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The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events





Hon'ble Governor of Kerala Shri Justice (Rtd.) P. Sathasivam inaugurating the All India CA Students' Conference at Ernakulam. ICAI President, CA. M. Devaraja Reddy, Chairman, Board of Studies, CA. Babu Abraham Kallivayalil, Vice Chairman, CA. Dhiraj Kumar Khandelwal, Chairman, Ernakulam Branch, CA. T. N. Suresh, Secretary, SIRC CA. Jomon K. George, Branch SICASA Chairman, CA. Renjith R. Warriar also seen.



Chairman, ISRO, Shri Kiran Kumar, inaugurating the National Convention for CA Students at Bengaluru in the presence of Past President, ICAI, CA. K. Raghu and Chairman, Board of Studies, CA. Babu Abraham Kallivayalil. Chairman, SICASA, CA. Babu K. Thevar, Chairman, Bangalore Branch, CA. Pampanna B.E, branch SICASA Chairman, CA. Raveendra S. Kore also seen.



National Convention for CA Students Bengaluru: ICAI President, CA. M. Devaraja Reddy and Central Council Member, ICAI, CA. G. Sekar with the students.



ICAI Vice President, CA. Nilesh Shivji Vikamsey being presented with his portrait by Chairman, Ahmednagar Branch, CA. Sushil M. Jain at the National Conclave for CA Students at Ahmednagar. Vice Chairman, Board of Studies, CA. Dhiraj Kumar Khandelwal, Central Council Member, CA. Prafulla Chhajed, WIRC Chairperson, CA. Shruti Shah also seen.



National Convention for CA Students, Aurangabad: ICAI Vice President, CA. Nilesh Shivji Vikamsey with the students. Vice Chairman, Board of Studies, CA. Dhiraj Kumar Khandelwal, Central Council Members, CA. Prafulla Chhajed, CA. Tarun Ghia, CA. Anil Bhandari, Chairperson, Aurangabad Branch, CA. Renuka Deshpande and branch WICASA Chairman, CA. Sachin Lathi also seen.



Past President, ICAI, CA. Mukund M. Chitale inaugurating the National Conclave for CA Students at Goa. Vice- Chairman, Board of Studies, CA. Dhiraj Kumar Khandelwal, Central Council Member, CA. Mangesh Kinare, Chairperson, WIRC, CA. Shruti Shah, Chairman, Goa Branch, CA. Yeshwant V. Kamat and branch WICASA Chairman, CA. Vinesh R. Pikale also seen.



My Dear Students,

Let me extend my heartiest wishes to you all for a wonderful and prosperous New Year 2017 and I am sure, the New Year will endow student fraternity to scale new heights of success in their professional endeavours. I feel proud that in the recent past our Institute is gaining prominence in the arena of accounting profession. I advise all the students to shoulder a greater responsibility to retain the core values of accounting profession from this New Year and students should take a pledge that they will serve the society with utmost sincerity, honesty and dedication thereby contributing to the overall development of our nation.

I am aware that the students are anxiously waiting for the examinations results held during November, 2016. My best wishes to all of you and I am confident that all of you will come out with flying colours in the respective examinations. It is a common fact that the students of the present age are more inquisitive, up to date and versatile. The stiff competition in all sectors of life actually demands for most proficient professional with sound judgment - qualities. The awareness of the students about the economic situation or other surroundings in the country is far better in the contemporary age. A student of chartered accountancy definitely looks forward to complete the course within the stipulated span of time. I can definitely say that the ICAI examination standards are more difficult when compared to other examinations held in India. There is a general feeling among the students and parents that the Institute's pass percentage is

very low. However, the results of the examinations are purely based on the individual performance of the students.

I believe that three years practical training would result in every student being moulded into a competent professional. The period of practical training linked to our course is to enable the students to assimilate the skills of articulation, presentation, analysis and understanding of various practical situations in the commercial field encountered by them during the period of their articles. I would like to urge all the students to take the practical training sincerely since it gives you the confidence to handle the particular work adeptly. ***"Do not be led by others, awaken your own mind, amass your own experience, and decide yourself your own path".*** The Atharva Veda

I had visited many National Conventions/Conferences and I am happy to note the exuberance and motivational level among students attending these programmes. I am also glad to note that the students are keeping themselves updated in all the professional spheres, which is especially essential for a student in pursuing chartered accountancy course.

I express pleasure to extend my best wishes on the occasion of 68th Republic Day of our beloved country. The celebration of this day instils such a patriotic fervour that truly reflects our unity in diversity. On this occasion, we all should salute our freedom fighters and mighty leaders who sacrificed their lives to redeem our motherland from the bondage of British rule. I hope and sincerely cherish that in our country, peace and prosperity will prevail forever.

Wishing you all the best in all your future endeavours.

CA. M. DEVARAJA REDDY
PRESIDENT, ICAI, NEW DELHI

VICE PRESIDENT'S COMMUNICATION ||



My Dear Students,

I extend my heartiest best wishes for a wonderful, prosperous and success filled New Year 2017. I sincerely wish that the New Year instils new vigour, vitality, grit and determination in you to accomplish all your dreams and aspirations. It is time to set new milestones, to make new commitments, to reaffirm your belief in your capabilities and plan for the year ahead. As you look forward with enthusiasm, you need to make firm resolutions to transform from better to best, evolving from a novice to a knowledgeable young professional and work out a strategy to achieve your goal.

Transform resolutions into revolutions

New Year resolutions should be set to enhance your caliber and competence. You should not be unrealistic and harsh on yourself while setting a tall order of commitments that becomes difficult to realize later. You must therefore build your capacity in a Calibrated manner, set targets and finally act to make things happen. Do not waste your precious time and energy fretting about problems/issues beyond your control. Take charge of the situation and do everything that is in your control. Revolutionize your attitude, mindset and thinking and you will achieve amazing feats. Einstein rightly said, *"The current problems we face cannot be solved at the same level of thinking with which they were created."*

Be aware of your strengths and weaknesses

As a conscientious student, you need to be aware of both your strengths and weaknesses. Identify your strengths and work on them further so that they become your core competencies. At the same time, you must be aware of your weaknesses and make an honest effort to overcome them. Continuous, vigorous and sustained effort in this direction would convert your weaknesses into strengths over a period of time.

Exude Positive Energy

Positive energy emanates from positive thoughts like helping others selflessly. You just have to be conscious of your immediate environment. Just a little effort of helping elders cross the road or bringing a smile on someone's face, gives you a lot of satisfaction, peace and positivity. This positivity is then transformed into positive actions! The more positive

energy you draw to yourself, the more strength and will power you will generate within you to pursue your dreams. Therefore, become a powerhouse of positive energy and radiate your positivity!

Attitude of Gratitude

More often than not, we pray to God to ask for something or to complain about something that bothers us, seldom do we thank God for the wonderful bounty of blessings he keeps showering upon us day in and day out. We even forget to thank our parents, siblings, teachers/mentors, friends, peers and colleagues who help us in many ways, they are in fact God's blessings to us. So thanking them would mean thanking God. You should therefore appreciate and acknowledge their contribution in your life by expressing your gratitude, and trying to be there with them whenever they need you. This would help you to become emotionally strong and prepare you for future challenges. So, do count your blessings.

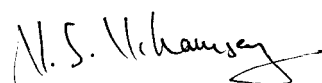
Ushering in a corruption free economy

It is beyond doubt that the government is committed to put the economy on a fast track, weeding out the menace of parallel economic order i.e., Black money by demonetising highest denomination currency thus curbing terrorism, ensuring socio-economic security and stability for investors, promoters and consumers. It has already taken comprehensive measures for better corporate governance through the Companies (Amendment) Act, 2015 and Insolvency and Bankruptcy code 2016. The nation is also preparing itself for the landmark reform in taxation, namely, the Goods and Services Tax, which would attract more foreign investment. We, as committed accounting professionals and partners in nation building, have also been gearing ourselves up to assist the government in all such endeavours. In this direction, the Institute has already constituted "The Indian Institute of Insolvency professionals of ICAI (IIPI)", a section 8 company to enroll and regulate insolvency professionals as its members in accordance with the Insolvency and Bankruptcy Code 2016.

Happy Republic Day!

As the nation prepares for the 68th Republic Day, I extend my best wishes to all fellow Indians, on the occasion. The result of CA examination November 2016 will also be declared in the current month. I wish you 'All the Best' and sincerely hope for your success. I earnestly hope that the current year will be a landmark year in which our Institute will reach great heights, further strengthening the accounting profession.

With Best Wishes,



CA. NILESH S. VIKAMSEY
VICE PRESIDENT
ICAI, NEW DELHI



My Dear Students,

Wish you all a New Year with renewed hopes, new commitments, new achievements and a new beginning. It is our humble prayer to the Almighty that all your dreams and aspirations be fulfilled in the year 2017.

New Year is the most appropriate time to reflect on the changes we want to make and resolve to follow through on those changes. It is also time to look into ourselves and be proud of our accomplishments in the previous years and set higher targets to accomplish even more in the coming years. We are very confident that the entire CA student fraternity will be able to set new milestones in their professional career.

"We must let go of the life we have planned, so as to accept the one that is waiting for us."—Joseph Campbell

KEEP THE MOMENTUM OF LEARNING

The results of the November 2016 Examinations are awaited this month. I express my best wishes for all of you and hope that maximum number of students clears the examinations. Don't panic and hope for the best to happen.

Because life is quite unpredictable, you need to be prepared for any situation in life and then only you will be able to enjoy every bit of it. While you have much deserved break to relax and rejuvenate, you must continue to study and learn for the next level. Being a professional course you must remember that each day is crucial and should not be wasted. Continuous learning and innovation thus hold the password to success.

One habit that can really help you is to cultivate reading habit. It can be an important method to remain updated and acquire useful knowledge. So, read as much as you can. You should not restrict reading to the textbooks alone. Students' Journal and members' journal contain useful articles. In addition to the Journals of the Institute, you must also read business magazines and financial newspapers. Today, internet has also become a useful source of information. Reading will also help you to enrich your vocabulary and language skills. This will ultimately help you shine wherever or in whichever organization you are in.

REALIZE THE POWER OF KNOWLEDGE

After completion of Chartered Accountancy Course, a challenging professional life awaits you. In your chosen field, you need to acquire a deep understanding of subject matter and remain updated with contemporary developments. The importance of the knowledge of professionals is being increasingly acknowledged world over and the profession of Chartered Accountancy is no exception. The knowledge that you gain will not go to waste. That will definitely help you and stand you in good stead later in your life in all challenging situations.

Be receptive and effective in your training as well. Academic study will give you lessons first and tests later. But experience gives you tests first and lessons later. While on training, you will get chances of visiting different organizations and places for various assignments. Always believe that travelling to places and meeting people is a good mode of education. Learn by interaction, observation, emulation and try to mould your personality. Then only you can be a successful person and a successful professional.

ATTEND A CONFERENCE TO UPDATE YOURSELF

A number of National Conventions, State Conventions and Conferences took place at various places throughout the country in December 2016. The overwhelming response of students was very heartening. I admire the students who took great efforts in assimilating information, writing papers and presenting them. These efforts would go a long way in shaping your personality.

It is my earnest wish that you should attend these events in greater number as they are very refreshing and invigorating and infuse fresh energy in you. You will have a rare opportunity of closely interacting with the subject experts and acquire contemporary knowledge. The benefit of such close interaction with the professionals and your colleagues is something that transcends anything that your normal experience can provide. Apart from giving you the academic inputs, such programmes provide you opportunity to share experiences and insights with others and thereby updating yourself.

Wish you all a wonderful New Year 2017.

Wish you all the best

CA. BABU ABRAHAM KALLIVAYALIL
CHAIRMAN, BOARD OF STUDIES, ICAI

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

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Taxation of Real Estate Transactions



CA. G. Ramaswamy
Past President, ICAI



Real Estate Transactions

After demonetisation, the Government will next focus on real estate transactions for identifying the unaccounted money. The tax provisions such as computing the capital gain based on the stamp duty value under section 50C, computing income from other sources under section 56(2)(vii)(b) for taxing cases of inadequate consideration, deeming provision under section 43CA in case of difference between the stamp duty value and actual sale consideration where land or building is held as stock-in-trade, amendments in sections 269SS and 269T to curb the cash transactions relating to immovable properties and the requirement to deduct tax at source on transfer of immovable property as per section 194-IA are some of the steps taken by the Government to keep a check on unaccounted money in real estate transactions and enhance tax compliance.

Scope of "Immovable property" included in the definition of "Capital Asset"

As per section 2(14) of the Income-tax Act, 1961, unless the context otherwise requires, the term "capital asset" means "property of any kind held by an assessee, whether or not connected with his business or profession". In relation to the definition of capital asset, immovable property primarily includes the physical form of the asset viz land and building,

any right attached to the immovable property, right to have floor space, possession and enjoyment, lease and tenancy, right to purchase and sell the property etc.

What is transfer?

As per section 2(47) of the Income-tax Act, 1961, unless the context otherwise requires, the term "transfer", in relation to a capital asset, includes-

- (i) the sale, exchange or relinquishment of the asset or
- (ii) the extinguishment of any rights therein or
- (iii) the compulsory acquisition thereof under any law or
- (iv) in a case where the asset is converted by the owner thereof into, or treated by him as, stock-in-trade of his business, such conversion or treatment; or
- (iva) the maturity or redemption of a zero coupon bond; or
- (v) any transaction allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); or
- (vi) any transaction (whether by becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement or in any other manner whatsoever) which has the effect of transferring, or enabling the enjoyment of, any immovable property.

