



# Gurugram Branch of NIRC

**The Institute of Chartered Accountants of India**  
(set up by an act of parliament)

## Chartered Accountant **e-NEWSLETTER**

FEBRUARY 2017 | VOLUME 1

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Dear Professional Colleagues,

This has been a fantastic journey since I have taken over as the Branch Chairman along with the New Managing committee. It is because of the love and mutual respect amongst members of Gurugram, that we are able to organize various programmes for our members and students benefits. I would like to focus on conducting quality programmes for enrichment of members, promoting young members in any manner possible and equipping ourselves with best infrastructure.

Furthermore, many congratulations and kudos for all the new CA members who have passed in this Nov'16 month and **'Never loose hope and Never stop dreaming'** message for all those who couldn't make it this time. A Satisfied life is better than a Successful life because our success is measured by others. But our satisfaction is measured by our own soul, mind and heart. Ability is a good thing but stability is even better. Don't just dream about success, work for it and achieve it. Winners are not people who never fail, but people who never quit. So don't quit until you hit the success.

The Committee for Professional Accountants in Business & Industry (CPABI) of ICAI is organising Campus Placement Programmes for Newly Qualified Chartered Accountants at Delhi on 20th March 2017 to 25th March 2017. The above Campus Placement Programme is meant for the candidates, who have passed the CA Final examination held in November, 2016 and also for others who have qualified earlier and are otherwise, eligible. We seek the involvement of our members by referring the Campus Interviews Scheme amongst their clients to help our newly qualified members.

Last month, we organised a seminar on –“After effect of Demonetisation and Overview of Insolvency and Bankruptcy Code” which was attended by huge members. Also ‘Conference of CFOs and members in industry’ was held the first time in Gurugram which was organised by CPABI of ICAI & hosted by Gurugram Branch of NIRC of ICAI. A budget seminar has also been organised & was a big success.

As per the guidelines of IDT Committee of ICAI and all the branches and Regional offices are conducting programmes on GST Law. Jan 2017 has been declared as GST month by ICAI. I am very much pleased to say that we Gurugram Branch is very proactive in this respect and many programmes were conducted on GST to make our members to know more about GST Law.

I request all my respected members and students to refer our website ([www.icaigurgaon.org](http://www.icaigurgaon.org)) for upcoming seminars and events in March 2017 month. For CA Students - We are also dedicated to professionally update CA Students through Seminars and other education programmes. To nurture them into more competent & confident to face the coming world, we give them opportunity to speak, manage, coordinate things by themselves in CA Students seminars etc. This helps in their personal & professional grooming, improving their communication and public speaking skills.

Gurugram Branch, once again requests all its members to bring sponsorships for the events and the seminars. Any advertisement for e- newsletter is also welcome. Also it's open for any type of corporate tie ups for the benefit of CA fraternity.

**Bidding Adieu:** For the past one year in office as the Chairman of the Gurugram Branch of NIRC of ICAI has given me an opportunity to serve our profession to a greater extent. I am deeply indebted to my colleagues and staff in the branch and the other members of our professional fraternity in Gurugram Branch for bestowing on me this prestigious and challenging position and for the support and guidance extended to me in the discharge of my duties as the Chairman of Gurugram Branch. I sign off as Chairman of Gurugram Branch of NIRC of ICAI acknowledging the guidance, support and encouragement of Members at large from the Gurugram Branch, ICAI President CA. M. Devaraja Reddy, ICAI Vice President CA. Nilesh Shivji Vikamsey, ICAI Central Council Members, ICAI NIRC members, Chairman of other branches of NIRC, My colleagues in the Executive Committee. As this being the last interaction through this column with you, I would like to share my good wishes and greetings to you and your family for a happy and successful professional career and growth.



**CA. Naveen Garg**  
(Chairman)  
Gurugram Branch of NIRC  
of ICAI

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### Dear Professional Colleagues,

This is my last note as a secretary for the period 2016-17 and it has been a privileged job to work on. Representing the members of a noble profession like ours in a millennium city like Gurugram, is an honor and we tried hard to ensure that the baton was kept in best possible manner.

Last year, we took giant leap in terms of the members activities with number of activities for members and students totalling 20# and 4# respectively. We have proudly hosted some mega events including that of CA Students National Convention in Dec'16 and multiple seminars.

**At the beginning of the year, we outlined below three priorities for the year foregone,**

- a) Facilitating professional and personality development programs for Members and Students;
- b) Facilitating better connect amongst members and students respectively;
- c) Trying offbeat social connect programs for the members and students.

Looking back, we have taken a leap forward in all above though a lot can be done and we shall keep striving hard to ensure the best is served to the worthy members.

