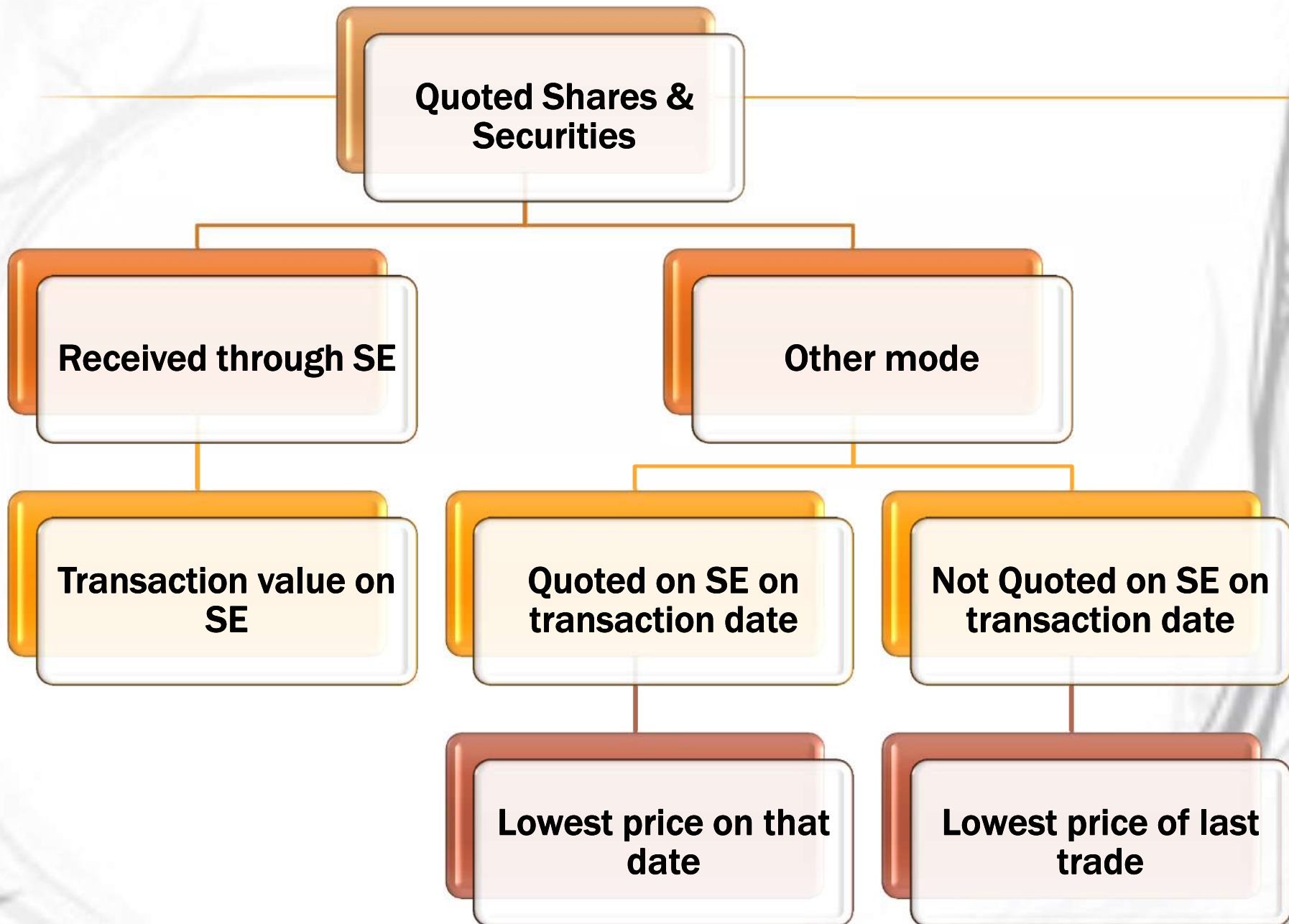
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× **FMV to be on the date of issue of shares higher of :**

- + **Rule 11UA / 11U; or**
- + **Satisfaction of AO based on value of its assets including intangible assets being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature**







# UNQUOTED SHARES - TRANSFER

- ✘ **FMV = (A+B+C+D - L) × (PV)/(PE)**
- ✘ **A= Book value of all assets (other than jewellery, artistic work, shares, securities and immovable property) in B/S as reduced by**
  - + any amount of IT paid less IT refund claimed, if any
  - + any amount shown as asset including unamortised amount of deferred expenditure which does not represent the value of any asset
- ✘ **B = Price which jewellery & artistic work would fetch if sold in open market on basis of registered valuer report**

# UNQUOTED SHARES - TRANSFER

- ✘ **C = FMV of shares and securities as determined in this rule**
- ✘ **D = Stamp duty value adopted or assessed or assessable by any authority of the Government in respect of the immovable property**
- ✘ **L= Book value of liabilities in B/S not including:**
  - + **Equity paid-up capital**
  - + **Amount set apart for payment of dividends on preference and equity shares where such dividends have not been declared before the date of transfer at AGM**

# UNQUOTED SHARES - TRANSFER

- ✘ **L= Book value of liabilities in B/S not including:**
  - + **R&S, including negative balance, other than set apart towards depreciation**
  - + **Provision for tax, other than IT paid less IT Refund to the extent of excess over the tax payable u/s 115JB**
  - + **Unascertained liabilities**
  - + **Contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares**
- ✘ **PV= Paid up value of such equity shares**
- ✘ **PE = Paid up equity share capital**

# **UNQUOTED SECURITIES - TRANSFER**

---

- ✘ **Price it would fetch if sold in the open market on the valuation date**
- ✘ **Assessee may obtain a report from a merchant banker or an accountant in respect of which such valuation**

# UNQUOTED SHARES - ISSUE

## × Two options

1.  $FMV = (A - L) \times (PV) / (PE)$

× A= Book value of all assets in B/S as reduced by

× any amount of IT paid less IT refund claimed, if any

× any amount shown as asset including unamortised amount of deferred expenditure which does not represent the value of any asset

× L= Book value of liabilities in B/S not including ... same as for Transfer

2. Merchant Banker or **Accountant** as per DCF –  
**Accountant not allowed w.e.f. 24<sup>th</sup> May 2018**

# ACCOUNTANT

- ✘ Who is an accountant for issuing valuation report ?
- ✘ For issue of shares [Rule 11UA(2)]:
  - + A fellow of the ICAI who is not Tax Auditor or Statutory Auditor – **CA cannot do w.e.f. 24<sup>th</sup> May 2018**
- ✘ For transfer of unlisted shares (other than equity) & securities:
  - + Same as in the Explanation below section 288 (2)



# BALANCE SHEET

- ✘ **Which B/s date is to be taken for valuation?**
- ✘ **For issue of shares [Rule 11UA(2)]:**
  - + **Audited B/S (including the notes) as drawn up on valuation date; or**
  - + **Where the B/S on the valuation date is not drawn:**
    - ✘ **B/S (including the notes) drawn up as on a date immediately preceding the valuation date which has been approved & adopted in AGM**
- ✘ **For transfer of shares:**
  - + **Audited B/S of such company (including the notes) as drawn up on valuation date audited by statutory auditor**

????