The profit on sale of immovable property will be computed under the head **capital gains**. Tax payable on such capital gains are classified as either short term capital gain, if the asset is held for a period not exceeding 36 months from the date of acquisition, or long term capital gains, if it is held for a period exceeding 36 months from the date of acquisition. Short term gains are included in the gross total income of the year in which property is sold and taxed at the applicable slab rate whereas the long term gains are subject to tax at 20% with the additional benefit of indexation. There are certain exemptions if the long term capital gains or net consideration are invested in specified assets like house property, bonds and in small scale industries as per the provisions of the Income-tax Act, 1961.

Business Income vs Capital Gain

When the transaction involves transfer of capital asset then the resultant gains would be taxable as capital gains, whereas if transaction is entered into normal course of business, the resultant profit shall constitute business income. There are certain disputes relating to what constitutes business income or capital gain. The intention of the parties and the nature of transaction will decide whether it is a business adventure or capital gain.

An assessee has converted his HUF land into smaller flats after demarcation, developed, levelled and also obtained municipal approval for lay out plan after paying conversion charges and license fees. This is a business activity and is assessable as a business income arising out as adventure in nature of trade and not as capital gain Ref: *Vita Kristappa vs. ITO 92 ITD 1(HYD) TM*

An assessee HUF is engaged in agricultural and share trading activity. The assessee sold some of the agricultural lands situated outside the specified distance from the local limits of municipality, after incurring development expenses and converted the land into flats and sold to various parties. He claimed that since the land was situated beyond specified distance from local limits and capital gains tax was not leviable. But the Department was of the view that the sale of land after proper development cannot be called as an agricultural land sold piece meal but amounted to an adventure in the nature of trade and hence, brought profit to tax as income from business. The Tribunal observed that the assessee was holding the lands for last many decades and he has sold only portion of the land and balance land was in continual agricultural operations. Merely because the land was sold in the form of flats it could not be held as income arising from the sale of land and was taxable as profit arising from adventure in the nature of trade. This decision was rendered in *MV.Chandrasekar vs DCIT 91 ITD 543 [Bang]*

In the case of *B.Narshimha Reddy vs. ITO (1993) 47 ITD 398 (Hyd-Tribunal)*, the Tribunal held that the assessee was neither a trader nor a businessman. He converted the land into plots and sold them as house sites simply to get maximum advantage out of it. The whole transaction was intended to get maximum benefit out of the land sale hence, it is to be assessed only under the head "Capital gains".

Date of registration in case of immovable properties

In view of the provisions of section 47 of Registration Act 1908, a document on subsequent registration will take effect from the time when it was executed and not from the time of registration. Where two documents are executed on the same day, the time

of their execution would determine the priority irrespective of the time of registration. The one, executed earlier in time, will prevail over the other executed subsequently. Where the sale deed was executed prior to the date of registration, the effective date of transfer for the purpose of capital gain is the date of execution of the sale deed.

Section 50C - Computation of Capital Gains in Real Estate Transaction

Section 50C provides that if the value stated in the instrument of the transfer is less than the valuation adopted by the stamp duty authority, the valuation as adopted by the stamp duty authority will be considered for the purpose of computation of capital gain arising on transfer of land or building or both. In case if there is a dispute on valuation of stamp duty by way of an appeal, revision or reference before any authority or Court or High court then the value fixed by the high authorities can be considered for computation of capital gain for the assessee.

Where the date of the agreement fixing the amount of consideration and the date of registration for the transfer of the capital asset are not the same, then the stamp duty the value adopted or assessed or assessable by the stamp valuation authority on the date of agreement may be considered for computing the full value of consideration, if whole or part of the consideration is received on or before the date of agreement by way of an account payee cheque or account payee bank draft or electronic clearing system through a bank account.

Properties Transferred under Development agreement

Nowadays properties have been transferred under development agreement which gives rise to litigation in computing the capital gain. Joint Development Agreement is an arrangement between an owner of the land and a builder where the land owner contributes/handover the land. The developer undertakes the responsibility of obtaining approvals, property development, launching and marketing the project with the help of his financial resources. If it is an agreement for sale where the builder usually takes possession of the land and obtains a power of attorney from the landowner, the landowner is liable for capital gains tax as a deemed transfer as per the provisions of section 2(47).

As per clause (v) of section 2(47), "transfer" includes "any transaction, involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in Section 53A of the Transfer of Property Act, 1882.

“When the transaction involves transfer of capital asset then the resultant gains would be taxable as capital gains, whereas if transaction is entered into normal course of business, the resultant profit shall constitute business income.”

Section 53A of the Transfer of Property Act 1882 will apply only when the following conditions are fulfilled.

- ♦ Asset concerned must be immovable property
- ♦ Contract should be signed by the transferor
- ♦ Possession of the property must be taken by transferee
- ♦ Such possession must be in part performance of a contract of the nature referred to in Section 53A of the Transfer of Property Act 1882.

Section 17: Registration Act – Amendment 2001

- ♦ "(IA) The documents containing contracts to transfer for consideration, any immovable property for the purpose of section 53A of the Transfer of property Act, 1882 shall be registered if they have been executed on or after the commencement of the Registration and Other Related Laws (Amendment) Act, 2001 and if such documents are not registered on or after such commencement, then, they shall have no effect for the purposes of the said section 53A",
- ♦ Section 68 of Evidence Act says that a document shall not be used as evidence until at least one attesting witness has given the testimony and Section 92 indirectly says that compulsorily registrable document shall not be used as evidence if it is not registered.
- ♦ Section 49 of Registration Act says that the un-registered document, listed in section 17, shall not be received/admissible in Courts. That is to say, if the vendor was not ready to sell the property as agreed, the buyer cannot approach Court for non-performance of the agreement on the basis of unregistered agreement. In other words, the unregistered agreement cannot be enforced in a Court of Law and as such, it becomes invalid.

When does the capital gain arise where development agreement is executed?

- ♦ Date of execution of Development Agreement
- ♦ Date of handing over of possession

- ♦ Handing over of possession coupled with GPA in favour of developer/purchaser
- ♦ Date of execution of first sale deed for developer's share
- ♦ Date of execution of first sale deed for landowner's share
- ♦ Date of handing over of Landowner's built-up area

Date of execution of Development Agreement

Transfer would not be complete if the agreement is properly drafted and all clauses are kept out of the purview of Section 2(47) read with Section 53A of the Transfer of Property Act. There may be a very careful drafting of development agreement to avoid capital gain tax on that basis but as the decision by the Bombay High Court in *Chaturbhuj Dwarkadas Kapadia vs. CIT (2003) 260 ITR 491*, the year of taxability is the year in which the contract is executed in the light of section 2(47)(v) which reads as under :

“any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); or ”

Jasbir Singh Sarkaria Re (2007) 294 ITR 196 [AAR]

In *Jasbir Singh Sarkaria Re (2007) 294 ITR 196 [AAR]*, possession contemplated by clause (v) of section 2(47) need not necessarily be sole and exclusive possession. So long as the transferee is by virtue of the possession given, enabled to exercise general control over the property and to make use of it for the intended purpose, clause (v) of section 2(47) will have its full play and liable to capital gain.

Taher Alimohammed Poonawala vs. ACIT 124 TTJ 387 (Pune) [2009]

Where the owners (assessee) had entered into an agreement for development of property and certain rights were assigned to developer who in turn had made substantial payment and, consequently, constructed flats, the fact that legal ownership continued with owners of the property to be transferred to the developer at a future distant date really would not affect applicability of section 2(47)(v) and capital gain would arise in year in which agreement for development of property was entered into.

CIT vs Jeelani Basha (2002) 256 ITR 282 (Mad)

Once even a part of the property was handed over to the transferee, the transfer was complete for the purpose of

section 2(47)(v) read with section 45 and where there is a transfer of possession of the nature as contemplated under section 53A of the Transfer of Property Act, the transaction would be a transfer. The Hon'ble High Court held that the assessee would have to be assessed on the basis of the transfer of the possession in proportionate to the consideration.

CIT vs Vimal Lalchand Mutha (1991) 187 ITR 613 (Bom)

Where the flat came into possession of the assessee under an agreement with the Vendors who sold the flat subsequently earning capital gains, the Supreme Court found that the decision of whether such gains in short term or long term would depend upon the nature of agreement. Therefore, it appears that where the agreement for sale is irrevocable and possession is handed over, there should be a reasonable reference that the period of holding should count from that date.

R. Kalanidhi vs ITO (2010) 122 ITD 388(Mad)

The Assessing Officer also relied upon the judgment of the Hon'ble jurisdictional High Court in the case of *CIT vs K. Jeelani Basha* (2002) 174 CTR (Mad) 394; (2002) 256 ITR 262 (Mad), wherein the High Court has held that:

“...once possession, even of a part of the property was handed over the transferee, for the purpose of section 2(47)(v), read with section. 45 of the Income-tax Act, 1961, the transfer was complete and therefore, the Tribunal was justified in calculating the capital gains on the basis of the consideration received in that particular year for that part of the property which was parted with”

There are some disputes that “willingness to perform” is also important to levy of capital gain tax in the development agreements. In that situation, the above clause (v) of section 2(47) defining transfer will not be applicable. There cannot be a joint development agreement without possession since the developer cannot carry out the work without the possession. Hence, capital gain liability will be attracted immediately after handing over the property.

Conclusion

This article is an attempt to explore the various facets of the taxation of real estate transactions by measuring the tip of the capital gains iceberg.

I advice the students to study and analyse various relevant case laws to explore different interesting interpretations pertaining to the various aspects of taxability of real estate transactions. ■

Hurry! Don't Miss this Golden Opportunity

ENROLL FOR RESIDENTIAL GMCS AT COE, HYDERABAD

The Board of Studies is pleased to announce the next batch of ICAI Four Weeks Residential Programme on Professional Skills Development as below:

Venue	Participant	Fees	Date	Links for Registration
Centre of Excellence (CoE), Hyderabad	Women	₹ 40,000/-	28 th January, 2017 to 24 th February, 2017	http://resource.cdn.icai.org/44121bos33878main.pdf

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Articleship Training.
- No need for Separate GMCS/GMCS II
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

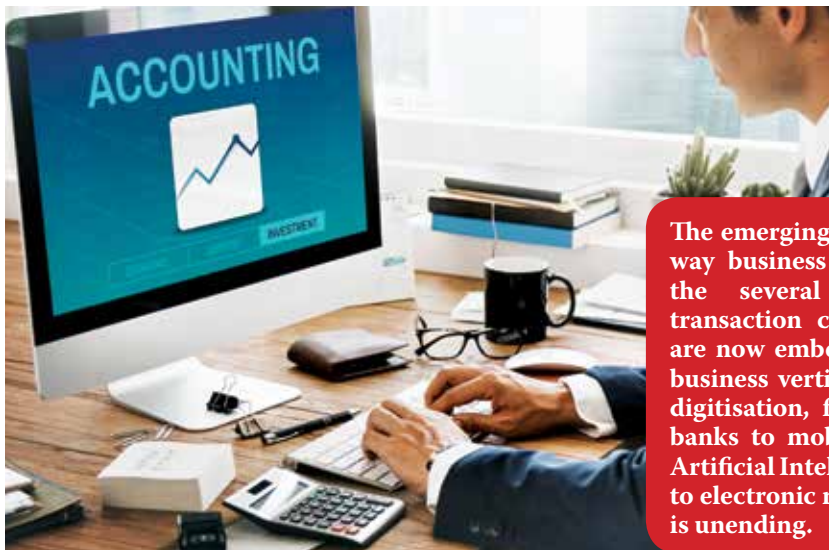
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Director, Board of Studies

Evaluation of digital controls: *Pivotal to Effective Assurance*



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The emerging digital economy is disrupting the way business gets done, more so challenging the several dimensions of conventional transaction cycles and internal controls that are now embedded in IT. It is rare to find any business vertical that has not been touched by digitisation, from retail to market exchanges, banks to mobile wallets, securities trading to Artificial Intelligence based mobile apps, e-filing to electronic regulatory surveillance and the list is unending.

A chartered accountant mandated to audit such businesses would miserably fail in achieving the audit objectives with conventional audit approaches and techniques. Ignoring evaluation of significant digital controls can significantly elevate your audit and governance risks! This article briefly examines a few aspects of the importance of IT controls evaluations in performing external financial and internal audits and the impact on corporate governance.

Why should an entity bother about evaluation of digital controls?

Information is the key driver for any business enterprise and today a business entity cannot survive without IT. In the digital economy, value chain and transaction cycles are significantly automated using a combination of diverse technologies such as ERPs, SaaS based business processes, shop floor automation, seamless interconnections to internet banking, payment channels and partner/vendor business applications that support transactions in real-time and without any or limited human intervention.

Given the context, it is pertinent to recognise the inherent risks that come bundled with the adoption

of IT and the risks of improper implementation of IT, if not properly managed can lead to governance disasters due to a variety of risk factors. These IT risks that are intertwined with various financial and operational processes bear high propensity to significant business and compliance risks. Some of these could include strategic decisions not being data driven, internal control failures due to lack of internal controls being appropriately embedded into the business applications and supporting IT infrastructure, regulatory reporting glitches due to ineffective design or operating effectiveness of internal controls relating to financial reporting.

Risks from use of IT include scores of controls eg. Inappropriate application design, weak transaction controls in design of business applications, controls weaknesses in integration, negligent user security such as weak passwords, lack of IT processes and external risks such as cyber-attacks, data leaks etc.

