Income Computation and Disclosure Standards

Background and Journey of ICDS:

- The Finance Act, 1995 empowered the Central Government to notify Accounting Standards for any class of assessees or class of income vide Section 145(2) of the Income-tax Act, 1961 (‘Act’).
- The CBDT constituted an Accounting Standards Committee (‘Committee’) in December 2010 to suggest on the standards for the purpose of notification under section 145(2) of the Act.
- The Committee submitted its final report along with the Draft of Standards [referred to as Tax Accounting Standards (‘TAS’)] in August 2012 which was released for public comments. The Committee had proposed 14 TAS out of 31 Accounting Standards (‘AS’) issued by The Institute of Chartered Accountants of India (‘ICAI’).
- Based on suggestion of the Committee, Section 145(2) of the Act was amended by the Finance (No. 2) Act, 2014 to permit issuance of “income computation and disclosure standards” (‘ICDS’). The said amendment is effective from 1 April 2015.
- Based on the suggestions received from the stakeholders and examination of the same by the CBDT, the draft standards submitted by the Committee have been revised.
- The new draft of 12 ICDS has now been issued by CBDT seeking comments from stakeholders and general public
- The TAS has been renamed as ICDS in the new draft in line with the amendment made to Section 145(2) by the Finance (No. 2) Act, 2014.

Salient Features of draft ICDS:

- The salient features of the draft ICDS are:
    - A transitional provision on the applicability of ICDS with effect from 1 April 2015 has been provided.
    - The changes proposed in ICDS as compared to TAS is to further align the income computation standard with the provisions of the respective AS notified by ICAI
- The draft of 12 ICDS reiterates that the ICDS is applicable for computation of income chargeable under the head “Profits and gains of business or profession” or “Income from other sources” and not for the purpose of maintenance of books of accounts. It further reiterates that in case of conflict between the provisions of the Act and ICDS, the provisions of the Act shall prevail to that extent.

ICDS already notified on 01-Apr-1996 : 2

List of ICDS Issued:

	Title of ICDS	Corresponding AS
1	Income Computation and Disclosure Standard [ICDS] – Accounting Policies	AS 1
2	Income Computation and Disclosure [ICDS]- Valuation of Inventories	AS 2
3	Income Computation and Disclosure [ICDS]-Construction Contracts	AS 7
4	Income Computation and Disclosure Standard [ICDS] – Revenue Recognition	AS 9
5	Income Computation and Disclosure Standard [ICDS] – Tangible Fixed Assets	AS 10
6	Income Computation and Disclosure Standard [TAS] – The Effects of Changes in Foreign Exchange Rates	AS 11
7	Income Computation and Disclosure Standard [ICDS]- Government Grants	AS 12
8	Income Computation and Disclosure Standard (TAS) – Securities	AS 13
9	Income Computation and Disclosure Standard [TAS] – Borrowing Costs	AS 16
10	Income Computation and Disclosure Standard [TAS] – Leases	AS 19
11	Income Computation and Disclosure Standard [ICDS] – Intangible Assets	AS 26
12	Income Computation and Disclosure Standard [ICDS] – Provisions, Contingent Liabilities and Contingent Assets	AS 29

AS Not Covered by ICDS:

AS 3 Cash Flow Statements
AS 4 Contingencies and Events after Balance Sheet Date
AS 6 Depreciation accounting
AS 14 Accounting for Amalgamations
AS 15 Employee benefits
AS 17 Segment Reporting
AS 18 Related Party Disclosures
AS 20 EPS
AS 21 CFS
AS 22 Accounting for taxes on Income
AS 23 Accounting for investment in Associates in CFS
AS 24 Discontinuing Operations
AS 25 Interim Financial Reporting
AS 27 Financial reporting of Interests in JV
AS 28 Impairment of Assets

Comprehensive Table of Changes from ICAI AS, TAS and ICDS:

Accounting Standards issued by	***Tax Accounting Standard***	***Income Computation and Disclosure Standards (Revised***