✘ Mr. A gifts immovable property whose stamp duty value is Rs. 10 Lakhs to Mr. B (not a relative). Is there any tax on Mr. A or Mr. B?

✘ On B

✘ Mr. X gifts immovable property whose stamp duty value is Rs. 5 Lakhs to Ms. Y (not a relative) on the occasion of her marriage. Is there any tax on Mr. X or Ms. Y?

✘ No

✘ Are Preference Shares covered u/s 56(2)(viib)?

✘ Yes

????

✘ **Schools having less than Rs. 1 Cr receipt from education activities claiming exemption u/s 10(23C)(iiiad) receive donations for buildings being capital receipts. Are the receipts taxable u/s 56(2)(x)?**

✘ Yes

✘ **Hospitals claiming exemption u/s 10(23C) (iii ae) receive Corpus donations for building hospital? Are the receipts taxable u/s 56(2)(x)?**

✘ Yes

????

- ✘ Partner at time of dissolution withdraws immovable property whose book value is 25 Lakhs but stamp duty value is 50 Lakhs. Taxation in hands of firm as well as partner?
  - ✘ Yes, in both hands Rs. 25 L each
- ✘ Few people come together to build a community centre for general public benefit and collect Rs. 5 Lakhs to build it?
  - ✘ Yes
- ✘ Mr. A receives Car Mercedes Benz value Rs. 50 Lakhs as gift from Mr B?
  - ✘ No

????

- ✘ **An unregistered religious Trust receives Rs. 4 Lakhs as corpus donation for building of temple? Is it taxable u/s 56(2)(x)?**  
✘ Yes
- ✘ **A company dealing in shares receives shares below FMV?**  
✘ No
- ✘ **Mr. A gives interest free unsecured loan of Rs. 10 Lacs to Mr. Y? Is it taxable u/s 56(2)(x)?**  
✘ No