Impact of Digital Risks on Assurance

This brings in the importance of IT Governance that encompasses IT risk management and IT value creation supported by an appropriate IT assurance that

supports Corporate Governance from the perspective of top management oversight over how enterprise digital information is managed and governed. Hence Assurance professionals, whether internal or external to the organisations behold as the critical conscience keepers to the state of controls, including those over IT, that in turn significant impact multi-various business dimensions and stakeholders interests.

An auditor today necessarily encounters audit environments dotted with significant to extreme automation of accounting and operations. Ironically, most auditors find themselves on a shaky wicket when it comes to their level of confidence in providing such assurances when auditing in digitised environments! The root cause often lies in the lack of auditor's preliminary assessments being agnostic to digital controls, including never-before aspects such as seamless connections of enterprise applications to partner and vendor systems, persisting with conventional audit approaches and techniques that inherently fail in audit of digitised environments.

The assurance by auditors, in this context more particularly as regards External Financial audits and Internal Audits, are based on objective assessments that primarily rely on examinations on test basis and the resulting evidence supporting the observations thereof. However such assurances find their foundations in the auditor's confidence on the state of internal controls that now are generally embedded in the computerised environment. The reason being conventional audit approach and procedures are ineffective in identifying internal control defects arising from IT risks.

Auditor's Responsibility as regards Internal Financial Controls

The Companies Act, 2013 vide clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 requires the auditors' report to state whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. This is a significantly enlarged scope as against the limited responsibilities in this regard cast under Companies (Auditor's Report) Order, 2015 (CARO) that covered only specific aspects.

The COSO Integrated Internal Control framework, that also forms a significant reference in the ICAI Guidance note on Audit of Internal Financial Controls over Financial Reporting, defines internal control as

a process, effected by an entity's board of directors, management and other personnel, designed to provide "reasonable assurance" regarding the achievement of objectives in the following categories:

- ◆ Effectiveness and efficiency of operations
- ◆ Reliability of financial reporting
- ◆ Compliance with applicable laws and regulations

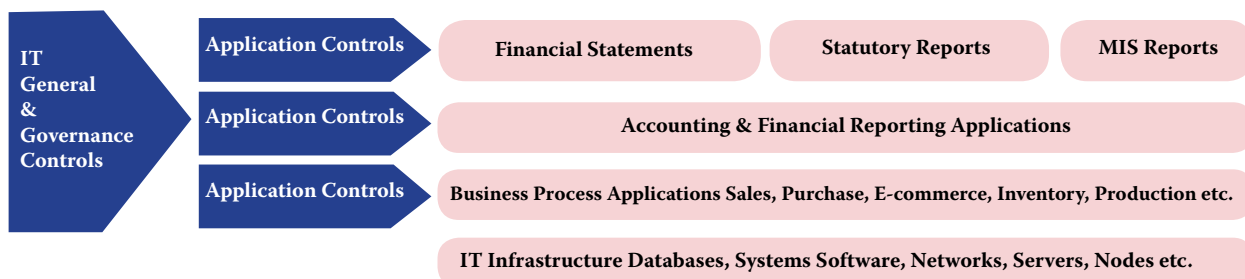
Further the provisions as regards certification by CEO and CFO as required under the Companies Act, 2013 as well as the revised requirements of Clause 49 of the listing requirements issued by SEBI, provides for significant responsibilities and the importance associated with internal financial controls. Such regulations require certification by the CEO/CFO on design as well as operating effectiveness of internal controls relating to financial reporting, material weaknesses therein and overall state of governance controls. Such reporting requirements are also aligned with corporate governance and auditor responsibilities in other countries. Most of these certifications also require disclosure and certification on aspects such as:

- (i) significant changes in internal control during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
- and (iii) significant changes in internal control design
- (iv) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Further the Institute of Internal Auditors, in its definition further articulates that an internal audit helps an organization accomplish its objectives by bringing a *systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

Approach to auditing IT controls

In this context, with the significant dependence of most organisations on Information technology for digitisation, automation and extension of its value chain, not only are internal controls embedded in IT relevant to the business processes besides such controls over IT now bear significant relevance in the context of business risks. This is more clearly represented in the following figure.



Hence when it comes to providing assurance especially as regards either financial reporting or operational work flow that impacts financial controls, the auditor needs to recognise and perform diligently as regards assessing the state of and relying on the internal controls that are now embedded in the computerised environment.

This brings in the importance of the need for the auditor to look at understanding the importance of IT controls that are embedded in the control environment and adopting appropriate procedures and techniques for audit with the objective of providing reasonable assurance as regards the design and effectiveness of internal controls.

Where in the course of his preliminary assessment or on performance audit procedures, the auditor comes across weaknesses in the design of such IT based internal controls, the auditor should appropriately modify and if required deepen the approach, technique, nature, timing, or extent of tests of operating effectiveness that otherwise should have been performed as a matter of routine.

In planning the audit, drawing up the integrated audit approach for the audit engagement as regards financial reporting or internal controls is not only essential but also required by the Standards of Auditing. In drawing up a suitable approach for integrated audit, the auditor could draw guidance from the following:

- A. Preliminary IT Risk and Controls Assessment: As part of his preliminary assessment of IT risks and controls, the auditor should include following key factors:
 - a. primarily assessment the extent of automation, in context of the nature and complexity of the business,
 - b. nature and complexity of technology
 - c. inventories the business applications and sub-systems, outsourced processes
 - d. the inter-connections of business applications with partner and vendor applications, electronic banking and payments channels etc.
 - e. common IT threats including weaknesses in controls, attacks and frauds that such environments are susceptible to
 - f. state of embedded transaction and operational controls,
 - g. extent of IT dependent and manual control procedures and checks and balances designed by the management
 - h. corresponding regulatory and contractual requirements
 - i. internal control weaknesses identified in previous audits

The understanding gained by the auditor in this phase lays the foundation for subsequent phase that focuses on the study of internal controls relevant to the business risks specific to the industry in which the organisation operates and specifically those embedded in the computerised environment. The auditor would also need to assess and factor for IT audit expertise required based on the degree of IT complexity, either through in-sourcing or relying the services of external IT Audit experts.

“ **Such regulations require certification by the CEO/CFO on design as well as operating effectiveness of internal controls relating to financial reporting, material weaknesses therein and overall state of governance controls** ”

- B. Evaluating Control Design: This phase involves testing for the effectiveness of the internal controls that are embedded in the computerised environment (includes among others ERPs, supporting business applications, SaaS services, vendor applications, banking and payment channels, supporting IT infrastructure and services). The auditor should satisfy that that IT controls as regards application controls and supporting IT General Controls are adequate by design. This stage should identify the automated, IT dependent and manual controls as relevant to the underlying processes and activities to the area being audited. Such evaluations are essential for the auditor in planning tests appropriate to application level risks and related IT Infrastructure risks, including potential fraud risks. This phase helps in highlighting risks relating to computerisation of the processes and the resulting business risks arising from design weaknesses in the IT Controls.
- C. Evaluation of operating effectiveness of IT controls – By performing substantive tests using various automated and other audit procedures, the auditor assesses whether the IT controls are indeed functioning effectively. This phase generally involves automated testing using tools such as transaction and operational audit capabilities inbuilt in ERPs, generalised audit software, audit test scripts, security testing software etc.
- D. Observations and Remediation: Based on the identification of the deficiencies in IT controls and their severity as regards the internal controls underlying areas being audited, the auditor should evaluate the impact on the audit opinion and as regards internal audit, provide recommendation for remediation and strengthening of such controls.

In the context of emerging digital economy, where IT and digitisation is moving from its role as an enabler to driver for every business with more inter-connected enterprises, structured approach to evaluation of IT controls is a critical success factor in every audit engagement. Conversely, IT agnostic auditors or audits that are not performance with due considerations to IT risks and controls, could bear significant audit risk. ■

Demonetisation: Make or Break



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The total amount of black money deposited in foreign banks by Indians is unknown. Some reports claim that a total of US\$1.06 trillion is held illegally in Switzerland. Other reports, including those reported by the Swiss Bankers Association and the Government of Switzerland, claim that these reports are false and fabricated, and the total amount held in all Swiss bank accounts by citizens of India is about US\$2 billion.

Introduction

Demonetisation is the act of stripping a currency unit of its status as legal tender. Demonetisation is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

It was in 1934 that high denomination currency was first introduced in India. After only four years of ₹ 500 and ₹ 1,000 in circulation, the RBI in an ambitious move introduced ₹ 10,000 Banknotes in 1938 – the highest denomination ever printed in India till date. The first currency ban occurred in 1946 when the government withdrew ₹ 1,000 and ₹ 10,000 from circulation. This move was of very little consequence to the Indian population as such a large sum of money

was not accessible to most – high-value notes really were of high value. ₹ 1,000 and ₹ 10,000 were, however, reintroduced in 1954 and ₹ 5,000 was introduced for the first time.

In a televised address on 8th November 2016 by the Prime Minister, Mr. Narendra Modi, it was announced that notes of ₹ 500 and ₹ 1,000 would cease to be legal tender from midnight. These notes accounted for 86% of the country's cash supply. ATMs were closed on 9th and 10th November, 2016. Government organizations have brought out new notes. The Government of India had accepted the proposal of RBI in bringing out ₹ 2,000 banknotes and a new version of the ₹ 500. The old notes are being removed from circulation.



Black Money in India

In India, Black Money refers to funds earned on the black market, on which income and other taxes have not been paid. The total amount of black money deposited in foreign banks by Indians is unknown. Some reports claim that a total of US\$1.06 trillion is held illegally in Switzerland. Other reports, including those reported by the Swiss Bankers Association and the Government of Switzerland, claim that these reports are false and fabricated, and the total amount held in all Swiss bank accounts by citizens of India is about US\$2 billion.

Penalty on Black Money

The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities, and promote a cashless economy. By making the larger denomination notes worthless, individuals and entities with huge sums of black money gotten from parallel cash systems were forced to convert the money at a bank which is by law required to acquire tax information from the entity.

Providing a window to black money holders, the government proposed to levy a total tax, penalty and surcharge of 50 per cent on the amount deposited Post Demonetisation while higher taxes and stiffer penalty of up to 85 per cent await those who don't disclose but are caught.

Finance Minister introduced a bill to amend the Income Tax law which also provides for black money declarants a mandatorily depositing of 25 per cent of the amount disclosed in anti-poverty scheme without interest and a four-year lock-in period.

Those who choose to declare their ill-gotten wealth stashed till now in banned 500 and 1000 rupee notes under the Pradhan Mantri Garib Kalyan Yojana 2016, will have to pay a tax at the rate of 30 per cent of the undisclosed income.

Additionally, a 10 per cent penalty will be levied on the undisclosed income and surcharge called PMGK Cess at the rate of 33 per cent of tax (33 per cent of 30 per cent).

“The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities, and promote a cashless economy.”

Further, the declarants have to deposit 25 per cent of the undisclosed income in a scheme to be notified by the government in consultation with the Reserve Bank of India (RBI).

Benefits

- 1) It shows government's seriousness to tackle black money. This signaling effect alone is a huge benefit to the nation where many evade taxes.
- 2) It will ensure a significant part of the black money gets back to the government. It's not true that nobody gains from the money burnt/thrown away. The old money not swapped in banks is effectively the government's Profit. Say 17 lakh crores of total money existed in old notes, and only 13 lakh crores comes back. For remaining 4 lakh crores, the government can print new notes, and keep it themselves. Hence, the government does stand to make a lot of money in this (which can be then used for people).
- 3) An additional objective has been appended: make India a cashless society.
- 4) Due to lack of funding there will be no arms smuggling and all the terrorist activities will also be choked.
- 5) Exchange of money in banks is done only by producing a valid identity card like PAN, aadhar card and electoral card. It will be easy for the government to track the money which is being exchanged in banks. There is no limit if the amount which we are exchanging is legal amount.
- 6) The goal of the Demonetisation move in India is to make the economy stronger and eliminate the parallel cash economy which is unaccounted and untaxed. While this can impact the GDP negatively in the short term, it would have positive long term consequences.

Issues

- 1) Execution of such an exercise in India is not an easy task. We just aren't technically ready to do this in a smooth manner. (That is why we are facing some execution issues)
- 2) There are some tricks still people can use to swap black money into new money. It will reduce the amount of black money recovered.
- 3) Indian economy is mostly based on cash. To suck up so much liquidity will lead to a slowdown and losses for a lot of people, for no fault of their own. The slowdown in economic activity will cause lower profits and in turn lower taxes for the government and ultimately may lead to recession.
- 4) A potential crash in real estate prices. While some want property prices to fall, a huge drop

can cause an economic shock, reduction in bank collateral values etc., again leading to a recession.

- 5) The exercise by definition involves everyone swapping their money after showing their credentials. In effect, everyone has to prove they are innocent and have clean money. This is somewhat invasive to citizens, and while there is no other way, it remains an issue.
- 6) The exercise would be expensive, and that cost needs to be taken into account.
- 7) It's a jolt to our stable monetary system. Doing it again and again will cause people to lose confidence in our currency. It's really a one-off, and even that destabilizes things.
- 8) The tax department may use it as an excuse to harass people later, with endless questioning about the extra bank entries.
- 9) The former prime minister also said that the way Demonetisation was implemented would hurt agriculture, small businesses and informal sector and that the GDP would see a decline of at least 2.5%.
- 10) When liquidity shortage strikes, it is consumption that is going to be adversely affected first.

Consumption ↓ → Production ↓ → Employment ↓ →
Growth ↓ → Tax revenue

The Execution

As important as an idea is its execution. There clearly have been execution issues, causing pain to a lot of Indians who have wasted a lot of productive time in queues. While doing things for the nation is good, one need not have to suffer because of bad planning or someone not thinking things through. The good and bad of the execution are:

Good

1. It's happening, and still the country is chugging along. Banks across the country are slow, but doing their bit. There is no mass hunger or calamity so far.
2. Government is taking steps to ease the pain. The change in limits helps. The banks are also devising ways to manage the crowds.
3. People in India are on the whole, taking it well.