ICAI	issued in August, 2012	Tax Accounting Standard)[1]
AS 1 – DISCLOSURE OF ACCOUNTING POLICIES		
A. Deals with		
"the disclosure of significant accounting policies followed in preparing and presenting financial statements" [Para 2 of (AS) 1]	"This Tax Accounting Standards deals with significant accounting policies" [Para 1]	No Change (viz-a-viz Tax Accounting Standards)
B. Definition of accounting policies		
"The accounting policies refer to the specific accounting principles and the methods of applying those principles adopted by the enterprise in the preparation and presentation of financial statements" [Para 11]	"The accounting policies refer to the specific accounting principles and the methods of applying those principles adopted by the person [Para 4].	No Change (viz-a-viz Tax Accounting Standards)
C. Selection of accounting policies		
The primary consideration in the selection of account policies by an enterprise is that the financial statements prepared and presented on the basis of such accounting policies should represent a true and fair view of the state of affairs of the enterprise as at the balance sheet date and of the Profit or loss for the period ended on that date [Para 17]	Accounting policies adopted by a person shall be such so as to represent a true and fair view of the state of affairs and income of the business, profession or vocation [Para 5]	No Change (viz-a-viz Tax Accounting Standards)

D. Change in accounting policy		
Change in accounting policy should be made only if it is required by statute, accounting standard or if such change will result in more appropriate presentation of financials.	An accounting policy shall not be changed without any reasonable cause	No Change (viz-a-viz Tax Accounting Standards)
E. Substance over form		
"The accounting treatment and presentation in financial statements of transactions and events should be governed by their substance and not merely by the legal form." [Para 17]	"The treatment and presentation of transactions and events shall be governed by their substance and not merely by the legal form" [Para 5].	No Change (viz-a-viz Tax Accounting Standards)
F. Prudence		
"In view of the uncertainty attached to future events, profits are not anticipated but recognised only when realized though not necessarily in cash. Provision is made for all known liabilities and losses even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information." [Para 17]	Para 5 provides that "marked to market loss or an expected loss shall not be recognized unless the recognition of such loss is in accordance with the provisions of any other Tax Accounting Standard"	No Change (viz-a-viz Tax Accounting Standards)
G. Materiality		
"Financial statements should	Not a whisper about materiality	No Change (viz-a-viz Tax

disclose all "material" items, i.e. items the knowledge of which might influence the decisions of the user of the financial statements." [Para 17]	in TAS."Since the Act does not recognize the concept of materiality for the purpose of computation of taxable income, the same has not been incorporated in the TAS."	Accounting Standards)
H. Disclosure of accounting policies		
All significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed. Such disclosure should form part of the financial statements It would be helpful to the reader of financial statements if they are all disclosed as such in one place instead of being scattered over several statements, schedules and notes. [Paras 25 & 26]	All significant accounting policies adopted by a person shall be disclosed. **Comment:** It is not clear where these accounting policies shall be disclosed. Whether in income-tax return or elsewhere?	No Change (viz-a-viz Tax Accounting Standards)
I. Transitional Provisions		
-	-	All contract or transaction existing on 01-04-2015 or entered into on or after 01-04-2015 shall be dealt with in accordance with the provisions of this standard after taking into account the income, expense or loss, if any, recognized in respect of the said contract or transaction for the previous year ending on or before 31-03-2015 [Para 10].

VALUATION OF INVENTORY		
A. Inventories of service providers		
AS-2 has not prescribed any method of valuation of inventories in the case of a service provider.	Inventories of service provider to be valued at cost. Cost of services to consist of labour and costs of personnel directly engaged in providing the service including supervisory personnel and attributable overheads [Para 3].	Provision for valuation of inventory in case of service provider has been deleted [Para 3]
B. Techniques for the measurement of the cost of the inventories		
AS-2 stipulates that techniques such as the standard cost method or the retail method may be used if the results approximate to the actual cost.	Standard cost method allowed.	No Change (viz-a-viz Tax Accounting Standards)
C. Opening inventories		
Though the AS – 2 does not mention specifically about the treatment of opening inventory, yet the following treatment is generally accepted: a) The value of the inventory of a business as on the beginning of a previous year shall be the same as the value of inventory at the end of the immediately preceding previous year. b) It shall be nil if business has	a) The value of the inventory of a business as on the beginning of a previous year shall be the same as the value of inventory at the end of the immediately preceding previous year. b) It shall be nil if business has commenced during previous year	a) The value of the inventory of a business as on the beginning of a previous year shall be the same as the value of inventory at the end of the immediately preceding previous year. b) If business commenced during the previous year, it shall be cost of inventory available on day of commencement of business

