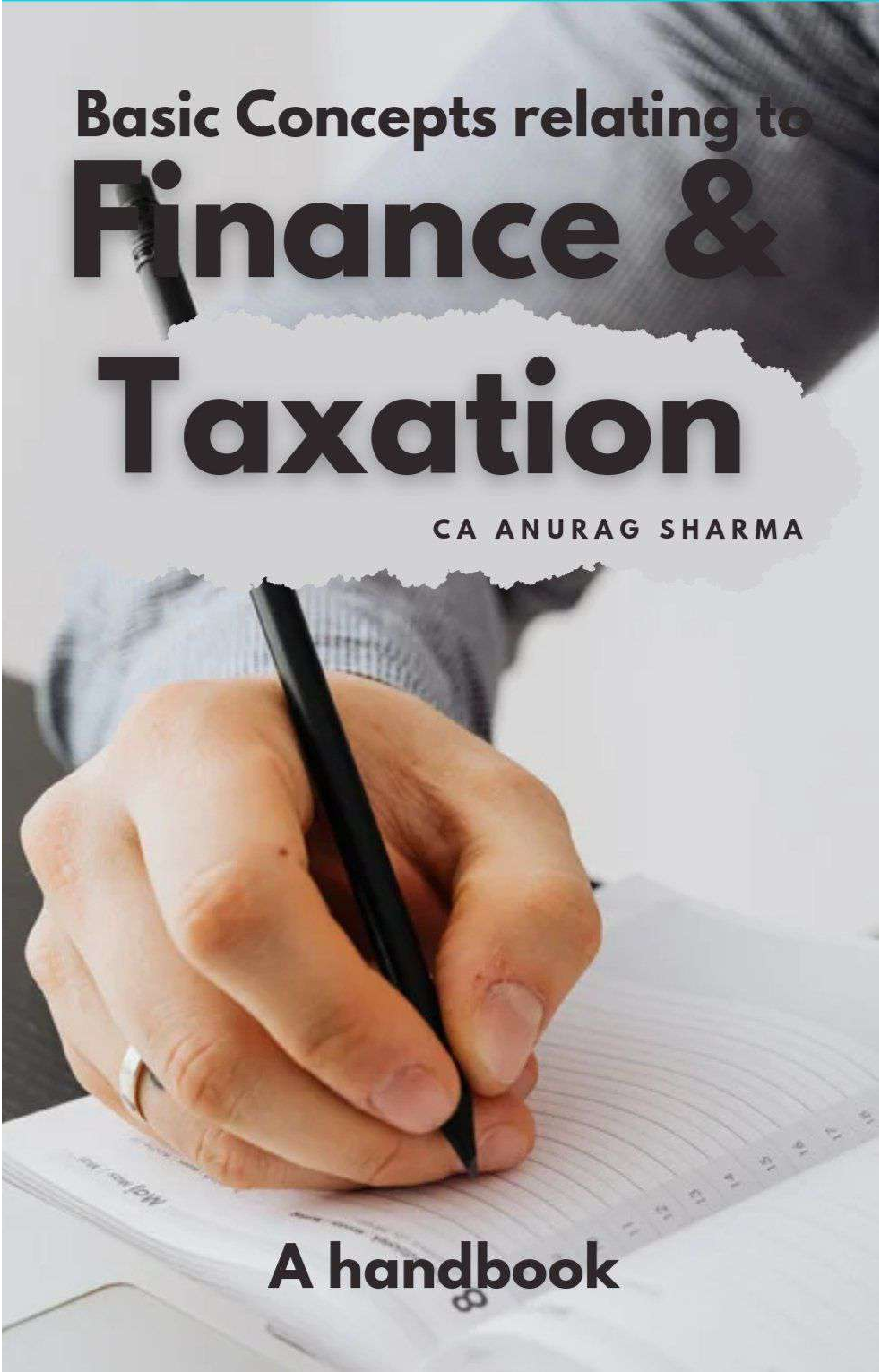
Basic Concepts relating to Finance & Taxation

CA ANURAG SHARMA

A handbook



Note from the writer :-

Thank you for appreciating my writings and encouraging me to write and share more. This book is dedicated to all the love and appreciation you have showered on me.
Always and forever indebted to it.

Thanks :-)

– CA Anurag Sharma

INDEX - Basic Concepts Relating to Finance & Taxation

S.No.	Particulars/ Topics	Page numbers
1.	Income tax overview along with TDS & advance tax	1-11
2.	Cash transactions allowed under Income-tax Act.	12-14
3.	GST overview	15-17
4.	Decoding registration numbers	18, 19
5.	Excel in excel - Short cut keys in excel	20-22
6.	All about PPF and SIP	23, 24
7.	LLP - overview	25, 26
8.	OPC - One Person Company	27
9.	Definitions and meanings of various terms used in finance	28-34
10.	Ind AS - overview	35-40

What is tax ?

→ A mandatory contribution levied by govt. on individuals or corporations. This is the money that we have to pay to govt. so that govt. can provide public services.