# BASICS

**Source**

- **Section 145(2)**

**Effective Date**

- **w.e.f. AY 2017-18**

**No. of Standards**

- **10 vide Not. Dt. 29.09.2016**

**Disclosure**

- **Para 13 of Form 3CD & ITR**

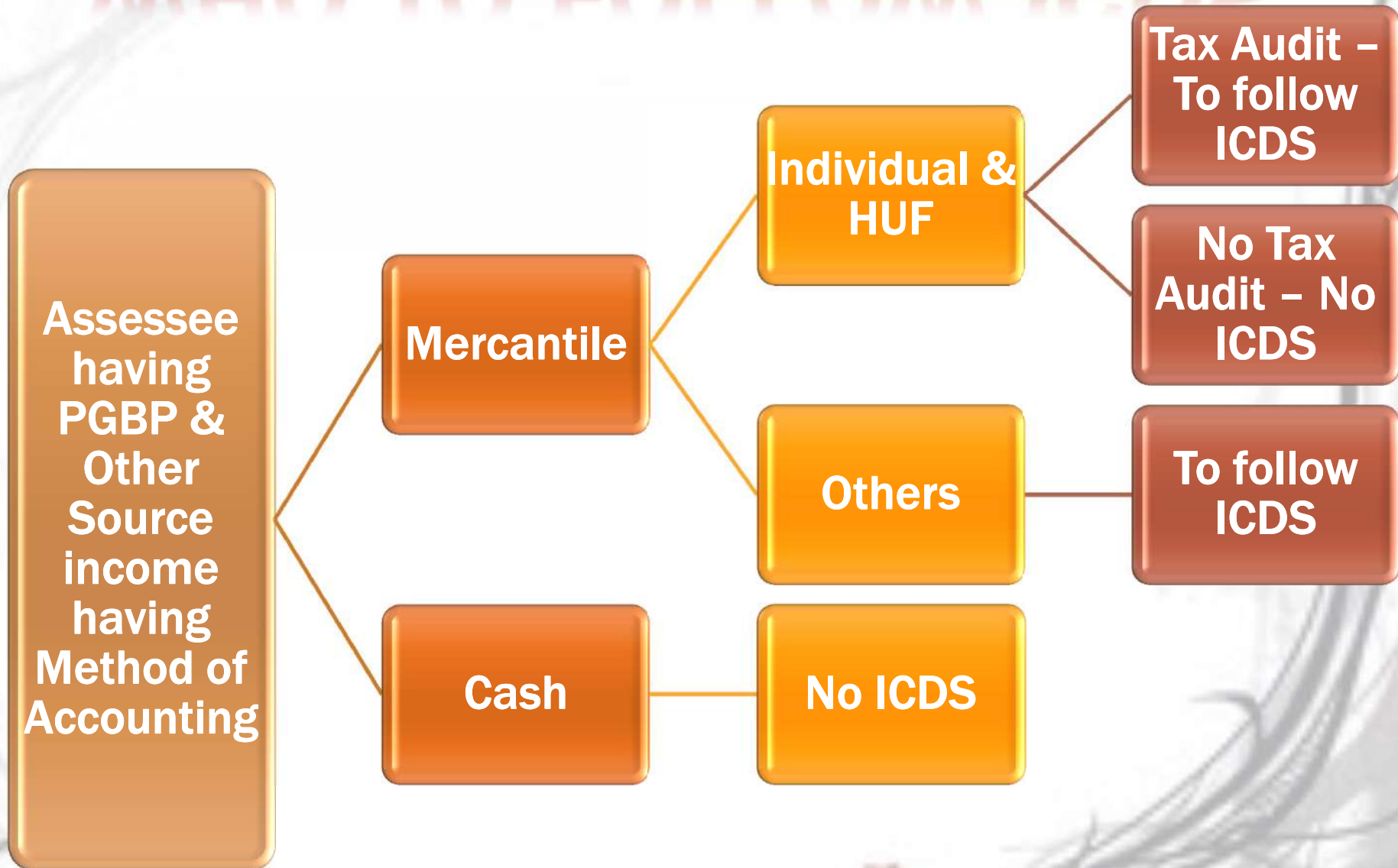
**DHC**

- **The Chamber of Tax Consultants & Anr vs. UOI**

**I T Act**

- **Amendment made through FA 2018 w.r.e.f AY 2017-18**

# WHO TO FOLLOW ICDS





# STRUCTURE

○ Preamble

○ Scope

○ Contents

○ Transitional Provisions

○ Disclosure

# FINANCE ACT 2018

- ✘ Various provisions amended w.r.e.f. AY 2017-18
- ✘ S. 145A - amended
  - + ICDS 2 (Valuation of Inventories)
  - + ICDS 8 (Securities)
- ✘ S. 145B - inserted
  - + ICDS 4 (Revenue Recognition)
  - + ICDS 7 (Government Grants)
- ✘ S. 36(xvii) inserted – Mark to Market Loss – ICDS 1
- ✘ S. 40A amended - ICDS 1 (Accounting Policies)
- ✘ S. 43AA inserted - ICDS 6 (Foreign Exchange Rate)
- ✘ S. 43CB inserted - ICDS 3 (Cons. Cont.) / ICDS 4

# FORM 3CD – CLAUSE - 13

- ✘ (a) Method of accounting employed in previous year – Mercantile / cash
- ✘ (b) Change in method of accounting applied
- ✘ (c) If, yes, effect thereof on profit / loss
- ✘ (Old d) Deviation in method of accounting from accounting standards prescribed u/s 145 and effect thereof on P/L
- ✘ ICDS reporting brought in w.e.f. 1.4.2017

# FORM 3CD – CLAUSE - 13

- × (d) – Whether any adjustment is required to be made to the profits or loss for complying with the ICDS notified u/s 145(2)
- × (e) – Is, yes, give details
- × (f) – Disclosure as per ICDS
  - + For 8 standards
  - + Two omitted as no disclosure required as per the standard:
    - × Changes in Foreign Exchange Rates
    - × Securities

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS                         | Increase in Profit | Decrease in Profit | Net (Rs.) | Description |
|------|--------------------------------------|--------------------|--------------------|-----------|-------------|
| I    | Accounting Policies                  | 14 Ch              |                    |           |             |
| II   | Valuation of Inventories             |                    |                    |           |             |
| III  | Construction Contracts               |                    |                    |           |             |
| IV   | Revenue Recognition                  |                    |                    |           |             |
| V    | Tangible Fixed Assets                |                    |                    |           |             |
| VI   | Changes in Foreign Exchange Rates    |                    |                    |           |             |
| VII  | Government Grants                    |                    |                    |           |             |
| VIII | Securities                           |                    |                    |           |             |
| IX   | Borrowing Costs                      |                    |                    |           |             |
| X    | Provisions, Contingent Liab & Assets |                    |                    |           |             |
|      | <b>Total</b>                         |                    |                    |           |             |

**FORM 3CD – CLAUSE – 13(F)**

| ICDS | Name of ICDS                            | Disclosures      | Descrip. |
|------|---|------------------|----------|
| I    | Accounting Policies                     | 500<br>Character |          |
| II   | Valuation of Inventories                |                  |          |
| III  | Construction Contracts                  |                  |          |
| IV   | Revenue Recognition                     |                  |          |
| V    | Tangible Fixed Assets                   |                  |          |
| VII  | Government Grants                       |                  |          |
| IX   | Borrowing Costs                         |                  |          |
| X    | Provisions, Contingent Liab &<br>Assets |                  |          |

# ITR

| Schedule ICDS |  | Effect of Income Computation Disclosure Standards on profit |
|---------------|--|---|
| Sl. No.       | ICDS   | Amount  |
| (i)           | (ii)   | (iii)   |
| <b>I</b>      | <b>Accounting Policies</b>   |   |
| <b>II</b>     | <b>Valuation of Inventories</b> <i>(other than the effect of change in method of valuation u/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI)</i> |   |
| <b>III</b>    | <b>Construction Contracts</b>  | <b>200000</b>   |
| <b>IV</b>     | <b>Revenue Recognition</b>   | <b>300000</b>   |
| <b>V</b>      | <b>Tangible Fixed Assets</b>   |   |
| <b>VI</b>     | <b>Changes in Foreign Exchange Rates</b>   |   |
| <b>VII</b>    | <b>Government Grants</b>   |   |
| <b>VIII</b>   | <b>Securities</b> <i>(other than the effect of change in method of valuation u/s 145A, if the same is separately reported at col. 4d or 4e of Part A-OI)</i>               |   |
| <b>IX</b>     | <b>Borrowing Costs</b>   | <b>5000</b>   |
| <b>X</b>      | <b>Provisions, Contingent Liabilities and Contingent Assets</b>  |   |
| <b>11a</b>    | <b>Total Effect of ICDS adjustments on Profits</b><br><b>(I+II+III+IV+V+VI+VII+VIII+IX+X) (If Positive)</b>  | <b>505000</b>   |
| <b>11b</b>    | <b>Total Effect of ICDS adjustments on Profits</b><br><b>(I+II+III+IV+V+VI+VII+VIII+IX+X) (If Negative)</b>  |   |

# ITR – PART A - 01

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- ✘ **3a - Increase in Profit or decrease in loss because of deviation, if any as per ICDS notified u/s 145(2) [Column 11a(iii) of Schedule ICDS]**
- ✘ **3b - Decrease in Profit or Increase in loss because of deviation, if any as per ICDS notified u/s 145(2) [Column 11b(iii) of Schedule ICDS]**



# ITR – SCHEDULE BP

- × **25. Increase in Profit or decrease in loss on account of ICDS adjustments and deviation in method of valuation of stock (Column 3a + 4d of Part A 0I)**
- × **33. Decrease in Profit or Increase in loss on account of ICDS adjustments and deviation in method of valuation of stock (Column 3b + 4e of Part A 0I)**