Bad

1. Someone did not plan the logistics well - it is one thing to make an excel spreadsheet of number of bank branches and the people involved. It is quite another when we deal with India's reality on the ground. There are bottlenecks galore in this exercise - whether printing of notes, uncalibrated ATMs, or limits to the number of cash vans. One can say whatever about the secrecy required, but

“Overall, Demonetisation is a good move. We should support Demonetisation, but keep reminding the government to iron out the execution issues.”

it seems that while finance professionals sat and spoke up in the meetings, industrial engineers and operations research experts probably did not do to the extent required. We are seeing the fallout now.

2. Citizens do not have to take so much pain. Inconvenience is one thing, suffering quite another. To say, bear it in the name of patriotism is not listening to the issue - the execution is not efficient. It is the same as how people say - "Oh, the temple is dirty, bear it in the name of God." Sorry, God had nothing to do with it. The temple management didn't keep the temple clean. Same way, patriotism has nothing to do with the fact that someone did not plan the ATMs better or did not make the new ₹ 500 note available early.
- 3) By replacing all the ₹ 500 and ₹ 1,000 denomination notes, as ordered by the government, it could cost the RBI at least ₹ 12,000 crores.

Conclusion: Make or Break

Overall, Demonetisation is a good move. We should support Demonetisation, but keep reminding the government to iron out the execution issues. Given the extent of black money in the country, and the tiny taxpayer base, something had to be done. It had to be drastic. It has been done now. We should now do what it takes to make it succeed.

The advantages are much dominating and it will be in the long term interest of our country comfortably outweighing the disadvantages. Government needs to take all the necessary steps so as to ensure that there will be a smooth flow of currency exchanges. It would turn into chaos if government takes no necessary steps to circulate money correctly. It will make a massive change in our economy. We congratulate the entire government and those hidden brains of our democracy that brought this decision. I hope the above helps to understand Demonetisation better. We should focus on making the exercise work, which means supporting the idea and yet demanding better execution. ■

Disclaimer: The views expressed or implied in the article are that of the author and may not necessarily represent the views of the Institute.

Demonetisation- Boon or a Bane



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November the 8th, 2016 - the date has become a landmark for the Indian economy. It was an ordinary day for any Indian, but then the clock struck 8:15 p.m. and there was our Prime Minister addressing the countrymen. In a 25-minute long speech, the Prime Minister had waged a war against black money by withdrawing legal tender character of ₹ 500 and ₹ 1000 notes with effect from midnight, and issuing new ₹ 500 and ₹ 2000 in place.

the fact that the common man is facing the brunt- standing in long queues in banks, in ATMs, which more often than not, are bereft of cash. But before we jump to conclusions and take sides for or against demonetisation, let us start from scratch and go step-by-step on its implementation in India.

Objectives of the Scheme

The surging menace of fake currency, especially in high denomination, cannot be stressed enough. This in turn, is hoarded as black money, and is misused by terrorists for anti-national and illegal activities. India is still known as a cash-based economy; and black money as a percentage of GDP has risen consistently over the years (62% at present). Hence, a courageous move to put a check on and get rid of the evil was the need of the hour.

The foremost objectives of the scheme were-

- ◆ To eliminate black money from the markets
- ◆ Stop terror funding
- ◆ Combat corruption
- ◆ Eject the counterfeit currency out of the system

How it was Rolled Out

Demonetisation is not a new phenomenon- it has been implemented by countries like Soviet Union, Ghana, North Korea, time and again. Some met their purpose, but others failed terribly. Back in 1946 and again in 1978, the then ruling Indian government had resorted to demonetisation to curb the proliferating black markets.

This time around, in 2016, demonetisation was a well-guarded secret - known only to a close-knit team, led by the Prime Minister. Not even the banks - the

The old notes, once an owner's pride, were now reduced to mere printed pieces of paper, unless deposited or exchanged with the bank or post offices. Nearly 86% of the currency in circulation was annulled in a snap of the finger. The move was so sudden, that it took the nation by a surprise, or rather, shock, and the night forced the people to sit up and take note of their 'notes'.

Within minutes of announcement, social media was flooded with posts and messages condemning and appreciating the move. With many lauding the bold move as a masterstroke to eradicate black money and fake currency, there were others who expressed concerns over slowing down of economy, and yet others who gave it a political direction. Some said that the government had unleashed a war against the common man, and the affluent class will come out unaffected and clean.

In the aftermath that has followed, there have been many instances that prove the validity of the move- lakhs of unaccounted money was destroyed, the remains of which were found in rivers, at roadsides, and many were arrested attempting to launder old notes through innovative methods. Yet, there is no denying

support system required to bring about the transition and do the massive ground work were kept in the loop. It was feared that if the market caught the wind of the move, the hoarders will easily route their unaccounted cash or convert it to other forms.

- ◆ The government offered a 50-day period, ending on 30th December, 2016 to exchange the old notes for new ones, over the counter with banks or post-offices.
- ◆ Government hospitals, pharmacies, purchases of LPG gas cylinders, payments at petrol stations, were some of the few sectors which were allowed to accept old notes. These conditions were amended several times in response to the problems faced by the public at large.
- ◆ Special considerations were made towards foreign tourists, farmers and people celebrating wedding of their wards.

The government has been progressive in providing relief to public from the disruption in cash circulation, by relaxing limits and conditions. Efforts are being made to replenish the banks and ATMs with cash to minimise the problems caused due to diminishing liquidity. Service charges on ATM transactions were waived off and incentives were provided to go cashless and promote digital payments.

The Success Story So Far

Despite the pain caused, demonetisation appears to be promising at its face value. The scheme brings in some much needed reforms for the economy. Here is how it can bring about a revolutionary change-

- ◆ All the cash deposited in bank accounts, is generating data that is being used by the Income Tax Department for mapping transactions. As a result, the Income Tax Department has carried out 586 searches across the country and seized ₹ 300 crores cash, and caught unaccounted income of ₹ 2600 crores, as reported by The Economic Times on 16th December, 2016.
- ◆ It is apparent that the tax net is set to widen and the government expects to record a major cash inflow in terms of cash and penalties in FY 2017. If that happens, it will have a positive impact on fiscal deficit also.
- ◆ The sudden move has hit the illegal activities like terrorist financing, atleast in the short-term.
- ◆ It has also been said that the new ₹ 500 and ₹ 2,000 notes are less susceptible to being faked, as they have advanced security features- implying that it will be nearly impossible for counterfeit notes to creep into the markets.
- ◆ Although the GDP growth rate has declined in the short-term, restrictions on cash economy and increase in government revenue are expected to improve the GDP in the long run.
- ◆ Demonetisation has lowered down the inflation, much to the relief of the common man. Till the

“ India is still known as a cash-based economy; and black money as a percentage of GDP has risen consistently over the years. Hence, a courageous move to put a check on and get rid of the evil was the need of the hour.”

markets are infused with enough liquidity, the prices are expected to remain flat for a long time.

- ◆ More assesses and tax-evaders are expected to come within the tax net, further widening the tax base.
- ◆ The government had promised to take steps against black money, and it has done just that. The move has instilled a sense of confidence towards the government among the people, and therefore, they are willing to co-operate, despite the hardships.

Besides these issues on the implementation grounds, the economy has witnessed some collapses which were quite anticipated-

- ◆ With markets snatched off their liquidity, small tradesmen, industries relying heavily on cash like transport companies, and labour-intensive industries like textiles, construction, mining employing daily wagers, have been severely impacted.
 - ◆ Agriculture and small scale industries relying on informal sources of finance have hit the ground, and will take time to bounce back.
 - ◆ Just when the Indian economy had started registering record-breaking GDP growth of 7.4- 7.5%, which was only expected to rise, demonetisation came as a game-changer. It is expected to hit consumption, which forms a major part of GDP, thereby contracting the GDP growth rate for coming quarters. International organisations like Fitch and Standard & Poor, have lowered their forecast to 6.9% and 7% respectively.
 - ◆ The sudden cash crunch has also hurt the collections of Micro-finance companies and NBFCs.
 - ◆ While demonetisation is expected to increase tax revenues of the government, the Centre for Monitoring Indian Economy (CMIE) has estimated that the cost of the scheme might sum up to around ₹ 1.28 lakh crores for the 50-day period ending on 30th December, 2016. This figure when compared to estimated revenue raises a question on the scheme's rationality.
 - ◆ The government has been proactive in introducing schemes like Digital India, Make In India, concept of Smart Cities etc. to persuade foreign investments. Demonetisation could take a toll on investments and ease of doing business for a temporary period.
- It seems impossible for demonetisation to scoop out black money completely. It is because those who

receive it the illicit way do not keep it in cash-form for long. It is either converted to investments in precious metals like gold, or in real estate or stashed away in countries considered to be tax havens. Demonetisation will hardly make any difference to them.

Recent Developments

Soon after the announcement of the scheme, the government had proposed a 'window' for those who want to declare their unaccounted income post closure of Income Declaration Scheme on 30th September.

The government notified the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 on 16th December, 2016 to be effective from 17th December and remain open till 31st March, 2017, for people to declare their undisclosed income and escape prosecution. Here are the key features of the scheme-

- ◆ Any person can make a declaration of income in respect of cash or deposits in his account.
- ◆ This undisclosed income will be chargeable at the rate of 30%. This amount of tax will be increased by a surcharge at the rate of 33%, called the Pradhan Mantri Garib Kalyan Cess. In addition, the declarant shall be liable to pay a penalty of 10%. Therefore, the tax, surcharge and penalty sums up to around 50% of the total undisclosed income.
- ◆ No deduction of any expenditure, or set-off of losses will be allowed.
- ◆ The declarant shall set aside an amount equal to 25% of the undisclosed income as a non-interest bearing deposit, which will be refundable after four years from the date of deposit.
- ◆ The payment of tax, surcharge, penalty, and the deposit should be made before filing the declaration, which shall be accompanied with the proof of payment and the proof of deposit.

- ◆ The amount so declared will not be includible in the income of any assessment year.
- ◆ The tax, surcharge and penalty so paid will be non-refundable.

The Road Ahead

Given the shortcomings, demonetisation is no magic wand that will miraculously transform the picture of the Indian economy. But demonetisation, combined with other measures like the Income Declaration Scheme, Benami Property Act and GST will force tax-evaders to mend their ways.

While the scheme has given a boost to the digital payments marketplace, it is still far from making a cashless India. Instead, it will surely contribute in building a less-cash economy.

The scheme is believed to take some time before visible changes start surfacing. Some experts estimate it to be a few months time frame; others believe it to be a year or so. It is only when sufficient cash comes back in circulation, the businesses will be able to restore their operations and the disposable incomes will start picking up. There are continuous news flashes of searches, seizures, arrests and disclosures of lakhs and crores of rupees across the cities and towns. The discussions around what good the scheme did or can do will remain mere theories till official figures indicating the success or fall of the scheme are out.

Having said that, if demonetisation delivers what it promises, then it is the 'big bang' reform India was looking for. ■

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|| ACADEMIC UPDATE

Indirect Tax

Renting of Precincts of Religious Place : Clarification

The Central Government vide *Circular No. 200/10/2016 ST dated 06.09.2016* has clarified the meaning of the term "**precincts**" and provided that it should not be interpreted restrictively but shall include all immovable property of the religious place located within the outer boundary walls of the complex (of buildings and facilities) in which the religious place is located. The immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under the same management as the religious place, may be considered as being located in the precincts of the religious place and would be eligible for the benefit of exemption under *Notification No. 25/2012 ST dated 20.6.2012*.

[Circular No. 200/10/2016ST dated 06.09.2016]

Taxation Laws (Second Amendment) Act, 2016

Consequent to demonetisation of high value currency, declaring specified bank notes as not legal tender, the Taxation Laws (Second Amendment) Bill, 2016 was introduced in Lok Sabha on November 28, 2016. This Bill was passed by the Lok Sabha on November 29, 2016. It seeks to amend the Income-tax Act, 1961 and Finance Act, 2016. The Taxation Laws (Second Amendment) Bill, 2016 received the assent of the President on December 15, 2016.

Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016

The Taxation Laws (Second Amendment) Act, 2016 has introduced a special scheme namely, the “Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016”. Under the scheme, taxpayers may declare undisclosed income possessed in the form of cash or deposits in an account with a bank, post office or specified entity.

Under this special scheme, tax @30% of the undisclosed income, surcharge @33% of tax and penalty @10% of such income is payable besides mandatory deposit of 25% of the undisclosed income in Pradhan Mantri Garib Kalyan Deposit Scheme, 2016. The deposits are interest free and have a lock-in period of four years.

The income declared under the Scheme shall not be included in the total income of the declarant under the Income-tax Act for any assessment year. The declarations of undisclosed income made under the Yojana will not be used as evidence under provisions of any other law (viz. Central Excise Act, 1944, the Companies Act, 2013 etc.). However, no immunity would be available under Criminal laws mentioned in section 119-O of the Scheme, which includes (i) the Prohibition of Benami Property Transactions Act, 1988, (ii) the Prevention of Money Laundering Act, 2002, (iii) the Unlawful Activities (Prevention) Act, 1967, (iv) the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, (v) the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992.

This special scheme shall commence on 17th December, 2016 and shall remain open for declarations up to 31st March, 2017. The rules in this regard have been notified vide Notification No.116 dated 16th December, 2016. A separate notification has also been issued for Pradhan Mantri Garib Kalyan Deposit Scheme, 2016 by Department of Economic Affairs.