Different types of taxes

DIRECT TAX	INDIRECT TAX
→ It is directly paid to the govt. and is imposed on income and profits.	→ Indirectly paid to the govt. and is imposed on goods and services
→ Examples :- Income tax, Tax on Capital Gains, Securities Transaction Tax	→ Examples :- GST, Excise and customs, VAT
→ CBDT (Central Board of direct taxation) administers direct taxes.	→ CBIC (Central Board of Indirect Tax and Customs) administers indirect taxes.
→ Paid by individuals or corporations on income and profits earned annually.	→ Paid by the consumer of goods or services while purchasing those goods or availing the services.

INCOME TAX AND Income tax returns

- It is the tax on annual income that is earned by the individuals or corporations.
- It is a form of direct tax.
- Details of income are submitted through different return forms known as "ITR (income tax return) forms" as prescribed by the govt. on the basis of source of income and the type of person filling the tax i.e. individual, partnership firm, LLP, companies, etc.

- "ITR forms" donot carry any attachment as a proof of income or expenses or investments or deductions, i.e., you don't have to attach any document with the "income tax return forms".
- "ITR" has to be compulsory filled by companies, LLP, partnership firms even if these earned loss during the financial year. However, it's not compulsory for individuals whose income falls below the threshold limit of ₹2,50,000/- p.a. to file 'ITR'.
- As per Section 194P applicable from 1 April 2021, Senior citizens above 75 years of age with only interest and pension income are exempt from filling ITR.

Benefits of filling ITR even if income is below exemption slab :-

→ Individuals having income less than exemption slab i.e. ₹2,50,000 p.a. are not compulsory required to file ITR. However, there are certain benefits of filling ITR even if income of individuals is below exemption slab :-

i. For loans :- Banks and financial institutions ask for ITR for processing the loan applications for house/car/personal loans etc.

ii. For VISA :- ITR is required for applying for VISA.

iii. Acts as proof of income.

iv. Legal document as it holds immense legal value.

Due dates for filling ITR :-

→ For individuals / HUF / AOP / BOI where books of accounts are not required to be audited → 31st July

→ For others i.e. Companies/LLP/Partnership firms → 31st October individuals/HUF/AOP/BOI, where books of accounts are required to be audited.

→ However, above due dates can change by various notifications from govt.

OLD VS. NEW TAX REGIME

- CA Anurag Sharma

1\. Old tax regime (Existing)

Income	Tax Rate
2.5 lacs - 5 lacs	5%
5 lacs - 10 lacs	20%
Above 10 lacs	30%

New tax regime [Optional]

Income	Tax Rate
2.5 lacs - 5 lacs	5%
5 lacs - 7.5 lacs	10%
7.5 lacs - 10 lacs	15%
10 lacs - 12.5 lacs	20%
12.5 lacs - 15 lacs	25%
Above 15 lacs	30%

2\. Major deductions and exemptions not allowed in new tax regime:-

(i) Deduction u/s 16 (Standard deduction, Entertainment allowance and professional tax).

(ii) House Rent Allowance (HRA), Leave Travel allowance (LTA), Children education allowance.

(iii) Interest payable on borrowed capital for self-occupied property.

(iv) Chapter VIA Deduction (80C, 80D etc. except Contribution by employer to notified pension scheme i.e. 80CCD(2))

3\. Tax Payer can choose any of the above regimes. On paper old tax regime may look good but in certain cases where income is higher and deductions and exemptions are lower, new tax regime may prove beneficial. So, calculate before choosing any tax regime.

Income-tax calculation :-

⇒ There are 5 heads under which income is classified for the purpose of income tax calculation :-

i. Salary
ii. Profits and gains from Business or profession
iii. Income from House Property
iv. Capital Gains (Gains/Losses on the sale of property, investments, etc)
v. Income from other sources (Int., dividend etc.)

⇒ The total of above heads as applicable to the assessee is made.

⇒ Deductions u/s Chapter VI-A are then provided and income is deducted as applicable.
Chapter VI-A includes deductions from Section 80C to 80U, e.g. deductions for life insurance, medical insurance, rent paid, int. on educational loan etc.

⇒ Previous year losses are set off after inter head and intra head set off of losses.

⇒ Taxes are then calculated at applicable rates after giving effect to Advance tax paid, TDS/TCS.

Section 24(b) vs. Section 80EE vs. Section 80EEA

– CA Anurag Sharma

1. Section 24(b)

Maximum limit of interest on loan taken for house property is ₹ 2,00,000/- if all of the following conditions are fulfilled:-

→ The house property is self-occupied or vaccant.

→ The loan must be taken for the purchase ~~and~~ or construction of the property.

→ The loan must be taken on or after 1 April 1999.

→ The purchase or construction must be completed within 5 years from the end of the financial year in which the loan was taken.

If any of the above conditions is not met then the deduct. u/s 24(b) will be limited to ₹ 30,000/-.

The deduction of pre-construction loan taken on house property → Int. will be allowed in 5 equal instalments from the year in which house is purchased or construction is completed.

However, total deduction u/s 24(b) shall not exceed ₹ 2,00,000/-

2. Section 80EE :- Additional deduction of interest on House Property

→ Loan must be sanctioned between 01.04.2016 to 31.03.2017.