# ACCOUNTING POLICIES

If books / FS as  
per AS / Ind AS



Effect and  
disclosure in  
Form 3CD

If books / FS  
as per ICDS

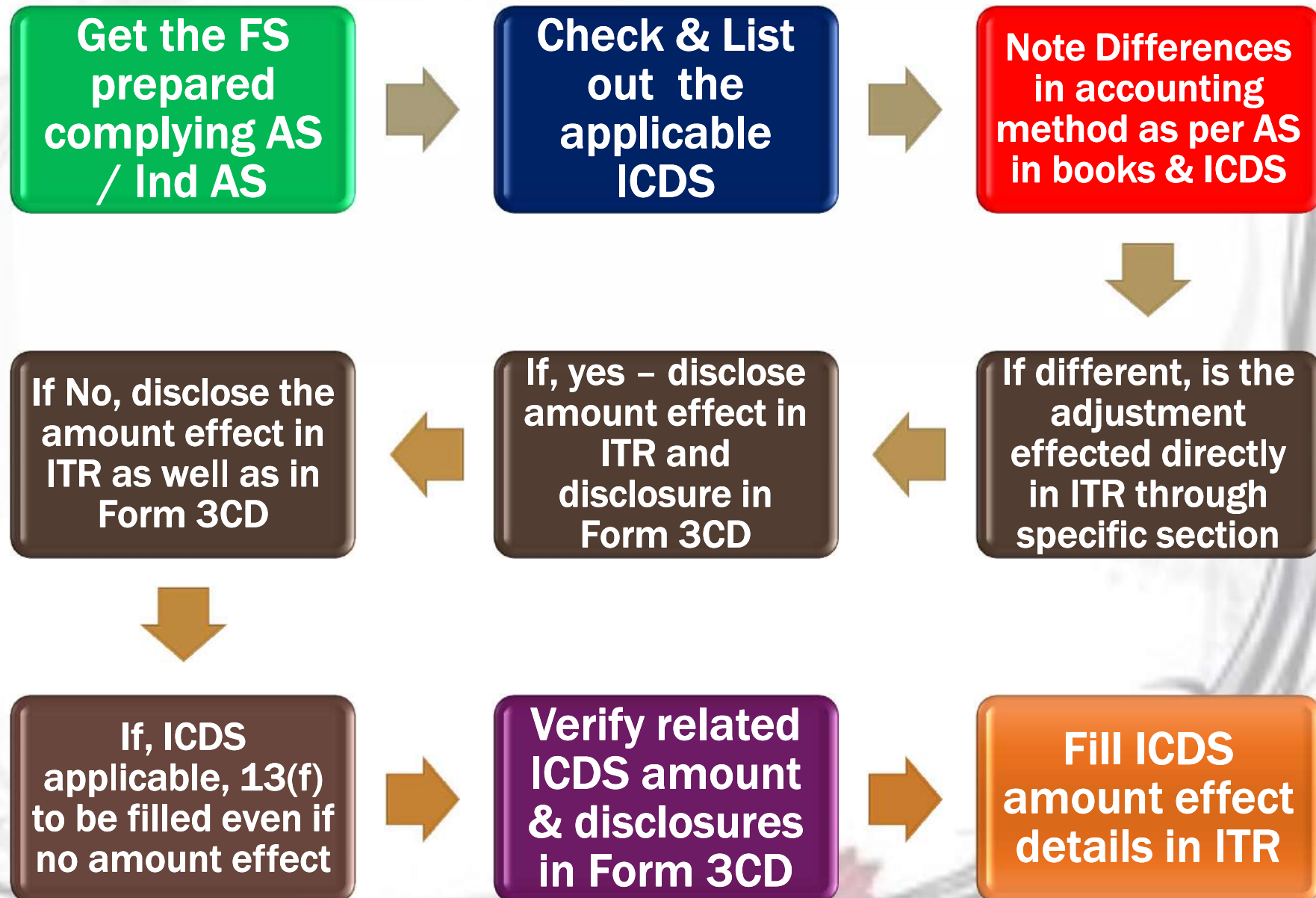


Qualify in  
Audit Report



Disclosure in  
Form 3CD

# WHAT TO DO – PRACTICAL APPROACH



# I - ACCOUNTING POLICIES

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# FINANCE ACT 2018

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- ✘ **S. 36(xvii) inserted - deduction in respect of any marked to market loss or other expected loss shall be allowed, if computed in accordance with the ICDS**
- ✘ **Consequently S. 40A(13) inserted - all marked to market losses or other expected losses other than those which are allowed u/s 36 (xvii) shall be disallowed**

# ICDS I – DISCLOSURES

- ✘ All significant accounting policies
- ✘ Change in accounting policy which has material effect including amount to the extent ascertainable
- ✘ If change in accounting policy to have material effect in later years, then disclosure to be made:
  - + In year of adoption as well as
  - + In 1st year of material effect - not as per AS
- ✘ Disclosure or change in accounting policy cannot remedy a wrong or inappropriate treatment of item
- ✘ If fundamental accounting assumptions of going concern, consistency and accrual not followed.

# **ICDS I – PRACTICAL IMPLICATIONS**

- ✘ **Disclosure of all significant accounting policies in Clause 13 (f) of Form 3CD, wherever applicable:**
  - + Give complete
  - + Where similar may refer of policies in notes to FS
- ✘ **Disallowances or deductions to be disclosed in ICDS schedule in Form 3CD as well as ITR :**
  - + Marked to market loss / gain AND Expected losses / gain
  - + But these being now covered u/s 36(xvii) & 40A(13), disclosure only in Form 3CD. Amount in ITR
- ✘ **Take care of change in accounting policies having material effect in the year of effect too.**

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS | Increase in Profit | Decrease in Profit | Net (Rs.) | Description                                   |
|------|--------------|--------------------|--------------------|-----------|---|
|      |              |                    |                    |           | <b>Other than Marked to Market disclosure</b> |
|      | <b>Total</b> |                    |                    |           |   |



# FORM 3CD – CLAUSE – 13(F)

| ICDS | Name of ICDS        | Disclosures   |
|------|---------------------|---|
| I    | Accounting Policies | <ul style="list-style-type: none"><li>• Refer significant accounting policies mentioned at Note No. _ to Financial Statements</li><li>• Mark to Market Loss is to be disallowed u/s 40A, hence not adjusted in ICDS</li></ul> |

*CA. Pramod Jain*

# **II – VALUATION OF INVENTORIES**



## ICDS II – TAX DUTIES

- ✘ **AS**: The costs of purchase shall consist of purchase price including duties & taxes (**other than those subsequently recoverable by the enterprise from the taxing authorities**), freight inwards & other expenditure directly attributable to the acquisition. (Exclusive method).
- ✘ **ICDS**: The costs of purchase shall consist of purchase price including duties and taxes, freight inwards & other expenditure directly attributable to the acquisition. (Inclusive method)
- ✘ Already u/s. 145A since 1.4.1999 amended now