Levy of higher tax under section 115BBE

With effect from A.Y. 2017-18, higher rate of tax @ 60% under section 115BBE plus surcharge @ 25% of such tax and cess @ 3% of such tax and surcharge will be applicable in respect of unexplained investment, unexplained expenditure etc. referred to in section 68 and sections 69 to 69D, which are included in the total income of the assessee, and reflected in the return of income furnished under section 139 or determined by the Assessing Officer. The effective rate of tax under section 115BBE would, therefore, be 77.25% of such undisclosed income etc., if declared in the return of income. In case the same is not shown in the return of income, there would be a further levy of penalty under new section 271AAC@10% of tax payable under section 115BBE.

However, if income by way of undisclosed cash or deposit is declared as per the special scheme introduced by the Taxation Laws (Second Amendment) Act, 2016, the same will not be subject to tax under section 115BBE.

Levy of higher penalty under section 271AAB in respect of searches initiated on or after 15th December, 2016

The Taxation Laws (Second Amendment) Act, 2016 has also amended the penalty provisions under section 271AAB, which are attracted in search and seizure cases. The existing slab for penalty under section 271AAB at 10%, 20% & 60% of undisclosed income in respect of searches initiated on or after 1.7.2012, have now been made more stringent in respect of searches initiated on or after 15.12.2016. The penalty would now be 30% of undisclosed income, in a case where such income is admitted in the course of search initiated on or after 15th December, 2016 in a statement furnished under section 132(4), the manner in which such income was derived is explained by the assessee and tax together with interest is paid by him on or before the specified date. In all other cases, penalty @60% of undisclosed income shall be levied. This implies that there would be no concessional rate of penalty, where the undisclosed income is subsequently disclosed by the assessee in the return of income filed after the date of search and tax along with interest, if any, is paid before the specified date. Consequently, in such a case also, penalty would be leviable @60% under section 271AAB. ■

TEST PAPER SCHEME – ELIGIBILITY TO APPEAR FOR FINAL EXAMINATION

INVITATION FOR EMPANELMENT OF EXAMINERS, HEAD EXAMINERS, MODERATORS, PAPER SETTERS, EVALUATORS FOR FINAL COURSE

The Board of Studies has decided to introduce week-end Test Paper Scheme for students eligible to appear in the examination for the first time from November 2017 onwards. Those candidates are required to pass two Test Papers in each group conducted by the BoS to be eligible to appear for the Final Examination of the ICAI. It is intended to promote regular studies and improve performance in the Examination of ICAI.

Towards this, the BoS invites applications to draw a panel of various functionaries for the scheme such as Examiners, Head Examiners, Moderators, Paper Setters and Evaluators etc. for the Test Paper Scheme through the following form:

<https://goo.gl/forms/U6RVhX9PJSPQ7x7p2>

CAs, CMAs, CS, Management Graduates, other professionals, academicians, faculty and other qualified persons are invited to apply. The Board of Studies reserves the right to accept/reject the applications and the Board's decision shall be final. Selected functionaries will be intimated in due course

For any further clarification, please mail to Ms. Neeraj Kapur at E-mail "bos.testpaper@icai.in". Tel.No. 0120- 3876859.

Chairman
Board of Studies

AVAIL FINANCIAL ASSISTANCE FROM CA STUDENTS BENEVOLENT FUND

The Board of Trustees has decided to provide **financial assistance of ₹ 1,500/- p.m, for articled assistants** who are registered for Intermediate (IPC)/IPCC course **and ₹ 2,000/- P.M. for those students registered for final course** and are currently undergoing articled/industrial training in accordance with The Chartered Accountants Regulations, 1988 and are poor, needy but meritorious to pursue the Chartered Accountancy course **for one year with effect from 1st April, 2016 to 31st March, 2017** to be paid in lump sum, subject to filing of required application on or before **15th January, 2017**.

For the eligibility criteria for obtaining financial assistance from the Chartered Accountants' Students Benevolent Fund (CASBF) and to download the application form, please visit the Institute website "www.icai.org".

CROSSWORD SOLUTION – DECEMBER 2016

¹ E	² I	³ G	H	⁴ T		⁵ R	⁶ A	⁷ F	⁸ F	L	⁹ E
¹⁰ M	D	I		¹¹ V	¹² O	I	C	E	D		L
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²⁰ G	R	A	S	P		²¹ M	A	²² T		²³ I	E
²⁴ H	A	P	H	A	²⁵ H	A	R	A	R	D	
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²⁹ S	K	I	³⁰ P		³¹ T	E	A			³² P	E
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⁴⁰ V	H	S		⁴¹ A	V	A		A	O		N
I		⁴² S	I	P		⁴³ L	I	N	K	E	D

Accounting

RBI- Issuance of Master Directions and Frequently Asked Questions

I. Master Directions on Non-Banking Finance Companies

The Reserve Bank of India has started issuing Master Directions on all regulatory matters beginning January 2016. The Master Directions consolidate instructions on rules and regulations framed by the Reserve Bank under various Acts including banking issues and foreign exchange transactions. The process of issuing Master Directions involves issuing one Master Direction for each subject matter covering all instructions on that subject. Any change in the rules, regulation or policy is communicated during the year by way of circulars/press releases. The Master Directions will be updated suitably and simultaneously whenever there is a change in the rules/regulations or there is a change in the policy. All the changes will get reflected in the Master Directions available on the RBI website along with the dates on which changes are made. The existing set of Master Circulars issued on various subjects will stand withdrawn with the issue of the Master Direction on the subject.

NBFCs are categorized into following three groups for the purpose of administering prudential regulations:

1. Deposits taking NBFCs (NBFCs-D);
2. Non-deposit taking NBFCs (NBFCs-ND) (those with assets of less than ₹500 crore); and
3. Non-deposit taking systemically important NBFCs (NBFCs-ND-SI) (those with assets of ₹500 crore and above)

In order to ensure that NBFCs function on sound and healthy lines and make adequate disclosures in their financial reports, the Reserve Bank has issued prudential norms for all the Non-Banking Financial Companies. Earlier, there were following two sets of prudential norms:

- A. "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" in supersession of "Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007"; and
- B. "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" in supersession of "Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007"

Now on 1st September, 2016, RBI has issued two Master Directions replacing the above two old Directions i.e.,

- A. Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, in supersession of certain notifications and the directions as follows:
 - (i) Non-Banking Financial (Non-Deposit Accepting or

Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

- (ii) Non-Banking Financial Company - Infrastructure Finance Companies
- (iii) Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011
- (iv) Non-Banking Financial Company – Factor (Reserve Bank) Directions, 2012
- (v) Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(Link: https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10585)

- B. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in supersession of certain notifications and the directions as follows:

- (i) Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- (ii) Non-Banking Financial Company - Infrastructure Finance Companies
- (iii) Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011
- (iv) Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011
- (v) Non-Banking Financial Company – Factor (Reserve Bank) Directions, 2012
- (vi) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(Link: https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586)

II. Frequently Asked Questions

Explanations of rules and regulations will be issued by way of Frequently Asked Questions (FAQs) after issue of the Master Directions in easy to understand language wherever necessary. Till date, RBI has issued FAQs on following topics in NBFC:

1. Core Investment Companies (Dec 20, 2016)
2. All you wanted to know about NBFCs (Nov 29, 2016)
3. Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) (Oct 14, 2016)
4. Infrastructure Finance Companies (IFCs) (Mar 01, 2016)
5. Infrastructure Debt Funds (May 15, 2013)
6. NBFC – Factors (Apr 03, 2013)

(Link: <https://www.rbi.org.in/Scripts/FAQDisplay.aspx?dId=47939>) ■

GIVE ANSWERS & WIN PRIZES

1. The Government of India in consultation with _____ decided to converge and not to adopt IFRSs
 - (a) ICAI
 - (b) IASB
 - (c) MCA
 - (d) IFAC
2. In line with Ind AS 37, a provision shall be recognized when:
 - (a) An entity has a present obligation (legal or constructive) that is a result of a past event.
 - (b) It is probable that an outflow of resources embodying economic benefits will be required.
 - (c) A reliable estimate can be made of the amount of the obligation.
 - (d) All the three.
3. The ratio of the debt owed by the company (both secured and unsecured) after buy – back should not be more than twice the total of its
 - (a) Paid up capital and its free reserves
 - (b) Paid up capital
 - (c) Free reserves.
 - (d) Paid up capital and all reserves
4. As per the Companies Act, 2013, the Financial statements of the Dormant company may not include:-
 - (a) Balance sheet at the end of the financial year.
 - (b) Profit and Loss account.
 - (c) Cash flow statement for the financial year.
 - (d) Statement of change in equity (if applicable).
5. Which of the following is an example of inflating cash payments?
 - (a) Making payments against purchase vouchers.
 - (b) Teeming and lading.
 - (c) Not accounting for cash sales fully.
 - (d) Making payments against inflated vouchers.
6. If an auditor of a company has reason to believe that an offence of fraud involving ₹ 2 crore has been committed in the company by its officers, he shall report the matter to _____
 - (a) Board within 2 days of his knowledge of fraud.
 - (b) Board within 45 days of his knowledge of fraud.
 - (c) Central Government within 60 days of his knowledge of fraud.
 - (d) Central Government within 90 days of his knowledge of fraud.
7. Which of the following company is not exempted from reporting under CARO, 2016?
 - (a) Banking company.
 - (b) Insurance company.
 - (c) Company licensed to operate under section 8 of the Companies Act, 2013.
 - (d) Private limited company having paid up capital of ₹ 5 crore.
8. Which of the following is not covered under the definition of 'relative' as per the Companies Act, 2013?
 - (a) Step-father.
 - (b) Daughter's husband.
 - (c) Step-daughter.
 - (d) Son's Wife.
9. _____ of Point of Taxation Rules, 2011 pertaining to new services applies to new levy.
 - (a) Rule 3
 - (b) Rule 4
 - (c) Rule 5
 - (d) Rule 8A
10. As per mega exemption notification, the threshold exemption limit for consideration charged for services provided by a performing artist in classical art form of music is _____.
 - (a) ₹ 1,00,000
 - (b) ₹ 1,50,000
 - (c) ₹ 2,00,000
 - (d) Nil
11. The Central Excise Officer can issue a show cause notice within _____ in case of non-payment of duty on account of reasons other than fraud.
 - (a) one year
 - (b) two years
 - (c) six months
 - (d) five years
12. Place of removal under CENVAT Credit Rules, 2004 means
 - (a) Factory
 - (b) Warehouse
 - (c) Depot
 - (d) All of the above
13. With effect from 01.06.2016, Krishi Kalyan Cess will be leviable –
 - (a) @ 0.5% on the value of all or any of the taxable services
 - (b) @ 0.5% on service tax leviable on all or any of the taxable services
 - (c) @ 1% on the value of all or any of the taxable services
 - (d) @ 1% on service tax leviable on all or any of the taxable services
14. Who are the assesseees eligible to claim deduction under section 80JAA in respect of employment of new employees?



GIVE ANSWERS & WIN PRIZES

- (a) All individuals, HUFs, firms and companies
(b) Only firms and companies
(c) Only companies
(d) Any assessee to whom section 44AB applies
15. Mr. A has paid interest of ₹ 2,70,000 during P.Y. 2016-17 on loan of ₹ 35 lakhs taken for purchase of residential house property for self-occupation on 1.6.2016, cost of which was ₹ 40 lakhs. The eligible deduction under section 80EE for A.Y.2017-18 is -
(a) ₹ 2,70,000
(b) ₹ 2,50,000
(c) ₹ 70,000
(d) ₹ 50,000
16. Quoting of PAN is mandatory where the payment to a hotel or restaurant against a bill or bills at any one time exceeds -
(a) ₹ 25,000 and the payment is made otherwise than by way of account payee cheque or draft or ECS.
(b) ₹ 25,000 and the payment is made by cash
(c) ₹ 50,000 and the payment is made otherwise than by way of account payee cheque or draft or ECS.
(d) ₹ 50,000 and the payment is made by cash
17. An eligible assessee computing profits on presumptive basis under section 44AD -
(a) has to pay advance tax in four installments, namely, by 15th June, 15th September, 15th December and 15th March
(b) has to pay advance tax in three instalments, namely, 15th September, 15th December and 15th March
(c) has to pay advance tax on or before 15th March every year
(d) is exempt from paying advance tax
18. Which is not a part of Investment Decision in Financial Management?
A. Dividend Payout Decision.
B. Capital Budgeting Decision.
C. Working Capital Management.
D. Credit Policy towards Customers.
19. In service sector, cost which is generally not considerable is
A. Inventory costs
B. finished costs
C. factory overhead costs
D. manufacturing overhead costs
20. Which of the following is likely to increase the NPV of a project?
A. Increase in cost of capital
B. Decrease in working capital
C. Spreading cash flows over a longer period
D. Decreasing the net revenues.
21. An overtime is considered in cost accounting as
A. indirect costs
B. overhead costs
C. premium costs
D. both A and B
22. If price increase of good A increases the quantity demanded of good B, then good B is a
a) Substitute good
b) Complementary good
c) Bargain
d) Inferior good
23. What is collusion?
a) A formal agreement to set prices or to otherwise behave in a cooperative manner.
b) An informal agreement to set prices or to otherwise behave in a uncooperative manner
c) An agreement to have a meeting discussing prices
d) A disagreement upon having a meeting discussing prices
24. What is "easy money"?
a) The RBI allows the money supply to grow and the interest rates to fall.
b) The RBI stops the money supply from growing and the interest rates to grow.
c) The RBI allows the money supply to grow and the interest rates to grow.
d) The RBI stops the money supply from growing and the interest rates to fall.