→ Deduction upto ₹ 50,000/- over and above the deduction u/s 24(b).

→ Loan taken must be ₹ 35,00,000/- or less and value of the property must be ₹ 50,00,000/- or less.

→ Should be for the first house property of the individual.

Section 80EEA :- Deduction on Int. on Affordable Housing

-> Interest on loan taken for house property is limited to ₹1,50,000/- over and above the deduction of interest u/s 24(b).

-> However, taxpayer cannot avail deduction u/s 80 EEA if he or she has availed deduction u/s 80EE.

-> Stamp duty value of the house should be ₹45 lakh or less.

-> Carpet area of the house property shall not exceed 645 sq. feet or 60 sq. metres if house property is located in metro city. For other cities the carpet area shall not exceed 968 sq. feet or 90 sq. metres.

-> Deduction is available to Individuals who are buying property for the first time.

-> The loan must be taken from a financial institution or a housing finance company.

-> Loan must be sanctioned after 01.04.2019.

HRA vs. Section 80GG

— CA ANURAG

HOUSE RENT ALLOWANCE

Exempted u/s 10(13A) upto least of the following :-

Mumbai/kolkatta/Delhi/Chennai	Other cities
- Allowance actually received	- Allowance actually received
- Rent paid - 10% of salary	- Rent paid - 10% of salary
- 50% of salary	- 40% of salary

"Salary" includes → Basic Pay + DA (if terms of employment so provide) + Commission based on fixed percentage of turnover achieved.

Section 80GG - Deduction for rent paid

- Assessee should not be receiving HRA
- Assessee, his spouse, his minor child or HUF of which assessee is a member should not own a house in that area where assessee is residing or carrying on his business.
- Assessee needs to fill and submit form 10BA.
- Assessee can be employed or carrying on his business
- Deduction u/s 80GG will be $\boxed{\text{Least}}$ of the following :-
  → Rent paid - 10% of adjusted total income
  → 25% of adjusted total income
  → 5,000/- p.m. i.e. 60,000 p.a.
- Adjusted total income means :-
  Gross Total income minus Long-term Capital Gains
  minus Short-term Capital Gains u/s 111A (taxed @ 15%)
  minus deductions u/s 80C to 80U (except u/s 80GG)

TDS - Tax deducted at Source

→ Tax that is deducted by the person making payment to the assessee at the time of payment of salary, rent, interest, professional fees, commission, etc.

→ This tax so deducted is deposited by the deductor on behalf of the assessee through various challans as prescribed by the govt. from time to time.

→ TDS is deducted only when the payment made crosses the threshold limit as prescribed by the govt. e.g. when salary paid increases the exemption slab relating to salaries, etc.

→ The recipient of income receives the net amount i.e. amount after reduction of TDS.

→ It is the responsibility of the deductor to deposit the amount so deducted to the govt.

→ No TDS has to be deducted if the person making the payment is an individual or HUF whose books are not required to be audited except when such individual or HUF makes a payment of rent exceeding ₹ 50,000/- p.m.

TDS - due dates, interest and TDS forms

- CA Anurag

⇒ Due date of depositing TDS

- 7th of next month from the month in which TDS was deducted i.e. 7th of the proceeding month
- But in case of march the due date of depositing TDS is 30th April for Non-govt. deductees.

TDS is deposited through Challan No. 281

⇒ Interest u/s 201A

- Non-deduction of TDS either in part or in full → 1% p.m. Interest has to be calculated from the date on which TDS was to be deducted and till the date it was actually deducted.
- Non-payment of TDS after deduction → 1.5% p.m. from the deduction to the date of payment.

Any part of month will be considered as a full month, meaning thereby that interest will be calculated for the full month even though the delay is for few days.

⇒

TDS Forms	Particulars	Due dates
24Q	Salaries	30th of the month proceeding the quarter. However for quarter ending 31th March it is 31st May
26Q	All payments except salaries	
27Q	Returns relating to Payment made to Non-residents of interest, dividend or any other sum	
27EQ	TCS	15th of the month proceeding the quarter. For quarter ending 31st March, it is 15th May

Advance tax

→ Advance tax is the tax paid in advance instead of paying lump sum tax.

→ Advance tax has to be paid when you have sources other than salary.

→ It is only payable when and if income tax payable is ₹ 10,000/- or more.

→ Senior Citizen (60 or above years) who does not have income from Business/Profession are exempt from payment of advance tax.

→ Due dates of payment of advance tax:

15% of tax payable	→ on or before 15th June
45% of tax payable	→ on or before 15th September.
75% of tax payable	→ on or before 15th December
100% of tax payable	→ on or before 15th March.