## **ICDS II – TAX DUTIES**

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- ✘ **Assuming that the assessee has opening stock of Rs.3,30,000/- on which input tax rebate of Rs.30,000/- is available.**
- ✘ **During the year three items purchased @ Rs.3,00,000/- per item.**
- ✘ **VAT on purchase @ 10%. There is no opening stock.**
- ✘ **Two items are sold @ Rs.4,50,000/- per item. VAT on sales @ 10%**

# ICDS II – TAX DUTIES

## The Trading Account on “EXCLUSIVE METHOD”

| Particulars           | Qty. | Rate     | Amount                  | Particulars      | Qty. | Rate     | Amount           |
|-----------------------|------|----------|-------------------------|------------------|------|----------|------------------|
| To Opening Stock      | 1    | 3,30,000 | 3,30,000                | By Sales         | 2    | 4,50,000 | 9,00,000         |
| Less Input tax rebate |      |          | 30,000                  |                  |      |          |                  |
|                       |      |          | 3,00,000                |                  |      |          |                  |
| To Purchases          | 3    | 3,00,000 | 9,00,000                | By Closing Stock | 2    | 3,00,000 | 6,00,000         |
| To Gross Profit       |      |          | <u>3,00,000</u>         |                  |      |          |                  |
| <b>Total</b>          |      |          | <b><u>15,00,000</u></b> |                  |      |          | <b>15,00,000</b> |

# ADJUSTMENT U/S 145A

| Sl. No. | Particulars                                   | Increase in profit (Rs) | Decrease in profit (Rs) |
|---------|---|-------------------------|-------------------------|
| 1       | Increase in Opening Stock on inclusion of VAT |                         | 30000                   |
| 2       | Increase in Purchases on inclusion of VAT     |                         | 90000                   |
| 3       | Increase in Sales on inclusion of VAT         | 90000                   |                         |
| 4       | Increase in Closing Stock on inclusion of VAT | 60000                   |                         |
| 5       | VAT paid on sales                             |                         | 90000                   |
| 6       | VAT credit availed on cost of goods sold      | 60000                   |                         |
|         |   | 210000                  | 210000                  |

**The net impact on Profit & Loss Account is NIL.**

# COMPUTATION OF INCOME

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

The computation of total income would appear as under:-

|  |        |                            |
|--|--------|----------------------------|
| Profit as per Profit & Loss account on the basis of exclusive method |        | Rs.3,00,000                |
| Add: Adjustments required under section 145A                         |        |                            |
| 1. Increase in Sales on inclusion of VAT                             |        | Rs. 90,000                 |
| 2. Increase in Closing Stock on inclusion of VAT                     |        | Rs. 60,000                 |
| <b>Total</b>   |        | <b>Rs. 4,50,000</b>        |
| Less:  |        |                            |
| 1. Increase in Opening Stock on inclusion of VAT                     |        | Rs. 30,000                 |
| 2. VAT Credit Receivables (Input) A/c                                |        | Rs. 90,000                 |
| 3. VAT Paid on sales   | 90,000 |                            |
| Less: VAT Credit availed on Cost of Goods Sold                       | 60,000 |                            |
| Net VAT Paid   |        | <u>Rs.30,000</u>           |
| <b>Profit</b>  |        | <b>Rs. <u>3,00,000</u></b> |

# **FINANCE ACT 2018 – S. 145A**

- ✘ **Valuation of inventory shall be made at lower of actual cost or NRV in accordance with ICDS notified u/s 145(2)**
- ✘ **Valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation.**



## ICDS II – DISCLOSURES

- ✘ Accounting policies adopted in measuring inventories including the cost formulae used. Where Standard Costing has been used as a measurement of cost, details of such inventories and a confirmation of the fact that standard cost approximates the actual cost;
- ✘ The total carrying amount of inventories and its classification appropriate to a person.
- ✘ AS – same as above except underlined content

# **ICDS II – PRACTICAL IMPLICATION**

---

## **× Disclosures**

- + Same as per AS 2, but if standard cost used..  
State whether it approximates the actual cost**
- + Carrying amount??**
- × If there is change in method of valuation of inventory its change in accounting policy...  
follow AS 1 disclosure**
- × Take care at time of dissolution of partnership firm**

# **ICDS II – PRACTICAL IMPLICATION**

- ✘ **Disclosure for not following inclusive method of valuation of inventory – non-compliance of s. 145A**
  - + **Already reporting at Para 14(b) of Form 3CD– refer Para 23 of ICAI Tax Audit Guidance Note (After GST – refer Paras 23.18 to 23.24)**
  - + **ITR for AY 2018-19 says to disclose other than 145A?? Form 3CD??**
- ✘ **Borrowing costs for inventories only if they require a period of 12 months or more to bring them to a saleable condition**

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS | Increase in Profit | Decrease in Profit | Net (Rs.) | Description                       |
|------|--------------|--------------------|--------------------|-----------|-----------------------------------|
|      |              |                    |                    |           | <b>Other than 145A disclosure</b> |
|      | <b>Total</b> |                    |                    |           |                                   |

# FORM 3CD – CLAUSE – 13(F)

| ICDS | Name of ICDS             | Disclosures   |
|------|--------------------------|---|
| II   | Valuation of Inventories | <ul style="list-style-type: none"><li>• Refer to Note No. _ (SAP) to Financial Statements</li><li>• For carrying amount &amp; classification refer Note No. _ to Balance Sheet</li><li>• Inventories are not inclusive of duties and taxes, yet there is no effect on profits u/s 145A, refer to clause 14(b) of Form 3CD</li><li>• Difference over cost to NRV in case of dissolution of firm is to be disclosed u/s 145A, hence not disclosed in ICDS.</li><li>• Assessee is following Standard Costing as a measurement of cost, and that approximates the actual cost</li></ul> |

*CA. Pramod Jain*

# III – CONSTRUCTION CONTRACTS



## **ICDS III – CONSTRUCTION CONTRACTS**

- ✘ **ICDS specifically also defines Retentions, progress billings & advances**
- ✘ **May be fixed price contract or cost plus contract or combination of both. Same as AS 7**
- ✘ **ICDS - Revenue shall be recognised when there is reasonable certainty of its ultimate collection**
- ✘ **AS 7 – Measured reliably and other conditions including that it is probable that the economic benefits associated with the contract would flow to the enterprise**

# FINANCE ACT 2018 – S. 43CB

- ✘ Profits from construction contract or for providing services shall be determined on basis of % of completion method in accordance with ICDS notified u/s 145(2). Provided the following service contracts -
  - + With duration not more than 90 days **shall** be as per project competition method
  - + Involving indeterminate no. of acts over a specified period of time **shall** be as per straight line method
- ✘ Retention money to be part of contract revenue
- ✘ Any incidental income like interest, dividend or capital gains not be reduced from contract costs.