QUIZ ANSWERS DECEMBER, 2016

1:B, 2:B, 3:A, 4:D, 5:B, 6:C, 7:A, 8:C, 9:D, 10:B, 11:B, 12:D, 13:B,
14:A, 15:A, 16:B, 17:A, 18:A, 19:B, 20:D, 21:C, 22:C, 23:C, 24:B

Please send your answers to E-mail address writesj@icai.in along with student Registration Number and complete contact details. 1st ten students giving all the correct answers will be awarded with BoS publications worth ₹ 1000/-

A NEW WAY TO THINK...

Once there was a king who had presented his daughter, the princess, with a beautiful diamond necklace. The necklace was stolen and his people in the kingdom searched everywhere but could not find it.



One day a clerk was walking home along a river next to an industrial area.

This river was completely polluted and filthy and smelly. As he was walking, the clerk saw a shimmering in the river and when he looked, he saw the diamond necklace. He decided to try and catch it so that he could get the \$50,000 reward. He put his hand in the filthy, dirty river and grabbed at the necklace, but somehow missed it and didn't catch it. He took his hand out and looked again and the necklace was still there.

He tried again, this time he walked in the river and dirtied his pants in the filthy river and put his whole arm in to catch the necklace. But strangely, he still missed the necklace! He came out and started walking away, feeling depressed.



Then again he saw the necklace, right there. This time he was determined to get it, no matter what. He decided to plunge into the river, although it

was a disgusting thing to do as the river was polluted, and his whole body would become filthy. He plunged in, and searched everywhere for the necklace and yet he failed. This time he was really bewildered and came out feeling very depressed that he could not get the necklace that would get him \$50,000.

Just then a saint who was walking by, saw him, and asked him what was the matter. The clerk didn't want to share the secret with the saint, thinking the saint might take the necklace for himself, so he refused to tell the saint anything. But the saint could see this man was troubled and being compassionate, again asked the clerk to tell him the problem and promised that he would not tell anyone about it.



The clerk mustered some courage and decided to put some faith in the saint. He told the saint about the necklace and how he tried and tried to catch it,

but kept failing. The saint then told him that perhaps he should try looking upward, toward the branches of the tree, instead of in the filthy river. The clerk looked up and true enough, the necklace was dangling on the branch of a tree. He had been trying to capture a mere reflection of the real necklace all this time.



Moral of the story: Material happiness is just like the filthy, polluted river; because it is a mere reflection of the TRUE happiness in the spiritual world. We can never achieve the happiness we are looking for no matter how hard we endeavour in material life. Instead we should look upwards, toward God, who is the source of real happiness, and stop chasing after the reflection of this happiness in the material world. This spiritual happiness is the only thing that can satisfy us completely.

(Source: Internet)

PEN IT TO WIN IT

We empower our students by giving them the opportunity and platform to showcase their hidden talent and win some prizes. Most importantly, the winning entries will be published by us.

Here we announce various competitions for the students pursuing Chartered Accountancy Course. There are four submission categories as detailed below:

- Theme based article writing
- Moral Story based Cartoon drawing
- Poetry writing
- Short Story/Life Experience Story writing

The topics for article writing competition are:

1. How to make Practical Training (Articleship) more effective
2. IndAS: The Way Forward

The word limit is 1,600- 2,200. Other submission categories are Short stories/Life Experience Stories with a word limit of 750 words, and poetry not longer than one page.

The winners of 1st best and 2nd best articles will be published in any of the issues of the Students' Journal and awarded **with Certificate of Merit and admissible honorarium. The best Cartoon with Moral Story and the best selected one Poem will be published in the Students' Journal and Appreciation Letters will be awarded to another three.**

The winner of the best selected Short Story/Life Experience Story will get the BoS Publications worth ₹ 1,500/-. The Story will also be published in the Students' Journal. The 2nd best will be awarded with BoS Publications worth ₹ 750/-.

Soft copies of the work with complete communication and E-mail address, declaration of originality, soft copy of the colour passport size photograph may be mailed to writesj@icai.in

Winners of All India Elocution and Quiz Contests

The following contestants were declared winners of the 22nd All India Elocution and 16th All India Quiz Contests held at Ernakulum on November 27, 2016.

ELOCUTION



Komal Surana
1st Prize
(ERO0198787)



Sanskriti Agarwal
2nd Prize
(CRO0481806)



Prateeksha Malpani
3rd Prize
(WRO0522267)



Bhairi Meenakshi
3rd Prize
(CRO0473354)

QUIZ

WINNERS: Team- EIRC



Basant Joshi
ERO0186068



Shashank Saboo
ERO0189246

Joint Runners-Up: Team WIRC



Sumeet Pendse
WRO0487715



Sanket Patil
WRO0487675

Joint Runners-Up: Team NIRC



Sandeep Ahuja
NRO0385147



Karteek Simhadri
SRO0472608

Our Hearty Congratulations

BoS Publications for IIPCE Paper 4: Taxation relevant for May 2017 & November 2017 Examinations

1. **Study Materials**
 - Part I: Income-tax** – September 2016 Edition containing the Income-tax law as amended by the Finance Act, 2016 and significant notifications and circulars issued upto 30.4.2016.
 - Part II: Indirect Taxes** - Edition September 2015, Reprint Edition October 2016) to **be read along with Supplementary Study Paper-2016** explaining the amendments made by the Finance Act, 2016 and significant notifications and circulars issued upto 30.4.2016.
2. **Practice Manuals** – Part I: Income-tax & Part II: Indirect Taxes – October 2016 Edition, wherein the questions have been modified/adapted and answered on the basis of the provisions of tax laws as amended by the Finance Act, 2016.
3. **Supplementary Study Paper - 2016** explaining the amendments made by the Finance Act, 2016 and significant notifications and circulars issued upto 30.4.2016. The amendments in the Supplementary Study Paper 2016 have been grouped chapter-wise in line with the Study Material to facilitate combined reading therewith.

BoS Publications for Final Course Paper 7: Direct Tax Laws (DTL) & Paper 8: Indirect Tax Laws (IDTL), relevant for May 2017 & November 2017 Examinations

1. **Study Materials – DTL & IDTL** - (Edition November 2015, Reprint Edition November 2016) to **be read along with Supplementary Study Paper-2016** explaining the amendments made by the Finance Act, 2016 and significant notifications and circulars issued upto 30.4.2016. The amendments in the Supplementary Study Paper 2016 have been grouped chapter-wise in line with the Study Material to facilitate combined reading therewith.
2. **Practice Manuals – DTL & IDTL (December 2016 Edition)**, wherein the questions have been modified/adapted and answered on the basis of the provisions of tax laws as amended by the Finance Act, 2016.
3. **Select Cases in DTL & IDTL, 2016 – September 2016 Edition**, wherein select significant Supreme Court and High Court decisions in direct and indirect tax laws, which are relevant in the context of tax laws as amended by the Finance Act, 2016, have been reported. This publication has also been divided chapter-wise in line with the Study Material, to facilitate combined reading therewith.

All the above publications have also been hosted at the BOS Knowledge Portal on the Institute's website www.icai.org.

CONVOCATION- 2016-2017

The ICAI Convocation for the members enrolled during **April - September, 2016** will be held at Ahmedabad, Mumbai, Pune, Chennai, Hyderabad, Kolkata, Jaipur, Kanpur, Amritsar and New Delhi on **Tuesday 31st January, 2017 afternoon**. The details about the Venue and timing will be intimated to the participants by the respective Regional Offices. For further information, members may contact the concerned Regional Offices.

Joint Secretary
MC & MSS

National Convention for CA Students – CHENNAI

04th & 05th JANUARY, 2017

Organized by: Board of Studies, ICAI

Hosted by: Southern India Regional Council of ICAI

THEME: ARISE, AWAKE, ACHIEVE

Kamaraj Arangam,
Teynampet, Chennai

DAY-1

09.30 am to 11.00 am	Technical Session I: Companies Act, 2013, Chairperson: CA. K. Sripriya, CCM, ICAI Topics: 1. Reporting on Fraud – Simplicity & Complexity The Board & The Audit Committee – Convergence or Divergence? Professional Opportunities for Chartered Accountants under the Companies Act, 2013
11.00 am to 12.00 noon	Inaugural Session Presided by : CA. M. Devaraja Reddy, President, ICAI
12.00 noon to 1.00 pm	Interaction and Open House with Board of Studies Chairman : CA. Babu Abraham Kallivayalil Vice-Chairman : CA. Dhiraj Kumar Khandelwal
2.00 pm to 2.45 pm	Special Address on : “Decode the Alchemist within” CA. Padma Shri T. N. Manoharan, Past President, ICAI
2.45 pm to 4.15 pm	Technical Session II : Direct Taxes; Chairman: CA. G. Sekar, CCM, ICAI Topics: Tax Deducted at Source Transfer Pricing – Issues & Implications Treatment of Undisclosed Income
4.15 pm to 5.45 pm	Technical Session III : Goods and Services Tax; Chairman: Ms. Aparna Nanda Kumar, <i>Advocate, Chennai</i> Topics: GST – The Road Ahead Input Tax Credit GST – Law Model

DAY-2

09.00 am to 10.30 am	Technical Session IV : Information Technology; Chairman: CA. R. Vittal Raj, Chennai Topics: IT as Audit Tool Cloud Computing – Opportunities, Risks & Challenges Auditing through Computer and Auditing around Computer
10.30 am to 12.00 noon	Technical Session V : Accounting & Finance; Chairman: CA. M.P. Vijay Kumar, CCM, ICAI Topics: I ND AS v/ s AS Forensic Accounting
12.00 noon to 1.00 pm	Technical Session VI : Skill Sets for CA students
2.00 pm to 3.15 pm	Technical Session VII : Standards on Auditing; Chairman: CA. Sanjay Vasudeva, CCM, ICAI Topics: Quality in qualifications of Audit Report – Challenges & Responsibilities CARO, 2016 - Reporting Internal Financial Controls
3.15 pm to 4.00 pm	Special Session on Motivation: CA. R. Bupathy, Past President, ICAI
04.00 pm to 5.00 pm	Valedictory Session

Students are requested to register for the Convention at the earliest with BOS, Chennai

Registration fees	₹ 300/- per student (inclusive of Lunch and Convention Material)
Payment Mode	For Online registration visit http://ccm.icai.org/?progid=1383 Cash or DD drawn in favour of The Secretary, ICAI payable at Chennai Phone: 044 30210311; E-mail: mvenkat@icai.in

CA. Babu Abraham Kallivayalil, Chairman, Board of Studies, ICAI; **CA. Dhiraj Kumar Khandelwal**, Vice-Chairman, Board of Studies, ICAI; **CA. G. Sekar**, CCM & Convention Convenor; **CA. K. Sripriya**, CCM & Convention Convenor; **CA. E. Phalguna Kumar**, Chairman, SIRC of ICAI.

National Conclave for CA Students - PIMPRI-CHINCHWAD

30th & 31st DECEMBER, 2016

Organized by: Board of Studies, ICAI

Hosted by: Pimpri-Chinchwad Branch of WIRC of ICAI & Pimpri-Chinchwad Branch of WICASA of ICAI

THEME: AARAMBHA...THE NEW BEGINNING

Acharya Atre Sabhagruha, Nr. YCM Hospital, Sant Tukaram Nagar, Pimpri, Pune 18

DAY-1

9:00 am to 11:00 am	Technical Session I: Accounting Standards, Chairman: CA. S. B. Zaware , Central Council Member, ICAI Topics: Indian AS-Overview of impact changes in Financial Reporting
12.15 pm to 02:00 pm	Technical Session II: - Economics, Chairman: By Eminent Faculty Topics: Economic Policies- If I were the Prime Minister of India
3:00 pm to 4:00 pm	Interaction and Open House with Board of Studies CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice-Chairman, Board of Studies, ICAI
4:00 pm to 6:00 pm	Technical Session III:- Indirect Taxes, Chairman: CA. Pritam Mahure Topics: Good & Service Tax - Concept & Impact

DAY-2

09:00 am to 10:00 am	Technical Session IV: Information Technology, Chairman: CA. Shirish Deshpande Topics: Forensic Accounting using IT, E-governance & Cyber Security
10:00 am to 11:30 pm	Special Address by Shri. Rajesh Shukla , Head Indirect Taxation, Tata Motors Ltd.
1:30 pm to 2:15 pm	Motivational Session by Shri Pramod Deshmukh
2:15 pm to 3:45 pm	Technical Session V: Direct Tax & Auditing, Chairman: CA. Chandrashekhar Chitale , MCCA, Treasurer, Pune, Topics: Tax Audit u/s 44 AB including Presumptive Tax Audits, Income Computation and Disclosure Standards

Students are requested to register for the Conclave at the earliest as per the following details:

Registration fees	₹ 300 per student	Accommodation (if required) please contact branch
Payment Mode	Cash/DD/Cheque to be drawn in favour WICASA of Pimpri-Chinchwad Branch of WIRC of ICAI, payable at Pune, Email: -pimpri.chinchwad@icai.org, Ph- 02065119966/77,9503111836, Online Reg: https://www.payumoney.com/customer/users/paymentOptions/#/0E500805DF3D0E142CE4FA7DE81E160F/PCICAI/108967	

CA. Babu Abraham Kallivayalil, Chairman, BoS & **CA. Dhiraj Kumar Khandelwal**, Vice-Chairman, BoS; **CA. S. B. Zaware**, CCM, Conclave Convener; **CA. Suhas Gardi**, Chairman, Pimpri Chinchwad & **CA. Prajakta Chincholkar**, WICASA Chairperson, Pimpri Chinchwad Branch, Conclave Coordinators

Sub-Regional Conference for CA Students - AMRAVATI

2nd & 3rd JANUARY, 2017

Organized by: Board of Studies, ICAI

Hosted by: Amravati, Nanded Branch of WIRC of ICAI & Amravati, Nanded Branch of WICASA of ICAI

THEME: GYAN SANGAM – LET THE KNOWLEDGE FLOW

ICAI Bhawan , Amravati

DAY-1

11 am to 12 noon	Interaction and Open House with Board of Studies CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice-Chairman, Board of Studies, ICAI
12.00 noon to 1.30 p.m.	Technical Session I: Changing Scenario in Indirect taxes Topics: 1. GST- The way forward & Impact on Economy 2. Role of CA's in GST.
2.30 pm to 4.00 pm	Special Session by CA. Anil Bhandari , Central Council Member, ICAI
4.00 pm to 5.00 pm	Technical Session II: Information Technology and Cyber Security. Topics: 1. Cyber Security in India-Are we really safe.2. Wearable Technologies-The future.