CASH TRANSACTIONS

— CA Anurag

S.No	Section	
1.	40A(3)	Maximum cash payment made to a single person on a single day should not exceed ₹10,000/- (₹35,000/- in case of cash payment made for plying, hiring or leasing of goods carriage) for any expenditure. However, payment can be made through account payee cheque or account payee bank draft or electronic system. EXCEPTION:- No disallowance u/s 40A(3) if payment is made to:- (Rule 6DD) → RBI, SBI, any banking company, LIC, primary agricultural society / primary credit society / co-operative bank → Govt. through legal tender / in legal tender. → the cultivator, grower or producer of agricultural goods or livestock. → upto 50,000/- to an employee or his/her legal heir in connection with employee's retirement, retrenchment, resignation, death, gratuity → Salary after deducting TDS when such employee is posted for 15 days or more temporarily at a place where he/she does not have a bank account. → Authorised dealers and foreign money exchangers as registered with RBI are not disallowed under this section

S.No.	Section	
2.	269ST	No person shall receive an amount of Rs. 2 lakhs or more in aggregate from a person IN A DAY in respect of single transaction relating to one event or occasion otherwise than by an account payee cheque or account payee bank draft or electronic clearing system through a bank account. However, cash payment exceeding ₹ 2 lakhs can be received by govt. or banking company. Penalty → Section 271DA → equivalent to the amount of such receipt.
3.	269 SS	A person cannot accept cash loan or deposit of ₹ 20,000/- or more from another person. Exception :- A person can accept cash loan or deposit of ₹ 20,000/- from :- Govt, Banking Company, Corporation established by a Central, State or Provisional Act – A person earning only agricultural income can accept cash loan or deposit above ₹ 20,000/- from another person who is also earning ONLY agricultural income. – Partners contributing cash capital – Receiving cash from relatives during emergency with no intention to evade tax Penalty :- Section ~~271DA~~ 271D → 100% of such amount received.

SECTION	
269T	Repayment of loan or deposit in cash above ₹20,000/- or more is not allowed. Penalty :- 100% of such amount. However, repayment of loan or deposit above ₹20,000/- can be made through account payee cheque or bank draft.
80D	If health insurance premium is made in cash then it won't be allowed as a deduction. However, payments for preventive health care check-ups can be made in cash.
80G	Donation more than ₹2,000/- in cash won't be allowed as a deduction.
80GGB	Cash donation by an Indian Company or enterprise to a political party or an electoral trust won't be allowed as a deduction.
80GGC	Cash donation by an individual to political party won't be allowed as a deduction.
43(1)	Where cash payment exceeding ₹10,000/- is made for purchase of asset then depreciation will be disallowed on that along with an additional depreciation.

GST- A brief Summary

⇒ Indirect tax launched on 1July 2017.

⇒ GST comprises of :-

→ IGST (Integrated goods and service tax):-

- Levied and collected by Central Govt. in case of Inter-State (within two States or UTs; or one state and UT) on supply of goods and/or services.

→ CGST (Central goods and service tax):-

- Levied and collected by Central Govt. in case of intra-state (within State) supply of goods and/or Services.

→ UTGST (Union-territories Goods and Service tax):-

- Levied and collected by Union-territories in case of (intra-state supply of goods and/or Services)

→ SGST (State goods and service tax):-

- Levied and collected by State-Govt. in case of intra-state supply of goods and/or services.

⇒ IGST is the sum total of CGST and SGST/UTGST and is levied and collected by Centeral Govt. on all Inter-State Supplies.

Threshold limit for GST Registration :-

→ ₹10 lacs limit for supply of goods and/or services in case of the following states :-

- Manipur
- Nagaland
- Mizoram
- Tripura.

→ ₹20 lacs limit for supply of goods and/or services in case of following states :-

- Arunachal Pradesh
- Sikkim
- Puducherry
- Meghalaya
- Uttrakhand
- Telangana

→ ₹ 20 lacs for supplier of services/both goods and services and ₹ 40 lacs for supplier of goods (intra-state) :-

- All other states and UTs.

Composition Scheme of GST

→ No input credit will be available if dealer opts for this scheme.

→ Manufacturer of ice cream, pan masala, or tobacco ;
A person making inter-state supplies ;
Businesses which supply goods through e-commerce operator
Cannot opt for this scheme.

→ This scheme can be opted by any other taxpayer except those mentioned above whose turnover is less than ₹ 1.5 crore. Turnover of all businesses registered with the same PAN should be taken into consideration to calculate turnover.

→ A dealer under "composition scheme of GST" will pay GST at a flat rate ranging from 1% to 6% according to services they are providing.

Process of GST in simple term

→ A seller sell goods or provides services. He/she charges GST on it as per rates mentioned by Central Govt. in this regard. He deposits the GST so collected in the treasure of Center/State Govt. as per rules. The details of sale is provided by the seller in form GSTR 1 where sale to registered persons (having GST number) and unregistered person is seperately mentioned, along with HSN codes of the product sold or SAC (Service accounting code) of the services provided.

↓

→ The registered purchaser then claims the GST so paid as input tax credit, subject to certain rules e.g. 17(5), or he is not a composition tax payer. He/She files GSTR 3B where he/she pays the balance tax to the Central Govt after adjusting input tax credit.

↓

→ Tax (GST) is paid through challan (offline/online). It is paid while filling GST 3B or Form GSTR-4A in case of composite tax payers.