## ICDS III – DISCLOSURES

- ✘ The amount of contract revenue recognised as revenue in the period; and
- ✘ The methods used to determine the stage of completion of contracts in progress.
- ✘ For contracts in progress at the reporting date, namely:—
  - ✘ Amount of costs incurred and recognised profits (less recognised losses) upto the reporting date;
  - ✘ Amount of advances received; and
  - ✘ Amount of retentions.
- ✘ AS – same + methods used to determine contract revenue recognized during the period

# **ICDS III – PRACTICAL IMPLICATIONS**

- ✘ Retentions to be recognised on percentage completion method through ICDS**
- ✘ Expected losses to be added back to computation and disclosure through ICDS**
- ✘ Contract costs not to be reduced by interest, dividends or capital gains. To be charged directly to revenue**

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS           | Increase in Profit | Decrease in Profit | Net (Rs.)    | Description   |
|------|------------------------|--------------------|--------------------|--------------|---|
| III  | Construction Contracts | 10000              |                    | 10000        | <ul style="list-style-type: none"> <li>• Retentions not charged to revenue -4000</li> <li>• Expected losses charged to PL as per AS 7 - 6000</li> </ul> |
|      | <b>Total</b>           |                    |                    | <b>10000</b> |   |

# FORM 3CD – CLAUSE – 13(F)

| ICDS | Name of ICDS           | Disclosures  |
|------|------------------------|--|
| III  | Construction Contracts | <ul style="list-style-type: none"><li>• Refer to Note No. _ to the Financial Statements</li><li>• For amount of contract revenue recognised as revenue in the period refer Note No. _ of PL</li><li>• For contracts in progress at year end refer Note No. _ to FS</li></ul> |



# FINANCE ACT 2018 – S. 43CB

- ✘ Profits from construction contract or for providing services shall be determined on basis of % of completion method in accordance with ICDS notified u/s 145(2). Provided the following service contracts -
  - + With duration not more than 90 days **shall** be as per project competition method
  - + Involving indeterminate no. of acts over a specified period of time **shall** be as per straight line method
- ✘ Retention money to be part of contract revenue
- ✘ Any incidental income like interest, dividend or capital gains not be reduced from contract costs.

# **FINANCE ACT 2018 – 145B**

- ✘ **Interest received on compensation or on enhanced compensation, deemed to be income of year in which it is received**
- ✘ **Claim for escalation of price in a contract or export incentives shall be deemed to be the income of the PY in which reasonable certainty of its realization is achieved**

## ICDS IV – DISCLOSURES

- ✘ In a transaction involving sale of good, total amount not recognised as revenue during PY due to lack of reasonably certainty of its ultimate collection along with nature of uncertainty;
- ✘ Amount of revenue from service transaction recognised as revenue during the PY;
- ✘ Method used to determine the stage of completion of service transactions in progress; and
- ✘ For service transactions in progress at end of PY:
  - + Amount of costs incurred and recognised profits (less recognised losses) upto end of PY;
  - + Amount of advances received; and
  - + Amount of retentions.
- ✘ AS – none except 1<sup>st</sup>



# **ICDS IV – PRACTICAL IMPLICATIONS**

- ✘ **Increased Disclosures**
- ✘ **Interest income on accrual basis if not recognised being doubt of collection exists. other than 43D (banks, etc) others may have to disclose adjustments in ICDS**
- ✘ **If service contract beyond 90 days and recognised on completed contract method, need to adjust and disclosure as per ICDS**
- ✘ **If service contract less than 90 days, then mandatory to follow completed contract method u/s 43CB**

**FORM 3CD – CLAUSE – 13(E)**

| ICDS | Name of ICDS        | Increase in Profit | Decrease in Profit | Net (Rs.)   | Description  |
|------|---------------------|--------------------|--------------------|-------------|--|
| IV   | Revenue Recognition | 2000               |                    | 2000        | <ul style="list-style-type: none"><li>• Interest not provided in books Rs. 1000</li><li>• Service contract exceeding 90 days recognised on completed method as per AS 9 - 1000</li></ul> |
|      | <b>Total</b>        |                    |                    | <b>2000</b> |  |

# FORM 3CD – CLAUSE – 13(F)

| S. No.    | Name of ICDS               | Disclosures   |
|-----------|----------------------------|---|
| <b>IV</b> | <b>Revenue Recognition</b> | <ul style="list-style-type: none"><li>• Refer to SAP at Note No. _ to the Financial Statements</li><li>• For amount of revenue from service transaction recognised as revenue during the PY refer Note _ PL</li><li>• For service transactions in progress at year end refer Note No. __ to FS.</li></ul> |

*CA. Pramod Jain*

# V - TANGIBLE FIXED ASSETS



## **ICDS V – DISCLOSURES – CLAUSE 18 FORM 3CD**

- × Description of asset or block of assets;**
- × Rate of depreciation;**
- × Actual cost or WDV, as the case may be;**
- × Additions or deductions during the yr with dates; in the case of any addition of an asset, date put to use; including adjustments on account of—**
  - + CENVAT credit claimed and allowed under CENVAT Credit Rules, 2004;**
  - + Change in rate of exchange of currency;**
  - + Subsidy or grant or reimbursement, by whatever name called;**
- × Depreciation Allowable; and**
- × Written down value at the end of year.**

## **ICDS V – PRACTICAL IMPLICATIONS**

- ✘ **Disclosure - Clause 18 of Form 3CD. Mention same in description as well as disclosure**
- ✘ **If cost varies due to borrowing costs, what to do...? No specific column in Para 18. Addition would tally with FS too?**
  - + Add in actual cost in Para 18 and give details in additions
- ✘ **Would Depreciation adjustment for companies etc to be disclosed in ICDS?**
- ✘ **Would gain / loss on sale of asset be disclosed in ICDS?**
- ✘ **Machinery Spares / Stand by equipments, etc**