DAY 2

10 am to 11.30 am	Technical session III: Direct Taxation Topics: 1. Taxation of trust, NGO, & Society 2.Under Reporting and Misreporting of Income 3. Immunity and Penalty.
11.30 am to 1.00 pm	Special Session by CA. Abhijeet Kelkar , RCM on Digital Economy.
2.00 pm to 3.30 pm	Technical Session IV: Trending Topic Topics: 1. Cashless Economy- Impact on Trade & Industry 2. Self-Realization-Living your life for higher Purpose.

Students are requested to register for the Conclave at the earliest as per the following details:

Registration fees	₹ 300 per student till 25.12.2016, ₹ 400 per student after 25.12.2016.	Accommodation, if required, ₹ 500/- per student
Payment Mode	Cash/DD/Cheque to be drawn in favour of Amravati Branch of WIRC of ICAI, payable at Amravati, Amravati Branch of WIRC of ICAI, "ICAI Bhawan", Plot No. 51, Sai Regency, Behind Saturna Industrial Estate, Amravati (MS) India 444607, Ph: 0721-2020794/9767970944, Email: amravati@icai.org, Website: www.amravati-icai.org	

CA. Babu Abraham Kallivayalil, Chairman, BoS & **CA. Dhiraj Kumar Khandelwal**, Vice-Chairman, BoS; **CA. Pradeep K. Agrawal**, WICASA Chairman, Conference Convener **CA. Mahesh S. Laddha**, Chairman, Amravati Branch, **CA. Pravin Sadashivrao Patil**, Chairman, Nanded Branch, **CA. Pravin C. Agrawal**, Chairman WICASA Amravati Branch, **CA. Kunal Vijay Malpani**, Chairman, WICASA Nanded Branch, Conference Coordinators.

National Convention for CA Students - AGRA

14th & 15th JANUARY, 2017

J. P. Sabhagaar, Khandari,
Campus, Agra

Organized by: Board of Studies, ICAI

Hosted by: Agra Branch of CIRC of ICAI & Agra Branch of CICASA of ICAI

THEME: GYAN DEEP: ENLIGHTEN FOR ENRICHMENT

DAY-1

10.00 am to 11.30 am	Technical Session I: Audit, Chairman: CA. Anshul Mittal, NIRC Topic: Forensic Audit & Auditor's Duty to Report on Fraud
11.30 am to 12.00 noon	Inaugural Session by Chief Guest: CA. M. Devaraja Reddy, President, ICAI
12.00 noon to 01.00 pm	Interaction and Open House with Board of Studies CA. Babu Abraham Kallivayalil, Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal, Vice-Chairman, Board of Studies, ICAI
01.00 pm to 02.30 pm	Technical Session II: Indirect Tax, Chairman: CA. Dharmendra Srivastava, Kanpur Topic: GST New Regime to Indirect Taxation in India
03.30 pm to 05.00 pm	Technical Session III: Accounting, Chairman: CA. Alok Garg, New Delhi Topic: IFRS
05.00 pm to 06.00 pm	Motivational Session

DAY 2

10.00 am to 11.30 am	Technical Session IV: General – IT, Chairman: CA. Nikesh Seth, Mumbai Topic: Future of CA Profession : An Accountant or Technocrat
11.30 am to 01.00 pm	Technical Session V: Corporate Laws, Chairman: CA. Amarjeet Chopra, Past President, ICAI Topic: Startup Companies in India – Way Forward to Entrepreneurship
01.00 pm to 01.45 pm	Special Address by HR Executives
02.45 pm to 4.15 pm	Technical Session VI: Direct Tax, Chairman: CA. (Dr.) Girish Ahuja Topic: ICDS & Impact of Demonitization on GDP
04.15 pm to 05.00 pm	Motivational Session / Panel Discussion

Students are requested to register for the Convention at the earliest as per the following details:

Registration fees	₹ 500/- per student	For Accommodation please contact branch
Payment Mode	Cash/DD/Cheque to be drawn in favour of Agra Branch of CIRC, payable at Agra Agra Branch of the ICAI, Phone: 0562-4040598, Mobile 9319108585, Email: agracicasa@gmail.com Website: www.http://cicasaagra.org	

CA. Babu Abraham Kallivayalil, Chairman, BoS & **CA. Dhiraj Kumar Khandelwal**, Vice Chairman, BoS; **CA. Mukesh Singh Kushwah, CCM**, Convention Convener; **CA. Amit Bansal**, Chairman, Agra Branch, **CA. Deepika Mittal**, CICASA Chairperson Agra Branch, Convention Coordinators.

National Convention for CA Students – PUNE

21st & 22nd JANUARY, 2017

Mahalaxmi Lawns,
Near Rajaram Bridge,
Karve Nagar, Kothrud, Pune

Organized by: Board of Studies, ICAI

Hosted by: Pune Branch of WIRC of ICAI & Pune Branch of WICASA of ICAI

THEME: UNLEASHING THE POTENTIAL

DAY-1

09.30 am to 11.45 am	Inaugural Session and Interaction and Open House with CA. Dhiraj Kumar Khandelwal, Vice-Chairman, Board of Studies, ICAI
12.15 pm to 01.15 pm	Special Session I - Grow out of the box by CA. Parag Kulkarni
02.15 pm to 03.45 pm	Technical Session I – Accounting & Audit Topics: Ind AS, Risk Based Internal Audit (RBIA), Forensic Analysis
04.15 pm to 05.15 pm	Special Address by HR Executives/CFOs/Faculties of IIMs and IITs by Shri. V. Balakrishnan – Founder & Chairman of Exfinity
05.15 pm to 06.45 pm	Technical Session II - Investments & Economics Topics: Foreign Direct Investment (FDI) & Foreign Institutional Investor (FII) - An analysis, Equity Market & Mutual Funds, Future & Options.

DAY 2

9.30 am to 10.30 pm	Interaction with Guest of Honour: CA. Nilesh S. Vikamsey, Vice-President, ICAI CA. Babu Abraham Kallivayalil, Chairman, Board of Studies, ICAI
11.00 am to 12.30 pm	Technical Session III- Taxation & Law Topics: GST : Impact on Indian Industry, Taxation for Non Resident Indian (NRI), Simplified Proforma for Incorporating Companies Electronically (SPIC)
12.30 pm to 02.00 pm	Special Session II: Waves of Change by CA. Nandan Savnal
03.00 pm to 04.30 pm	Technical Session IV- Current Issues Topics: Impact of Demonetization on Taxation, Startup India - The Current Scenario, Digitalization - A Step Towards Paperless India
05.00 pm to 06.30 pm	Special Session III: Partner in Nation Building

Students are requested to register for the Convention at the earliest. The details for registration are as follows:-

Registration fees	₹ 300 per student, registered till 10.01.2017 ₹ 400 per student, registered from 11.01.2017	Accommodation, if required, ₹ 1,400/- per student
Payment Mode	Cash/DD/Cheque/Online to be drawn in favour of "Pune Branch of WIRC of ICAI", payable at Pune, Pune Branch of WIRC of the ICAI & Pune Branch of WICASA of ICAI, Phone 020-24222151/52; 8237166006; Email cpe@punecai.org; Website- www.punecai.org	

CA. Babu Abraham Kallivayalil, Chairman, BoS & **CA. Dhiraj Kumar Khandelwal**, Vice-Chairman, BoS; **CA. S.B. Zaware**, Central Council Member, ICAI, Convention Convener, **CA. Rekha Dhamankar**, Chairperson, Pune Branch, **CA. Charuhas Upasani**, Chairman, Pune Branch of WICASA, Convention Coordinators.

National Conclave for CA Students – BHILAI

21st & 22nd JANUARY, 2017

Bhilai Institute of Technology,
G. E. Road, Durg (C.G.)

Organized by: Board of Studies, ICAI

Hosted by: Bhilai, Raipur and Bilaspur Branches of CIRC of ICAI and Bhilai, Raipur and Bilaspur Branches of CISACA

THEME: YUKTI – A QUEST FOR SOLUTIONS

DAY-1

10.00 am to 11.00 am	Inaugural Session Guest of Honor: Shri M. Ravi , CEO, Bhilai Steel Plant
11.00 pm to 12.00 noon	Interaction & Open House with Board of Studies CA. Babu Abraham Kallivayalil , Chairman, Board of Studies, ICAI CA. Dhiraj Kumar Khandelwal , Vice-Chairman Board of Studies, ICAI
12.00 noon to 01.30 pm	Technical Session I: Direct Tax , Chairperson: CA. Kemisha Soni , Central Council Member, ICAI Topics: 1. Concealment/Misreporting of income- Implication 2. Valuation of property/stock u/s 43(ca) & 50C 3. TDS – w.r.t. sec 221(1), 194(ca) & form 26QB
02.30 pm to 04.00 pm	Technical Session II: Corp Law & Audit , Chairman: CA. Prakash Sharma , Central Council Member, ICAI Topics: 1. Opening of Audit to other Professional Institute 2. IFC- Internal Financial control under Companies Act 2014 3. IND AS- Applicability and Documents 4. Evidencing of Audit under Companies Act
04.00 pm to 05.30 pm	Technical Session III: Current Affairs , Chairman: CA. Abhay Chhajed , Chairman, CIRC Topics: 1. Effect of Cash Demonitisation in Govt. Balance Sheet. 2. Professional Ethics –Foundation stone of professional development 3. Darker /Brighter side of Cash Demonitisation 4. Plastic Money –Is Rural India ready for it 5. Startup India- Present status & Future prospects 6. Cash Demonitisation: Role of CA's

DAY 2

10.00 am to 11.30 am	Technical Session IV: Indirect Tax & Banking , Chairman: CA. Nilesh Gupta , Chairman, CISACA Topics: 1. GST: Effect of GST in accounting 2. GST: An Emerging Opportunity for CA Profession 3. GST: Possible dates of Implementation & Preparation 4. Stock Audit : Method & Documentation
11.30 am to 01.00 pm	Special Session: Motivational Session by CA. Ajay Lunawat - Kochi & CA. Pramod K. Boob
02.00 pm to 03.30 pm	Technical Session V: Information Technology & Social Media , Chairman: CA. Churchill Jain , RCM, CIRC Topics: 1. Office Automation – A must for CA's 2. Cyber Fraud – Role of CA in prevention/detection 3. E-Tailing V/s. Retailing –Impact on accounts
03.30 pm to 04.30 pm	Special Session on Meet with CA Exam Toppers by CA. P. K. Boob , Vice Chairman, CIRC

Students are requested to register for the Conference at the earliest as per following details:

Registration fees	₹ 300/- Per Delegate by 7 th January, 2017 ₹ 400/- Per Delegate after 7 th January 2017	Accommodation, if required, ₹300 per Delegate in addition to delegate Fee
Payment Mode	Cash/DD/Cheque in the name of "Bhilai Branch of CIRC of ICAI" payable at Bhilai, Bhilai Branch of the ICAI, Nr. Andhra Bank, Civic Centre, Bhilai, Ph : 0788-4015125/2228613/ 09300818788 (Suryanarayan Ji), Email: bhilai@icai.org Website: www.icai-bhilai.org	

CA. Babu Abraham Kallivayalil, Chairman, BoS & **CA. Dhiraj Kumar Khandelwal**, Vice Chairman, BoS; **CA. Kemisha Soni**, CCM, Conclave Convener; **CA. Mahavir Jain**, Chairman Bhilai Branch, **CA. Madan Mohan**, Chairman Raipur Branch, **CA. Om Prakash Modi**, Chairman Bilaspur Branch, **CA. Minesh Jain**, CISACA Chairman Bhilai Branch, **CA. Yogesh Kumar Purohit**, CISACA Chairman Raipur Branch, **CA. Sanjay Mishra**, CISACA Chairman Bilaspur Branch, Conclave Coordinators.