Decoding Registration numbers

⇒ PAN :- Permanent Account Number

- → A 10 digit Alphanumeric number issued by the Income tax department of India.
- → First 3 characters represent the alphabetic series running from AAA to ZZZ
- Fourth character represents the status of the PAN holder :-
  - 'P' stands for individual
  - 'C' stands for company
  - 'H' stands for HUF (Hindu Undivided Family)
  - 'A' stands for Association of Persons (AOP)
  - 'B' stands for Body of Individuals (BOI)
  - 'J' stands for Artifical Juridical Person
  - 'L' stands for Local Authority
  - 'F' stands for Firms / LLP
  - 'T' stands for Trust.
- Fifth character represents the first character of PAN holder's last name in case of an individual and first character of PAN holder's name in case of non-individuals.
- Next four characters are sequential numbers running from 0001 to 9999
- last character is an alphabetic check digit.

⇒ GSTIN :- Goods and Services Tax Identification Number

→ 15 digit number issued to persons registered under GST

→ • First '2 digits' represent the state codes, e.g.

'03' - Punjab

'04' - Chandigarh

'07' - Delhi, etc.

- Next '10 digits' is the PAN number of the taxpayer.
- 13^{th} digit represents number of the registrations of the taxpayer within the state.
- 14^{th} digit is "Z" by defaut.
- 15^{th} digit is a check code and can be number or alphabet.

⇒ CIN :- (Corporate Identification Number)

→ 21 digit alpha-numeric code issued to companies incorporated within the country under MCA (Ministry of Corporate Affairs)

→ - The first character is 'L' or 'U'. L represents if the company is listed ; 'U' represents if the Company is 'Unlisted'

- Next 5 digits are numbers representing the economic activity of a company or to which industry the company belongs to.
- Next 2 digits/letters denote the Indian State where the company is registered i.e. 'DL' for Delhi ; 'MH' for Maharashtra etc.
- Next 4 numbers signifies the year of incorporation of a company.
- Next 3 letters denote the company classification i.e., if a company is private limited or public limited.
- Last 6 digits denote the registration number provided by the respective ROC (Registrar of Companies).

Excel in Excel :- Shortcut keys used in excel

1.	Ctrl + A	Select all contents of a worksheet.
2.	Ctrl + B	Bold all cells in the highlighted section.
3.	Ctrl + C	Copy
4.	Ctrl + V	Paste
5.	Ctrl + O	Open an existing workbook
6.	Ctrl + N	Create a new workbook
7.	Ctrl + S	Save
8.	Ctrl + W	Close a workbook
9.	Ctrl + F	Search the current sheet
10.	Ctrl + H	Find and replace.
11.	Ctrl + Z	Undo a section
12.	Ctrl + Y	Redo a section
13.	Ctrl + k	Inserts a hyperlink.
14.	Ctrl + X	Cuts the contents of a cell or a selected content.
15.	Ctrl + B	Do/redo Bold
16.	Ctrl + I	Do/redo Italics.
17.	Ctrl + U	Underline
18.	Ctrl + F1	Show or hide the ribbon
19.	Ctrl + F2	Open Print preview
20.	Ctrl + F4	Close excel.
21.	Ctrl + F9	Minimize workbook
22.	Ctrl + F10	Restore workbook

23.	Ctrl + Shift + ;	Insert the time in the active cell
24.	Ctrl + Shif + #	Insert the date format in dd/mm/year format.
25.	Ctrl + Shift + (	Unhides any rows in the selected area.
26.	Ctrl + Shift +)	Unhides any column in the selected area.
27.	Ctrl + 9	Hide Row
28.	Ctrl + 0	Hide column
29.	Ctrl + Shift + $	Currency format.
30.	Ctrl + Shift + %	Percentage format.
31.	Ctrl + Shift + &	Apply outline border.
32.	Ctrl + Shift + _	Remove outline border.
33.	Ctrl + Space	Select the entire column
34.	Ctrl + Shift + Space	Select the entire workbook
35.	Shift + Space	Select the entire row.
36.	Ctrl + Home	Move to the beginning of the workbook
37.	Ctrl + PgUp	Move to the previous sheet.
38.	Ctrl + PgDn	Move to the next sheet.
39.	Ctrl + End	Move to the most bottom right used cell.
40.	Ctrl + Up arrow	Move to the top cell of the column.
41.	Ctrl + Down arrow	Move to the bottom of the column.

42.	Alt + Tab	move to other applications.
43.	Alt + H + I + S	New worksheet.
44.	Alt + H + H	Cell color
45.	Alt + H + FC	Font Color
46.	Alt + H + FS	Font Size
47.	Alt + N + V	Insert Pivot Table
48.	Alt + N + C	Insert Column Chart
49.	Alt + H + D + S	Delete a worksheet.
50.	Alt + H + O + U + S	Hide a sheet.
51.	Alt + H + O + U + H	Unhide a sheet.
52.	Alt + H	Go to Home Tab.
53.	Alt + W	Go to view tab.
54.	Alt + M	Go to formula tab
55.	Alt + P	Open the page Layout.
56.	Ctrl + Alt +	Zoom in
57.	Ctrl + Alt -	Zoom out.
58.	Alt + Enter	Start a new line in the same cell
59.	Alt + F8	Macros
60.	Alt + M + D	Formula Tracing
61.	Alt + A + E + F	Text to column.
62.	Alt + W + F + F	Freeze and unfreeze panes.
63.	Ctl + Alt + Shift	Check dependent formula.
64.	Alt + F1	Insert a chart
65.	Alt + Backspace	Undo the last action.