**FORM 3CD – CLAUSE – 13(E)**

| ICDS | Name of ICDS          | Increase in Profit | Decrease in Profit | Net (Rs.)     | Description   |
|------|-----------------------|--------------------|--------------------|---------------|---|
| V    | Tangible Fixed Assets |                    | 5000               | -5000         | • Profit on sale of assets<br>5000 taken on block of asset method |
|      | <b>Total</b>          |                    |                    | <b>-10000</b> |   |

# FORM 3CD – CLAUSE – 13(F)

| ICDS | Name of ICDS          | Disclosures  |
|------|-----------------------|--|
| V    | Tangible Fixed Assets | <ul style="list-style-type: none"><li>• For Disclosures Refer to the clause 18 of Form 3CD</li><li>• Depreciation effect due to change in rates as per books and IT Act is to be taken as per s. 32 in computation of income hence not disclosed in ICDS</li></ul> |



# VIII SECURITIES



# ICDS VIII – BUCKET METHOD

| Security     | Category     | Cost         | NRV          | Lower of Cost or NRV | ICDS Value   |
|--------------|--------------|--------------|--------------|----------------------|--------------|
| 1            | Share A      | 1000         | 750          | 750                  |              |
| 2            | Share B      | 1200         | 1500         | 1200                 |              |
| 3            | Share C      | 1400         | 1200         | 1200                 |              |
| 4            | Share D      | 2000         | 1900         | 1900                 |              |
|              | <b>Total</b> | <b>5600</b>  | <b>5350</b>  | <b>5050</b>          | <b>5350</b>  |
| 5            | Deb. E       | 1500         | 1600         | 1500                 |              |
| 6            | Deb. F       | 1050         | 900          | 900                  |              |
| 7            | Deb. G       | 1250         | 1350         | 1250                 |              |
| 8            | Deb H        | 2200         | 2300         | 2200                 |              |
|              | <b>Total</b> | <b>6000</b>  | <b>6150</b>  | <b>5850</b>          | <b>6000</b>  |
| <b>Total</b> |              | <b>11600</b> | <b>11500</b> | <b>10900</b>         | <b>11350</b> |

# ICDS VIII – BUCKET METHOD

| Security     | Cost        | NRV         | Lower of Cost or NRV | ICDS Value  |
|--------------|-------------|-------------|----------------------|-------------|
| 1            | 1000        | 20          | 20                   |             |
| 2            | 1000        | 100         | 100                  |             |
| 3            | 1000        | 100         | 100                  |             |
| 4            | 1000        | 200         | 200                  |             |
| 5            | 1000        | 200         | 200                  |             |
| 6            | 1000        | 5000        | 1000                 |             |
| <b>Total</b> | <b>6000</b> | <b>5620</b> | <b>1620</b>          | <b>5620</b> |

# ICDS VIII – BUCKET METHOD

| Security      | Cost        | NRV         | Lower of Cost or NRV | ICDS Value  |
|---------------|-------------|-------------|----------------------|-------------|
| <b>YEAR 1</b> |             |             |                      |             |
| <b>1</b>      | <b>1000</b> | <b>500</b>  | <b>500</b>           |             |
| <b>2</b>      | <b>1000</b> | <b>100</b>  | <b>100</b>           |             |
| <b>3</b>      | <b>3000</b> | <b>3500</b> | <b>3000</b>          |             |
| <b>Total</b>  | <b>5000</b> | <b>4100</b> | <b>3600</b>          | <b>4100</b> |
| <b>YEAR 2</b> |             |             |                      |             |
| <b>1</b>      | <b>1000</b> | <b>2000</b> | <b>1000</b>          |             |
| <b>2</b>      | <b>1000</b> | <b>500</b>  | <b>500</b>           |             |
| <b>3</b>      | <b>3000</b> | <b>4000</b> | <b>3000</b>          |             |
| <b>Total</b>  | <b>5000</b> | <b>6500</b> | <b>4500</b>          | <b>5000</b> |

# **FINANCE ACT 2018 – S. 145A**

- ✘ **Unlisted shares shall be valued at actual cost initially recognized or listed but not quoted on a recognised stock exchange with regularity from time to time in accordance with ICDS notified u/s 145(2)**
- ✘ **Inventory being listed securities, shall be valued at lower of actual cost or NRV category-wise.**
- ✘ **Comparison of actual cost and NRV of securities shall be made category-wise**

# **ICDS VIII – PRACTICAL IMPLICATION**

- ✘ No Disclosures**
- ✘ In books as per AS -13 due to footnote:**
  - + Shares, debentures & other securities held as stock-in-trade (i.e., for sale in ordinary course of business) are not ‘investments’ as defined in this Standard.**
  - + However, the manner in which they are accounted for and disclosed in the FS is quite similar to that applicable in respect of current investments.**
  - + Accordingly, provisions of this Standard, to the extent that they relate to current investments, are also applicable to shares, deb. & other securities held as stock-in-trade, with suitable modifications as specified in this Standard.**

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS | Increase in Profit | Decrease in Profit | Net (Rs.)   | Description                                 |
|------|--------------|--------------------|--------------------|-------------|---|
| VIII | Securities   | 4000               |                    | 4000        | Securities valued at cost or NRV scrip-wise |
|      | <b>Total</b> |                    |                    | <b>4000</b> |   |