commenced during previous year		
D. Change in method of valuation		
AS-2 read with AS-5 provides that the method of valuation of inventories may be changed if it is considered that the change would result in a more appropriate presentation.	The method of valuation of inventory once adopted by a person in any previous year shall not be changed without a reasonable cause.	No Change (viz-a-viz Tax Accounting Standards)
E. Dissolution of partnership firm		
-	Inventory on the date of dissolution of partnership firm shall be valued at the net realizable value.	Inventory on the date of dissolution of partnership firm or AOP or BOI shall be valued at the net realizable value.
F. Transitional Provisions		
-	-	Interest and other borrowing costs, which don't meet criteria for its recognition as a component of cost, but included in the cost of opening inventory as on 01-04-2015, shall be taken into account for determining cost of such inventory for valuation as on close of previous year beginning on or after 01-04-2015 if such inventory continue to remain part of inventory as on close of the previous year beginning on or after 01-04-2015 [Para 25].

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE		
A. Exclusions from the scope		
a) Liabilities of life assurance and general insurance enterprises arising from policies issued; b) Obligations under retirement benefit plans; and c) Commitments arising from long-term lease contracts.	No exclusions	This standard is withdrawn from revised Income Computation and Disclosure Standards
B. Adjustments		
Adjustments required for Events Occurring After the balance sheet date if: (i) they provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date; or (ii) they indicate that the fundamental accounting assumption of going concern (i.e., the continuance of existence or substratum of the enterprise) is not appropriate**.**	Adjustments required for Events Occurring After the balance sheet date if they provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date. No adjustments for events that indicate Going Concern Assumption is not appropriate	This standard is withdrawn from revised Income Computation and Disclosure Standards
PRIOR PERIOD ITEMS		
AS-5 merely provides for separate disclosure of prior period items.	In order to provide certainty and reduce litigation, the TAS provides that Prior period expenses are allowable if the person proves that such	This standard is withdrawn from revised Income Computation and Disclosure Standards

	expense accrued during the year.	
CONSTRUCTION CONTRACTS		
A. Retention money		
AS-7 is silent about treatment of accrual of income in respect of the retention money.	Contract revenue in respect of retention money shall be recognized on basis of percentage of completion method.	No Change (viz-a-viz Tax Accounting Standards)
B. Reversal of revenue		
AS-7 provides for reversal of revenue on account of uncertainty arising on realisability of contract revenue which was already recognized as income. It is recognized as expense instead of contract revenue.	Where contract revenue already recognized as income is subsequently written-off in books, it shall be recognized as an expense and not as an adjustment of contract revenue.	No Change (viz-a-viz Tax Accounting Standards)
C. Borrowing costs relatable to construction costs		
Costs that may be attributable to contract activity in general and can be allocated to specific contracts also includes borrowing costs as per Accounting Standard (AS) 16, Borrowing Costs	Allocated borrowing costs in accordance with TAS shall form part of contract costs	No Change (viz-a-viz Tax Accounting Standards)
D. Pre-construction interest income, dividend income & capital gains		

AS 16 provides that in determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.	Such income shall not be reduced from the contract costs but shall be treated and taxed as income in accordance with the applicable provisions of the Act	No Change (viz-a-viz Tax Accounting Standards)
E. Recognition of losses including probable/expected losses		
To be recognized fully and not in proportion to the percentage of completion	Future or anticipated losses shall not be allowed unless such losses are actually incurred. Further, the losses incurred shall be allowed only in proportion to the stage of completion.	No Change (viz-a-viz Tax Accounting Standards)
F. Early stages of a contract		
Revenue shall not be recognized during early stages of contract. What is “early stages” is not defined in the AS – 7. However, Guidance note on real estate transactions requires that, apart from other mentioned conditions, at least 25% of the total construction and development cost should be incurred before revenue is recognized.	During early stages of a contract, where the outcome of the contract cannot be estimated reliably contract revenue is recognized only to the extent of cost incurred. The early stages of contract shall not extend beyond 25% of the stage of completion.	No Change (viz-a-viz Tax Accounting Standards)
G. Recognition of incentive payments		
Only when (i) contract is sufficiently advanced that it is probable that	TAS omits the requirement that contract is sufficiently advanced	No Change (viz-a-viz Tax