ALL ABOUT PPF

-CA ANURAG SHARMA

1. How to open PPF A/C ?

You can open it through mobile apps of your banks or by visiting your respective bank branches.

2. Tenure :- Minimum 15 years. Can be extended in block of 5 years thereafter.

3. Maximum amount that can be invested p.a. → ₹ 1,50,000/-

4. Rate of Interest → 7.10% p.a. from 1st July 2021.

5. Loan against PPF A/c :-

→ Loan can be availed between 3rd and 6th financial year of opening of PPF A/c.

→ Loan can be availed only upto 25% of balance available in PPF A/c.

→ Loan tenure can be maximum of 36 months.

→ Rate of interest on PPF loan is 1% p.a. However, interest won't be given on the amount taken as loan from PPF A/c. Therefore, loan interest comes out to be 1+7.1% = 8.1% p.a.

Want to save tax but confused about whether to invest in SIP or PPF ?

— CA ANURAG SHARMA

	SIP Systematic Investment Plan	PPF Public Provident Fund
1.	You invest small amount on regular basis in mutual Funds	You invest in a PPF scheme of Govt. of India.
2	No limit on the investment you have to make	You can invest maximum of ₹1,50,000 p.a. in PPF
3.	Returns are linked to markets They vary as per market Conditions which impact your SIP	Rate of Interest is 7.10% p.a. from 1July2021
4.	Tenure :- 6 months to 1 year or 5 years or 10 or more	Minimum :- 15 years and after that you can extend it in block of 5 years.
6.	Tax exemption ? Equity Linked SIP is exempted upto ₹1,50,000/- p.a as per Section 80C along with other investments mentioned u/s 80C	Exempted upto ₹1,50,000/- p.a. as per Section 80C along with other investments mentioned u/s 80C.

LLP:- Limited Liability Partnership

-> LLP is a hybrid between company and partnership firm. It gives the benefits of limited liability of a company and the flexibility of a partnership.

-> It is a seperate legal entity. Designated partners of a LLP are issued DIN by MCA.

-> Registration of LLP is compulsory as in the case of companies.

-> Minimum 2 partners are required for the formation of LLP, but there's no maximum limit.

-> Two forms LLP 8 and LLP 11 has to be filled annually.

-> The advantage of LLP over partnership firm is that, LLP doesn't desolve automatically in case of death of it's partners, as it is a seperate legal entity. Also, partners can't be held responsible for the action of other partners.

-> Financials of LLP are filled through LLP 8.

-> DIN kyc of every director (designated partner) has to be done annualey.

Difference between Partnership and LLP

Partnership	LLP
→ It is created by contract or Partnership deed.	→ It is created by Law
→ Must have minimum 2 partners and maximum 100.	→ Minimum 2 partners, but there's no maximum limit.
→ Registration is not compulsory	→ Registration is compulsory
→ Partnership and it's partners are not considered as seperate legal entities.	→ LLP and it's partners are considered to be seperate legal entities.
→ There is no annual filling return.	→ Has to file annual return with the ministry of corporate affairs.
→ Liability of partners is unlimited.	→ Limited upto capital contributed by them.
→ There is no name reservations.	→ It gives name reservation
→ One partner's action can held other partner liable too.	→ A partner cannot be held responsible for the action of other partner.

OPC → One Person Company

— CA ANURAG

⇒ As per Section 2(62) of Companies Act 2013, OPC means "a company which has only one person as a member".

⇒ OPC is formed with one director and one member. Director and member can be the same person. However, one more person is required to act as the nominee. Details of nominee are provided in INC-3 during registration

⇒ The name of OPC should end with (OPC) Private Ltd.

⇒ Difference between old provisions and recent amendments relating to OPC :

	Old Provisions	Recent amendments (w.e.f. 01.04.2021)
(i)	OPC could be voluntarily converted into Pvt. Ltd. after 2 years of incorporation.	OPC can be converted any time into any form of company
(ii)	NRIs were not allowed to incorporate OPCs.	Any person whether Indian Citizen or not can form OPC
(iii)	Period of 182 days stay in India to be considered for NRIs to be resident in India.	Period of 182 days has been reduced to 120 days now.
(iv)	Mandatory conversion of OPC within 6 months into Pvt. Ltd. Co. if paid up capital exceeds ₹ 50 lacs and average turnover of 3 consecutive financial year exceeds ₹ 2 crores.	This provision has now been removed.
(v)	MGT-7 was to be filled	MGT-7A needs to be filled

⇒ OPC shall file eform INC-6 for it's conversion into Private or Public Company other than under Section 8 of the Act. Following documents will be attached:-
- Altered MoA and AoA;
- copy of resolution;
- the list of proposed members and it's directors with the consent
- the list of creditors; and
- the latest audited Balance Sheet and profit and loss Account.