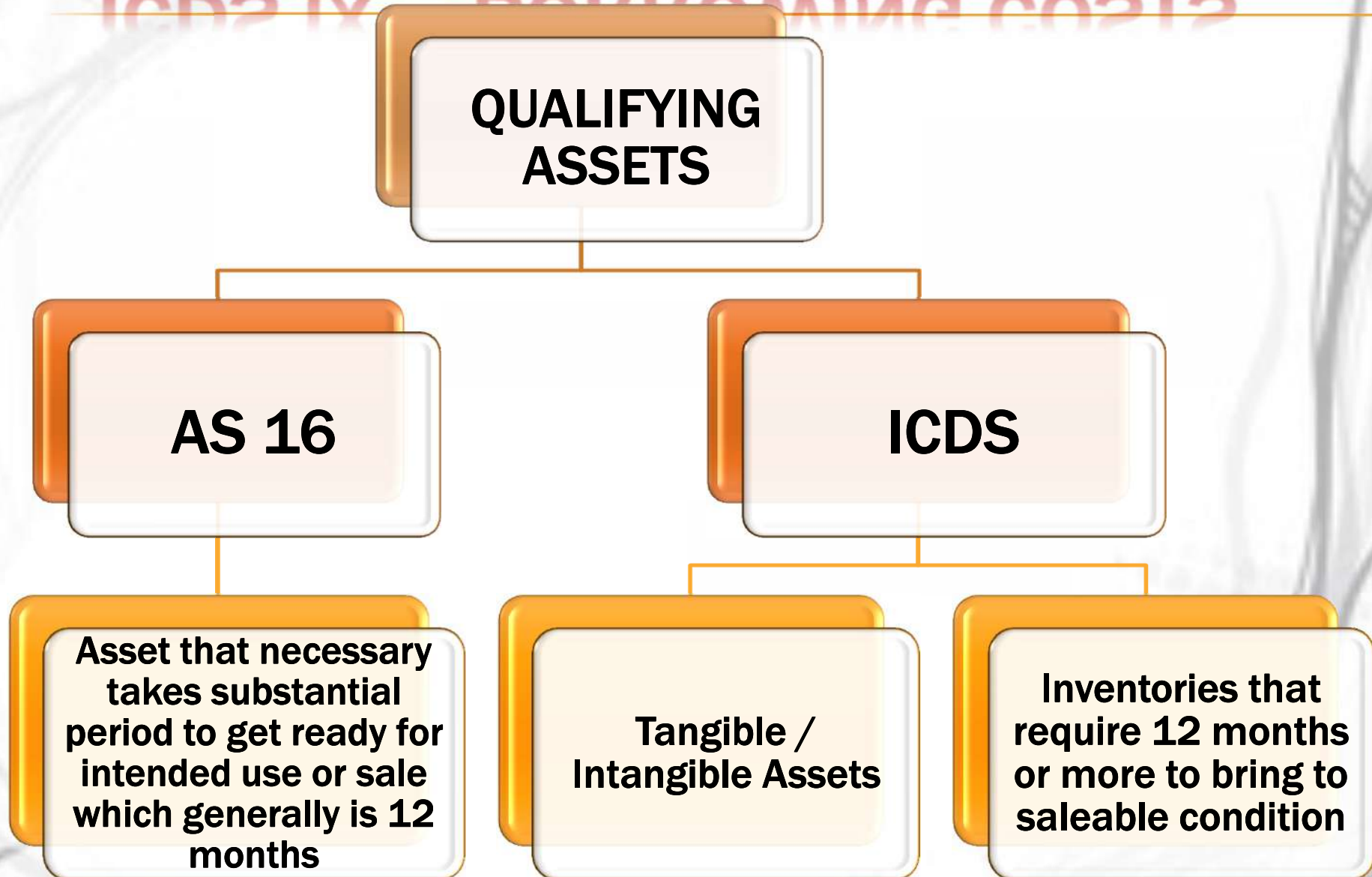
# IX – BORROWING COSTS

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# ICDS IX – BORROWING COSTS



## **ICDS IX – DISCLOSURE**

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- ✘ **Accounting policy adopted for borrowing costs**
- ✘ **Amount of borrowing costs capitalised during the previous year.**
- ✘ **AS - Similar**

# **ICDS IX – PRACTICAL IMPLICATIONS**

- × **Disclosure ... same as per AS**
- × **Capitalize Interest if charged to revenue:**
  - + **For Qualifying assets as per AS as well as ICDS**
    - × **From date of ready to be put to use and put to use**
  - + **For Qualifying asset as per ICDS but not a Qualifying assets as per AS:**
    - × **Interest charged to revenue as per books to be capitalized upto the date of put of use including for loan taken for vehicles from date of loan taken till put on road**

# **ICDS IX – PRACTICAL IMPLICATIONS**

- ✘ **Exchange differences arising from foreign currency borrowings to the extent .. interest cost**
  - + **In books revenue**
  - + **In computation**
    - ✘ **If related to s. 43A – capitalize**
    - ✘ **If related to revenue – not borrowing but exchange difference**

# FORM 3CD – CLAUSE – 13(E)

| ICDS | Name of ICDS    | Increase in Profit | Decrease in Profit | Net (Rs.)    | Description  |
|------|-----------------|--------------------|--------------------|--------------|--|
| IX   | Borrowing Costs | 10000              |                    | 10000        | <ul style="list-style-type: none"> <li>• Qualifying assets as per AS &amp; ICDS – intt from date of ready for use to date of put to use - 2000</li> <li>• Qualifying assets as per ICDS but not as per AS upto put to use -3000</li> <li>• Exchange Fluctuation loss being borrowing cost as per AS 16 - 5000</li> </ul> |
|      | <b>Total</b>    |                    |                    | <b>10000</b> |  |

# FORM 3CD – CLAUSE – 13(F)

| ICDS | Name of ICDS    | Disclosures  |
|------|-----------------|--|
| IX   | Borrowing Costs | <ul style="list-style-type: none"><li>Refer to the significant accounting policies mentioned at Note No. _ to the Financial Statements</li></ul> |

# **TAKE CARE**

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**Certificate of ICDS is  
through Form 3CD**



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The screenshot shows the homepage of ExpertsPanel.in. At the top, there is a dark blue navigation bar with the logo 'ExpertsPanel.in' on the left, a search bar with a dropdown menu set to 'Questions', and several navigation icons including a menu, home, categories, experts, ask a question, tagged question, and a user profile for 'PRAMOD JAIN'. Below the navigation bar is a banner image showing hands working on a laptop and documents, with the text 'A Place to Share Knowledge for and by Professionals in Law, Tax, Accounts, Finance'. Underneath the banner is a secondary navigation bar with tabs for 'Recent Questions', 'Articles', 'Presentations', 'Videos', and 'Notifications'. The main content area is divided into three columns. The left column, titled 'All Categories', lists various professional fields with their respective question counts: 'Audit & Assurance and Accounting Standards' (63), 'Bank / Insurance / Stock / Debtors Audit' (42), 'Corporate Matters/LLP' (206), 'Goods and Services Tax (GST)' (1,018), and 'Income Tax'. The middle column, titled 'Recent Questions', displays two questions. The first question, 'Q. Gst audit - audit requirement...', was added 10 hours ago by vikas khaniyo, CA, rohtak, and has 1 answer from CA DK Bholusaria with 16 views. The second question, 'Q. An NRI wanted to invest the following amounts,', was added 12 hours ago by CA K Rajendra Prasad, CA, India, and has 0 answers with 3 views. The right column features a 'Have a written opinion?' section with a 'Next' button and a 'Ask a question:' form. At the bottom right, there is a notification for 'nmore-25@googlegroups.com' with a digest and a topic summary by CA Pramod Jain.

Together ...we shall make it....

THANK YOU!



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