specified performance standards shall be met or exceeded (ii) amount of incentive payment is reliably measurable	that it is probable that specified performance standards shall be met or exceeded. If incentive reliably measurable, same to be recognized as per percentage of completion method	Accounting Standards)
H. Recognition of claims		
Only when (i) negotiations are sufficiently advanced that it is probable that customer will accept the claim and (ii) amount is reliably measurable	TAS omits the requirement that negotiations are sufficiently advanced that it is probable that customer will accept the claim. If claim reliable measurable, same to be recognized as per percentage of completion method	No Change (viz-a-viz Tax Accounting Standards)
I. Transitional Provisions		
-	-	Revenue and costs associated with construction contract, which commenced on or before 31-03-2015 but not completed by the said date, shall be recognised as revenue and costs in accordance with this standard. The amount of contract revenue, contract costs or expected loss, if any, recognised for the said contract for any previous year commencing on or before 01-04-2014 shall be taken into account for recognizing revenue and costs of the said contract

		for previous year commencing on 01-04-2015 and subsequent previous years.
REVENUE RECOGNITION		
A. Recognition of revenue from service transactions		
AS-9 recognizes both the “proportionate completion method” and “completed service contract method” for recognition of revenue from service transactions.	Revenue from service transactions shall only be recognized by following the “percentage completion method”. Requirements of TAS for Construction Contracts to apply *mutatis mutandis* for recognition of revenue and associated expenses for a service transaction.	No Change (viz-a-viz Tax Accounting Standards)
B. Sale of Goods		
AS-9 provides that revenue shall be recognized when: a) Risks and rewards are transferred b) Seller doesn’t retain any control over goods sold c) No significant uncertainty exists regarding collection	TAS provides that revenue shall be recognized when: a) Property in the goods is transferred for a price b) All significant risks and rewards are transferred c) Seller retains no effective control of goods sold.	No Change (viz-a-viz Tax Accounting Standards) except the criteria that revenue shall be recognized when there is reasonable certainty of its ultimate collection. **Comment:** The proposed standards are now in line with Accounting Standard 9 – Revenue Recognition
C. Postponement of revenue recognition		
Where the ability to assess the	In view of the specific	Recognition of revenue can be

ultimate collection with reasonable certainty is lacking, AS-9 provides for postponement of recognition of revenue in relation to any claim.	provisions in the Act for bad debts, the postponement of revenue due to uncertainty is restricted to claims for price escalation and export incentives.	deferred if there is an uncertainty in its ultimate collection. The proposed standard is now in line with Accounting Standard 9 – Revenue Recognition
D. Recognition of dividend income		
AS – 9 lays down the criteria for recognition	As the Act contains specific provisions relating to recognition of income in the nature of dividends, the provisions of AS-9 relating to recognition of dividend is not incorporated in the TAS.	No Change (viz-a-viz Tax Accounting Standards)
E. Transitional Provisions		
-	-	The transitional provisions of Standard on construction contract shall *mutatis mutandis* apply to the recognition of revenue and the associated costs for a service transaction undertaken on or before 31-03-2015 but not completed by the said date.
TANGIBLE FIXED ASSETS		
A. Acquisition of Fixed Assets in exchange for another asset or shares or securities		
The fair value of the asset/securities	Lower of the fair value of the	The value of the tangible fixed

given up or fair value of the asset acquired, whichever is more clearly evident, should be recorded as actual cost.	asset/securities given up, or the asset acquired shall be recorded as actual cost.	asset so acquired in exchange shall be its actual cost.
B. Capitalization of expenditure incurred on improvement and repairs		
Only those expenses which increase the future benefits from the existing asset beyond its pre-assessed standards of performance should be capitalized	Expenditure for the purpose of preserving or maintaining an already existing tangible fixed asset and which does not bring a new asset into existence or does not result into a new or different advantage that increases the future benefits from the existing asset shall be charged to revenue. Expenditure which does not meet the criteria specified as above to be capitalized.	An expenditure that increases the future benefits from existing asset beyond its previously assessed standard of performance is added to the actual cost. The proposed standard is silent about the treatment of such expenditure which does not meet the above specified criteria.
C. Transitional Provisions		
-	-	The actual cost of tangible fixed assets, acquisition or construction of which commenced on or before 31-03-2015 but not completed by said date, shall be recognized in accordance with this standard. The amount of actual cost, if any, recognized for the said assets for any previous year commencing on or before the 01-04-2014 shall be taken into account for recognizing actual