Financial literacy :- A set of knowledge and skills that allows an individual to manage his or her finances wisely. It's an ability to understand how to utilise the finances and gain maximum value from it.

Financial Planning :- It's using the finances in a planned Considering the earnings and expenses that one have and also predicting the future income or expenses and acting accordingly.

Wealth maximization :- It's increasing the value of finances that an individual has by investing finances in various assets or stocks.

Tax Planning :- It's planning the income as per applicable taxation and other laws to minimise the amount of taxes one has to pay. It's basically a financial planning keeping the taxation perspective in the mind.

Tax evasion :- It's not paying taxes or not paying ALL the taxes/tax liabilities by using illegal means.

While tax planning is legal, tax evasion is a crime.

Derivative :-

-> Derivative is a contract that drives it's value from the performance of an underlying entity. The underlying entity can be an asset, index, or interest rate. So, if the value of an underlying entity changes, the value of derivative also changes.

Futures and options

-> Futures and options both are "derivative products".

-> Future is a contract to buy or sell an underlying stock or other asset at a pre-determined price on a specific date.

-> Option gives an opportunity to the investor to buy or sell the underlying stock or other asset at a specific price on a specific date. There is no obligation in options.

-> So, the basic difference between future and options is the obligation part.

Call and Put options

-> A call option is an offer to buy a stock at the strike price before the agreement expires.

-> A put option is an offer to sell a stock at the strike price before the agreement expires.

-> 'Strike Price' is also known as "an exercise price" at which call or put options can be purchased.

Debentures and Bonds

⇒ An unsecured debenture can be termed as a bond.

⇒

Bonds	Debentures
→ Bonds are long-term debt instruments.	Debentures are short-term debt instruments.
→ They carry lower interest rate compared to debentures.	Interest rate is higher compared to bonds.
→ They are secured by the collateral or physical assets of the company.	→ Debentures are not secured.
→ Are generally issued by large corporations, financial institutions and government agencies for their long-term capital requirements.	Are issued by private companies to fulfill their short-term capital requirements.
→ Bond holders are given priority while repayment over debenture holders during liquidation of the company.	They come after bond holders in the priority list.

⇒ Debentures and bonds both are debt instruments issued by the organizations.

CIBIL :- Credit Information Bureau (India) Limited

→ Credit Information Company which maintains records of all the credit-related activities of individuals and corporates.

→ It issues CIBIL score based on the information obtained from banks and financial institutions.

→ CIBIL Score is a three-digit number ranging from 300 to 900, Which acts as a measure of credit worthiness of an entity or an individual. Higher the score, better it is.

→ There are four main factors that make CIBIL Score :-

Payment History	→ 30%
Credit exposure	→ 25%
Credit type and duration	→ 25%
Other factors	→ 20%

→ Better CIBIL score provides better loan opportunities in the form of lower interest rates, longer loan duration or bigger loan amount.

→ To improve CIBIL one should avoid late payments of EMIs or Credit Cards; or miss payments of EMIs or Credit Cards.

Audit trail :-

→ Step by step record by which financial data can be traced to it's source. It is also called audit log.

→ It helps to trace any event that resulted in the change in the financial data. such as alteration, deletion, etc.

→ According to the recent notification by Ministry of Corporate Affairs (MCA) organizations that use accounting software for maintaining their books of accounts are required to have an Audit Trail feature, creating an audit log of all transactional changes from 01 April 2023. Earlier this date was 01. April 2022

→ Audit trail helps in detecting frauds, fixing responsibility and accountability for financial data.

→ Audit trail as a tool can be used by the organizations for doing internal audit too.

→ So, basically organizations should look for accounting softwares that provide the feature of audit trail.

Debit Card and Credit Card

Debit Card	Credit Card
→ Money is deducted from your account as soon as you make payment from debit card.	→ Spend now, pay later in case of credit card
→ No interest is paid in case of debit cards.	→ Interest is paid in case of delay in repayment of amount spent through credit card.
→ You can spend only as much money as you have in your current or savings bank account when you use debit card.	→ You can spend money upto the credit limit as specified.

⇒ Debit card and credit card both bear 16-digit number and have a certain expiration date mentioned on it.

Benefits of using credit card :-

- → Timely payment of credit card increases your CIBIL score and hence make you eligible for lower interest rates on loans and easy availability of credit.
- → Helps in short-term financial crisis.
- → Carry various reward points, discounts and cash backs.

Cash and Accural Basis of accounting :-

Accural Basis of Accounting :-

-> Transactions are recognised as soon as they occur, whether or not cash or cash equivalent is actually received or paid.

Cash Basis of Accounting :-

-> In this method of accounting, income is recorded only when cash or cash equivalent is actually received, while expenses are recorded as and when cash is paid or payment is paid.