POEM



SAFALTA KI MUSKAN

Ujjwal Kumar Jha
ICAI Student Reg.No.ERO0219227

Aao humko bhi uthkar ab jeevan me kuch karna hai
Humko bhi aage chalkar ab CA hi banna hai
Kathin parishram ke bal se humko bhi ye pana hai
Ye samman pane ko hum sabko ab jagna hai
Sachi nishtha lagan lagakar humko CA banna hai
Jo sapno se ladte rehte sapna pura hota hai
Jab sapna poora ho jata gourab – sa wo lagta hai
Aye sathi tum bhul na jana itne gourab lakshyon ko
Ye bhi puri ho jayegi hai tujhme lagan toh
Jo iske pane me lagta sab kuch tum bhul jayega
Samman- si jeet ka taaj jab tere sar laharayega
Uss din dharti ka har kona tere man ko bhayega
Maa-Papa ka pyar bhi usdin samman –sa chhayega
Maa ke aanchal ke niche tu has- kar ja tab bolega
Dekh maa tera beta bhi samman ab payega
Satya nyay ke path par chalkar sapno se ab ladna hai
Humko bhi apne jeevan me ye gourab taaj pehen-na hai

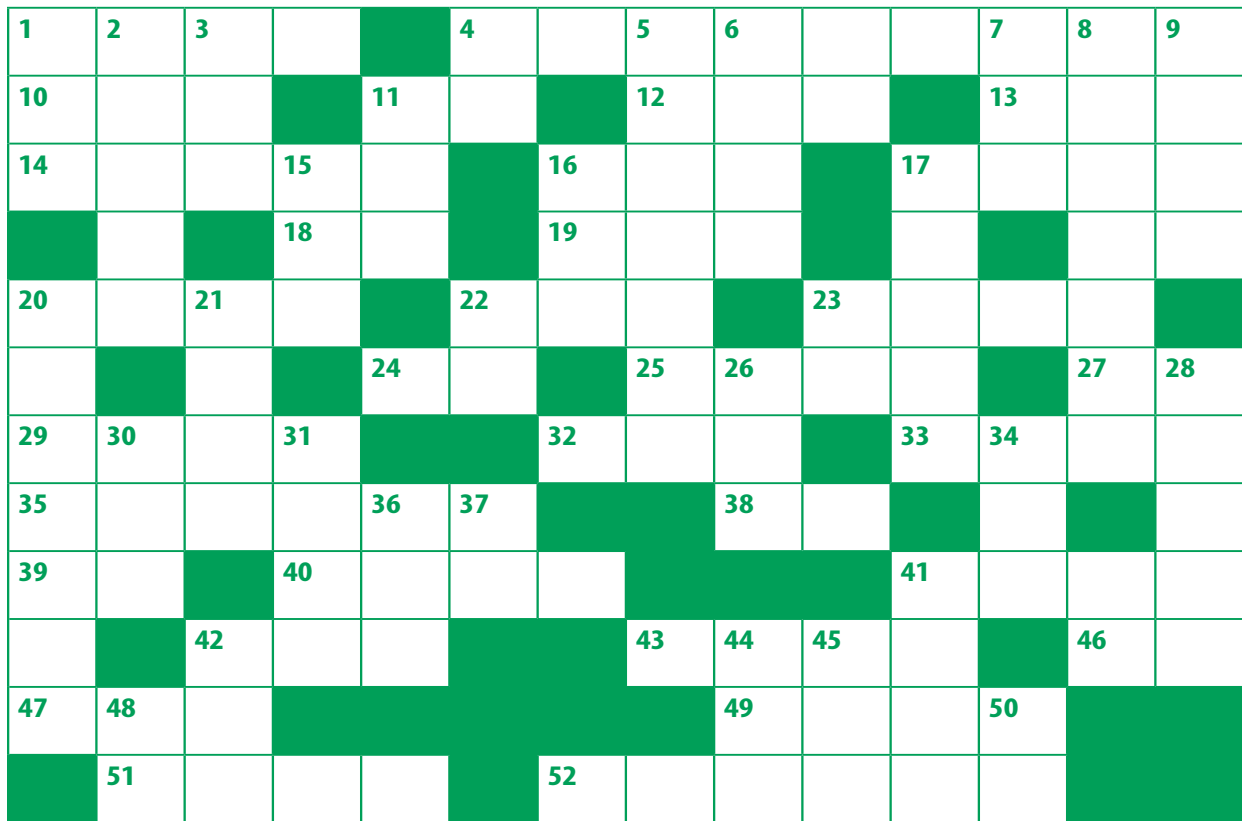


Jomin Joy
ICAI Student
Reg.No.
SRO0362162

Life – A choice

Life is all about choices
Some choose the 'best'
While others choose the 'better'
There is nothing like bad,
All will happen by chances.
No target is lagged
It's just a second lap in the race
Run till the race ends
Efforts make you to end the race
And be a champion.
Behold Almighty's hands
Hold it tight
Who gives the chances as gifts
Be thankful to Him
And make use of these gifts.
Time is the "chance" of your life
Hard work is the "choice" of your dreams
Open your eyes for the glimpse
And choose the chance
That makes your dream a glance.

CROSSWORD - JANUARY 2017



ACROSS

1. Ring over an angel
4. Section 80JJAA provides for deduction in respect of employment of new
10. Copy
11. A student of CA course has to undergo two ____ trainings during his tenure of studentship.
12. Afflict
13. A court takes ____ moto action, meaning it starts a legal process on its own.
14. Pair of glasses.
16. An Indian hotel brand that owns & operates as well as aggregates standardized hotel rooms.
17. Its capital is Lima.
18. Used to signify the number of years since the birth of Jesus Christ.
19. A group of computers and associated devices that share a common communications line or wireless link to a server.
20. Aid
22. Pressing the Tab key on a keyboard moves the screen cursor horizontally to the right.
23. Disorder
24. ____ bananas means to become very emotional.
25. GDP ____ depreciation is NDP.
27. Provided that
29. Money does not grow on -----.
32. One of the zodiac signs.
33. Aim for the -----(s) means aspire to something.

35. Budget ____ is a schedule, document or booklet which shows, in written forms the budgeting organisation and procedures.
38. Opposite of Yes.
39. Latin word meaning "before noon".
40. It is better to be born lucky than ____.
41. List from which to choose.
42. ____ is the ability for a system administrator to monitor and manage servers by remote control.
43. The study of mathematical models of conflict and cooperation between intelligent rational decision-makers: ____ theory.
46. Roman numeral for 499.
47. Allow
49. Main antagonist in Othello.
51. A common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements.
52. It Kills the bad guy in your PC!

DOWN

1. Possesses
2. You can eat it (An Operating system company)
3. An American brand of denim.
5. Service tax is ____ on passenger transportation by an air-conditioned stage carriage.
6. Pride : A group of ____ (s).
7. That in Spain

8. The combined continental landmass of Europe and Asia.
9. I won't tell a ____.
10. Term used to describe an International telephone call made by a person (specially a subscriber) without using an operator.
15. Ceiling
16. An Indian online transportation network company.
17. Fourth Estate
20. Sabeer Bhatia cofounded ____ in 1996.
21. Banker's claim.
22. Autobiographical novel by E. R. Braithwaite : ____ Sir, with Love.
23. ____ word: word processor developed by Microsoft.
26. Very Long period.
30. A form of computer data storage.
31. Official currency of Euro zone.
34. Draw in Cricket match.
36. Target
37. Roman numeral for 50, 100.
41. Huge
42. A common form of tax exemption given to the employees by most employers.
44. Broadcast
45. The rate of in respect of a company, being a unit located in IFSC and deriving its income solely in convertible foreign exchange, would be 9%.
48. For example, in latin.
50. Opposite of off.

International Conference for CA Students – HYDERABAD

07th & 08th
JANUARY, 2017

Organized by: Board of Studies, ICAI

THEME: "JNANAARJANA - THIRST FOR KNOWLEDGE"

**Brahma Kumaris – Global Peace
Auditorium, Shanti Sarovar,
Hyderabad**

DAY-1 - Saturday

9.00 AM - 10.00 AM	Registration and Networking Inaugural Session Chief Guest: Shri. Prakash Javadekar, Hon'ble Union Minister of Human Resource Development* Guest of Honour : CA. M. Devaraja Reddy, President, ICAI CA. Nilesh Shivji Vikamsey , Vice President, ICAI
11.00 AM to 11.30 AM	Tea Break
11.30 AM – 1.00 PM	Technical Session I: GST-The Path breaking Reform 1. GST: Impact and Assessment 2. E-Commerce and GST: Issues and way forward 3. Supply under GST: A new taxable event
1.00 PM – 2.00 PM	Lunch and Networking
2.00 PM – 3.30 PM	Technical Session II: Applicability of AS, Ind AS and Auditing Standards 1. AS/ Ind AS: Relevance and Applicability 2. AS/Ind AS in Banking and Insurance Sector 3. Auditing Standards: Relevance and Applicability
3.30 PM – 5.00 PM	Technical Session III: Economic reforms in SAFA Countries 1. Cashless economy- Possibility, Feasibility & Acceptability 2. Demonetization of high denomination notes: Impact on Indian Economy 3. Resurgence of SAFA Economy
5.00 PM – 6.00 PM	Special Session I : Motivational Speech: Life Journey by Bhakti Sharma-Ace Swimmer
6.00 PM – 8.30 PM	Cultural Programme followed by Dinner

DAY-2- Sunday

9.30 AM – 10.30 AM	Special Session
10.30 AM- 11.30 AM	Technical Session IV: "Global Opportunities for CA Professionals" 1. Existing Global Opportunities for Young CAs 2. Global economic Environment and scope for CAs 3. Convergence to IFRS- Global Opportunities Beckon Indian CAs
11.30 AM- 1.00 PM	Technical Session V: Corporate Law in India 1. Private Limited Companies: (i) Compliance and Reports by Auditors (ii) Compliance and Reports by Management 2. Framework of Schedule III
1.00 PM – 2.00 PM	Lunch and Networking
2.00 PM - 3.30 PM	Technical Session VI: Challenges and Opportunities for CAs in IT Risk Assessment and Control 1. Big data and data Analytics 2. Cyber Crime 3. Cloud Computing
3.30 PM – 4.30 PM	Special Session II : Motivational Speech by Padmashri CA. T. N. Manoharan , Past President, ICAI
4.30 PM – 5.30 PM	Valedictory

*Confirmation awaited.

Students are requested to register for the International Conference at the earliest as per the following details:

Registration fees	₹ 500/- per student till 31 st December, 2016 ₹ 700/- per student from 1 st January, 2017 onwards ₹ 900/- per student for on the spot registration		
Payment Mode	Cash/DD/Cheque to be drawn in favour of "Jnanaarjana International Conference for CA Students 2016-17" payable at Hyderabad.		
CA. Babu Abraham Kallivayalil Chairman, Board of Studies and Conference Chairman		CA. Dhiraj Kumar Khandelwal Vice Chairman, Board of Studies and Conference Co-Chairman	
CA. Venkatram C. Chairman, Hyderabad SICASA and Conference Coordinator	CA. Pankaj Trivedi Conference Coordinator	CA. Bhanunarayana Rao Y.V. Conference Coordinator	

For Online Registration Visit: www.icaihyd.org/isc

For registration queries contact:

Board of Studies: 0120-3045919/914, Centre of Excellence: 040-065356676, 09397020120



Higher Education Minister, Andhra Pradesh, Shri G. Srinivasa Rao inaugurating the National Convention for CA Students at Vishakhapatnam. Past Chairman, SIRC, CA. D. Prasanna Kumar, Vice Chairman, SIRC, CA. Kotha. S. Srinivas, Chairman, Vishakhapatnam Branch, CA. K. Ramachandra Rao, and branch SICASA Chairman, CA. G. Bharathi Devi also seen.



Chairman, Board of Studies, CA. Babu Abraham Kallivayalil inaugurating the Sub-Regional Conference for CA Students at Mangalore. Central Council Member, CA. M. P. Vijay Kumar also seen.



All Regional Students Conference, Ahmedabad: Chairman, Board of Studies, CA. Babu Abraham Kallivayalil, Vice Chairman, CA. Dhiraj Kumar Khandelwal, Chairman, Ahmedabad Branch, CA. Vikash Jain, Chairman, branch SICASA, CA. Chintan Patel and CA. (Dr) Girish Ahuja at the inaugural function.



CA Students Regional Conference, Bhopal: Chairman, Board of Studies, CA. Babu Abraham Kallivayalil, Guest of Honour, CA. Narendra Singh Bapana, Central Council Member, CA. Manu Agrawal, Chairman, CIRC, CA. Abhay Chhajed, Chairman, CICASA, CA. Nilesh Gupta, Chairman, Bhopal Branch, CA. Saurabh Srhrivastava, and Chairman, branch CICASA, CA. Zuber Ullah Khan at the inaugural function.



ICAI President, CA. M. Devaraja Reddy, Chairman, Board of Studies, CA. Babu Abraham Kallivayalil, and the Secretary, ICAI, Shri V. Sagar at the 45th SAFA Board Meeting at Colombo, Sri Lanka.



ICAI President, CA. M. Devaraja Reddy, Vice President, CA. Nilesh Vikamsey, Chairman, Board of Studies, CA. Babu Abraham Kallivayalil, Vice Chairman, CA. Dhiraj Kumar Khandelwal, Secretary, ICAI, Shri V. Sagar and the Director, Board of Studies, CA. Vandana D. Nagpal at the signing of MoU for BoS Payment Gateway.



ICAI President, CA. M. Devaraja Reddy with the students of Guwahati Branch of ICAI.



ICAI President, CA. M. Devaraja Reddy with the participants of the 48th Batch of Residential Programme on Professional Skills Development at CoE, Hyderabad.



ICAI President, CA. M. Devaraja Reddy with the participants of the 49th Batch of Residential Programme on Professional Skills Development at CoE, Hyderabad.



CA Students Sub-Regional Conference, Jalgaon: Central Council Members, CA. Mangesh Kinare, CA. Anil Bhandari and Chairman, Jalgaon Branch, CA Nitin Zawar, branch WICASA Chairperson, CA. Smita Bafna at the inaugural function.

If undelivered, please return to: The
Institute of Chartered Accountants of
India, ICAI Bhawan, Indraprastha Marg,
New Delhi-110104