		cost of the said assets for previous year commencing on 01-04-2015 and subsequent previous years.
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES		
A. Exchange differences-recognition criteria		
AS-11 provides guidance on initial and subsequent recognition of foreign currency transactions and the resultant exchange differences.	TAS expressly provides that these provisions will be subject to Section 43A of the Act and Rule 115 of the Income-tax Rules, 1962.	No Change (viz-a-viz Tax Accounting Standards) except that the proposed standard allows use of average rate if that approximates the actual rate at the date of the transaction. It provides that average rate for a week or a month may be used for all transaction in each foreign currency occurring during that period. However, if exchange rate fluctuates significantly, the actual rate at the date of the transaction shall be used.
B. Conversion at last date of previous year		
AS – 11 provides that: a) Foreign currency monetary items should be reported using the closing rate. If closing rate does not reflect with reasonable accuracy the amount in reporting currency that is likely to be realized from, or required to disburse, e.g., where there are restrictions on remittances or where the closing rate is unrealistic and it is	TAS provides that: a) Foreign currency monetary items shall be converted into reporting currency by applying closing rate b) Non-monetary items shall be converted into reporting currency by using the exchange rate at the date of transaction	No Change (viz-a-viz Tax Accounting Standards) except that the proposed standard provides that where closing rate does not reflect with reasonable accuracy, the amount in reporting currency that is likely to be realized from or required to disburse, a foreign currency monetary item, owing to

not possible to effect an exchange of currencies at that rate at the balance sheet date, the relevant monetary item should be reported in the reporting currency at the amount which is likely to be realized from, or required to disburse, at the balance sheet date. b) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the transaction.		restriction on remittances or the closing rate being unrealistic and it is not possible to effect an exchange of currencies at that rate, then the relevant monetary item shall be reported in the reporting currency at the amount which is likely to be realized from or required to disburse such item at the last date of the previous year.
C. Foreign Currency translation reserve		
Exchanges differences arising on translation of the financial statements of non-integral foreign operations should be accumulated in a foreign currency translation reserve in the balance sheet	Such exchange differences shall be recognized for the purpose of computation of income.	No Change (viz-a-viz Tax Accounting Standards)
D. Forward contracts		
Forward exchange or similar contracts entered into for trading or speculation purposes should be mark-to-market at each balance sheet date and the resultant exchange differences should be recorded in profit or loss.	Since such mark-to- market gains or losses are unrealized in nature, the TAS provides that all gains or losses on such contracts shall be recognized on settlement.	No Change (viz-a-viz Tax Accounting Standards)
E. Transitional Provisions		

-	-	All foreign currency transactions existing on 01-04-2015 or undertaken on or after 01-04-2015 shall be recognized in accordance with provisions of this standard.
GOVERNMENT GRANTS		
A. Recognition of Government grants		
Mere receipt of a grant is not necessarily conclusive evidence that the conditions attached to the grant have been or will be fulfilled.	To reduce litigation and to provide certainty, the TAS (GG) provides that recognition of Government grant shall not be postponed beyond the date of actual receipt.	No Change (viz-a-viz Tax Accounting Standards)
B. Transitional Provisions		
-	-	All the Government grants which meet recognition criteria on or after 01-04-2015 shall be recognized for previous year commencing on or after 01-04-2015 in accordance with provisions of this standard after taking into account the amount, if any, of the said Government grant recognized for any previous year ending on or before 31-03-2015.
ACCOUNTING FOR INVESTMENTS / SECURITIES		

A. Scope		
AS-13 deals with accounting for current investments, long term investments and investment property but excludes shares, debentures or other securities held as stock-in-trade.	TAS only deals with securities held as stock-in-trade.	No Change (viz-a-viz Tax Accounting Standards)
B. Valuation of securities acquired in exchange		
AS – 13 provides that: a) If an investment is acquired by issue of shares or other securities, the acquisition cost is the fair value of the securities issued. b) If an investment is acquired in exchange for another asset, the acquisition cost of the investment shall be the fair value of the asset given up. However, fair value of the investment acquired shall be considered if it is more clearly evident.	TAS provides that: a) If a security is acquired in exchange for other securities, its value shall be lower of fair value of securities issued or securities received b) If a security is acquired in exchange for another asset, its value shall be lower of fair value of securities or fair value of asset given up.	a) Where a security is acquired in exchange for other securities, the security acquired shall be recognised at its fair value or the fair value of the securities issued, whichever is lower. b) Where a security is acquired in exchange for another asset, the value of the security so acquired shall be its actual cost.
C. Valuation of securities held as stock-in trade		
AS-13 indicates that though it does not apply to stock-in-trade, the manner in which they are accounted for is quite similar to current investments. In case active market exists for an investment then generally market value provides evidence of fair value. For investments where active market	a) Valuation of securities listed and quoted on a recognized stock exchange with regularity – At actual cost initially recognized or NRV, whichever is lower; b) Valuation of unlisted securities and listed securities not quoted with regularity – At	No Change (viz-a-viz Tax Accounting Standards)