Letter of credit :-

-> A document issued by a bank (on behalf of the buyer or the importer), stating its commitment to pay a third party (seller or the exporter), a specific amount, for the purchase of goods by it's customer, who is the buyer. The seller has to meet the conditions given in the document and submit the relevant documents, in order to receive the payment.

Repo Rate :-

-> The rate at which banks borrow money from the RBI against pledging or sale of government securities to RBI.

Reverse Repo Rate :-

-> Rate of interest offered by RBI, when banks deposit their surplus funds with the RBI.

Accounting Standards (IFRS, GAAP, Ind AS) - an overview

Accounting Standards :-

A set of rules to be followed while making accounting entries/adjustments.
These are basically "a set of practices and policies used to systematize book keeping".

IAS :-

- In 1973, an international body, IASC (International Accounting Standards Committee) was established to write accounting standards that were to be used internationally.
- IASC lasted till year 2000 and it issued 41 international standards known as IAS (International Accounting Standards)

IFRS :-

- It was followed by the creation of IASB (International Accounting Standard Board) in 2001.
- It was agreed that IAS 1 to 41 will be adopted by IASB, but further standards that will be issued by IASB will be known as IFRS (International Financial Reporting Standards)

GAAP :-

→ Generally Accepted Accounting Principles issued by Financial Accounting Standard Board in 2008.

→ These are the set of accounting principles generally adopted by US companies while IFRS is a set of internationally adopted accounting standards.

Ind AS :-

→ Indian Accounting Standards set as per global accounting practices and policies.

→ These are the principles and guidelines to be followed by Certain companies to cope with the International Accounting practices.

Ind AS :- (APPLICABILITY AND OTHER IMP POINTS)

CA ANURAG SHARMA

1. Currently Applicable to :- (w.e.f. 01.04.2017)

(a) All listed companies or the companies which are in the process of listing in or outside India;

(b) Unlisted companies having net worth of ₹ 250 crores or more

(c) Holding, Subsidiary, Associate and Joint Venture of above.

2. Once a company start following Ind AS, it shall be required to follow the Ind AS for all subsequent financial statements even if any of the criteria is not subsequently fulfilled.

3. An entity listed on Small and Medium Exchange will not be considered as a listed company, but it will be required to follow Ind AS if it's net worth becomes ₹ 250 crores or more.

4. Net Worth includes

paid up capital + Securities Premium
+ Reserves (excluding Revaluation Reserves)
− (Accumulated losses + misc. expenditure written off).

→ Net worth shall be calculated from the first audited financial statements.

5. Is Ind AS applicable on Banks and NBFCs?

→ Scheduled Commercial Banks excluding RRBs (Regional Rural Banks) were required to implement Ind AS from 01.04.2018.
However, RBI deferred the Implementation of Ind AS till further Notice through notification dtd. 22.03.2019.

→ NBFCs are required to Implement Ind AS :-
- if their equity and/or debt securities are listed or in the process of being listed on any stock exchange in India or outside India.
- Unlisted NBFCs having net worth of ₹ 250 crores or more
- Holding, subsidiary, joint ventures or associate companies of these companies.

6. Insurance Sector :-
IRDA (Insurance Regulatory and Development Authority) has deferred the implementation of Ind AS till Further Notice.
So, Ind AS is not applicable to Insurance Sector.

7. Ind AS can be voluntarily applied by the Companies. However, even if voluntarily applied in one financial year, it will have to be subsequently applied in all the financial years.

LIST of IndAS

– CA ANURAG SHARMA

S.No.	Ind AS No.	Name
1	1.	Presentation of financial Statements
2	2.	Inventories.
3	7.	Statement of Cash Flows
4	8	Accounting Policies, Changes in Accounting Estimates and Errors.
5	10	Events after the Reporting Period.
6	12	Income Taxes
7	16	Property, Plant and Equipment
8	19	Employee Benefits.
9	20	Accounting for Govt. Grants and Disclosures of Govt. Assistance.
10	21	The effects of changes in Foreign Exchange Rates
11	23	Borrowing Costs.
12	24	Related Party Disclosures.
13	27	Seperate Financial Statements.
14	28	Investment in Associates and Joint Ventures.
15	29	financial Reporting in Hyperinflationary economies.
16	32	Financial Instruments :- Presentation.
17	33.	Earnings Per Share.
18	34.	Interim financial Reporting.
19	36	Impairment of Assets.
20	37	Provisions, contingent Liabilities and assets
21	38	Intangible assets.
22	40	Investment property.
23	41.	Agriculture.

S.No.	Ind AS	
24	101	First time adoption of Indian Accounting Standards.
25	102	Share Based Payments.
26	103	Business Combinations.
27	104	Insurance Contracts.
28	105	Non-current Assets Held for sale and Discontinued Operations.
29	106	Exploration for and Evaluation of Mineral Resources.
30	107	Financial Instruments : Disclosures.
31	108	Operating Segments.
32	109	Financial Instruments.
33	110	Consolidated financial Statements.
34	111	Joint Arrangements.
35	112	Disclosure of interest in other entities.
36	113	Fair Value measurement.
37	114	Regulatory Deferral Accounts.
38	115	Revenue from ContRacts with customers.
39	116	Leases.