does not exist, other means are used to determine fair value.	actual cost initially recognized	
BORROWING COSTS		
A. Borrowing cost eligible for Capitalization		
AS-16 provides that judgment should be used for determining whether general borrowings have been utilized to fund Qualifying Assets The capitalization rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset	TAS provides following formula for capitalizing borrowing costs relating to general borrowings: $\frac{A \times B}{C}$ Where A= Borrowing cost incurred during the previous year except on borrowings directly relatable to specific purposes B= Average cost of qualifying asset (except which are directly funded out by specific borrowing) as appearing on the first and last day of previous year. C= Average cost of total asset (except which are directly funded out by specific borrowing) as appearing on the first and last day of previous year.	No change in formula for capitalizing borrowing cost (viz-a-viz Tax Accounting Standard). However, it provides for determination of 'B' in certain situations as under : a) If qualifying asset does not appear in the balance sheet on the first day or both on the first day and the last day of previous year – 50% of cost of qualifying asset b) If qualifying asset does not appear in the balance sheet on the last day of previous year – the average cost of qualifying asset as appearing in the balance sheet on first day of previous year and on date of completion of asset.
B. Transitional Provisions		
-	-	All the borrowing costs incurred on or after 01-04-2015 shall be

		capitalized for the previous year commencing on or after 01-04-2015 in accordance with the provisions of this standard after taking into account the amount of borrowing costs capitalized, if any, for the same borrowing for any previous year ending on or before 31-03-2015.
LEASES		
A. Scope		
Application of AS-19 could result in a different classification of a lease by the lessor and the lessee.	For ensuring uniformity of classification of a lease by the lessor and lessee, the TAS provides for uniformity of definitions and requires a joint confirmation regarding consistency of classification between the lessor and the lessee.	No Change (viz-a-viz Tax Accounting Standards)
B. Finance Lease		
Where lessor is a manufacturer/dealer, AS-19 proposes adjustment in the sale price only in the cases of artificially low rate of interest.	In order to bring uniformity of treatment for artificially low and high rate of interest, the TAS provides for adjustment in case of artificially high rate of interest as well.	No Change (viz-a-viz Tax Accounting Standards)
C. **Transitional Provisions**		

-	-	The provisions of this standard shall apply to all lease transactions undertaken on or after 01-04-2015. The lease transactions undertaken on or before 31-03-15 shall continue to be governed by the provisions of the Act applicable to the previous year ending on or before 31-03-15.
INTANGIBLE ASSETS		
A. Recognition of Intangible Asset acquired in exchange for shares/other assets		
Fair value of the asset/securities given up or fair value of the asset acquired, whichever is more clearly evident, should be recorded as actual cost.	Fair value of securities issued or assets given up shall be considered as the cost of intangible asset so acquired.	a) When an intangible asset is acquired in exchange for shares or other securities, the value of the intangible asset so acquired shall be its actual cost. b) When an intangible asset is acquired in exchange for another asset, the value of the intangible asset so acquired shall be its actual cost. c) Cost of intangible asset shall undergo changes for any exchange fluctuations in accordance with standard on effect of changes in foreign exchange rates.
B. **Transitional Provisions**		
-	-	The identification, recognition and measurement of an

		intangible asset for previous year commencing on or after 01-04-2015 shall be made in accordance with provisions of this standard after taking into account the amount recognized, if any, for the said asset for the previous year ending on or before 31-03-2015.
PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
A. Scope		
AS-29 provides for recognition of a contingent asset when the realization of related income is virtually certain.	This TAS replaces the condition of "virtually certain" with "reasonably certain" for recognition of income and the related asset.	No Change (viz-a-viz Tax Accounting Standards)
B. Transitional Provisions		
-	-	All the provisions or assets and related income shall be recognised for the previous year commencing on or after 01-04-2015 in accordance with the provisions of this standard after taking into account the amount recognised, if any, for the same for any previous year ending on or before 31-03-2015.