**Below are a few takeaways from the year goneby,**

- 3# Certificate courses conducted by ICAI including that of Course on IFRS and International Taxation which were hosted for the first time in Gurugram;
- 21# number of Workshops/seminars for members for in-depth study and clarity of concepts;
- Regular group discussions to facilitate sharing practical problems amongst members;
- Social connect and health related programs like yoga sessions, Cricket tournament, etc.
- The website of the branch has been overhauled and all relevant documents (incl Presentation etc) are being regularly uploaded on the branch website;
- 46# number of Students Programs on personality development and communication skills (incl ITT, ADV ITT, OP and GMCS)
- Mock tests for the upcoming examinations

For the month of February (and till now), we conducted 3# seminars including that of Seminar on Budget which was well attended by 400+ members.

Apart this, we are happy to note that the first ever campus interview for Articles is being conducted in your branch on 12th February. We request you to participate in the same and take best benefit of the facility.

**"Feedback is a gift. Ideas are the currency of our next success. Let people see you value both feedback and ideas." – Jim Trinko and Les Wallace**

I take this opportunity to thank you for all the help and support provided during past year. I am sure, we will keep getting your support in terms of both appreciation and positive criticism.

While there is lot that we will do, success and usefulness will depend upon active participation from the members and students. Further, your feedback and suggestions will help us prioritize the work. In a short while, our website will have a dedicate space for dropping any feedback or suggestions. By then, you can keep them coming to me or at [icaigurgaon@gmail.com](mailto:icaigurgaon@gmail.com) or [gurgaon@icai.org](mailto:gurgaon@icai.org)



**CA. Arun Agarwal**  
(Secretary)  
Gurugram Branch of NIRC  
of ICAI

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CA. Gopal Nathani

Email: gnathani@dailytaxreporter.com

Reopening of assessment u/s 147/148 is big ticket to direct tax litigation. Almost every day a judgment is passed by the Courts anywhere in India deliberating on jurisdiction to reopen the assessment for one ground or the other. Considerable amount of revenue is lost every day only because of technical/human errors in the exercise of jurisdiction for reopening much to the cheer of the assessee.

Section 151 of the Income tax Act, 1961 calls for sanction for issue of notice u/s 148. In other words the section requires the Commissioner to provide his satisfaction on the reasons recorded by the Assessing Officer by stating that it is a fit case for issue of notice. Section 151 more so reads as follows:

### Sanction for issue of notice

151. (1) No notice shall be issued under section 148 by an Assessing Officer, after the expiry of a period of four years from the end of the relevant assessment year, unless the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer, that it is a fit case for the issue of such notice.

(2) In a case other than a case falling under sub-section (1), no notice shall be issued under section 148 by an Assessing Officer, who is below the rank of Joint Commissioner, unless the Joint Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice.

(3) For the purposes of sub-section (1) and sub-section (2), the Principal Chief Commissioner or the Chief Commissioner or the Principal Commissioner or the Commissioner or the Joint Commissioner, as the case

may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself.

Thus satisfaction of the Commissioner is absolutely necessary before proceeding for reassessment of income. Also section 151 is meant to provide for a procedural safeguard to prevent arbitrary misuse of power. In terms of satisfaction the Hon'ble Allahabad High Court in *Gaya Ram Gabbu Lal v CIT* (1951) 19ITR114 held that the satisfaction must be that of a reasonable man, (i.e., the definite information in AO's possession should lead to the conclusion) that income has escaped assessment. The Court further held that legislature for the protection of the assessee, so that they may not be harassed, and to give a certain amount of finality to the assessment already made, has provided certain safeguards and under Section 34 an Income-tax Officer cannot issue notice on mere suspicion but only when definite information has come into his possession which has led him to the conclusion, which conclusion may be tentative, that income has escaped assessment.

Nowhere does section 151 define the manner in which the Commissioner shall express his satisfaction and approval to issue of notice u/s 148. The Hon'ble Delhi High Court recently in *CIT v N C Cables* in ITA No 335/2015 dated 11.1.2017 held the mere appending of the expression 'approved' says nothing when section 151 of the Act clearly stipulates that the CIT (A), who is the competent authority to authorize the reassessment notice, has to apply his mind and form an opinion. The mere appending of the expression 'approved' says nothing. It is not as if





the CIT (A) has to record elaborate reasons for agreeing with the noting put up. At the same time, satisfaction has to be recorded of the given case which can be reflected in the briefest possible manner.

The Hon'ble High Court though mentioned CIT (A) instead of CIT who is more particularly the authority for this purpose yet there is a clear pointer that the satisfaction must be expressed in little over the one word 'approved'. The Hon'ble Court finally held that the exercise of sanction in this case appears to have been ritualistic and formal rather than meaningful, which is the rationale for the safeguard of an approval by a higher ranking office. So the Hon'ble High Court quashed the notice and assessment on this very ground without going into the merits where the amount involved was Rs. 135 lacs addition.

Mention of "yes" beneath the reasons assigned by the AO may be sufficient is what is held by Andhra Pradesh High Court in P Munirathnam Chetty and P Satya Narayan Chetty v ITO (1975) 101ITR385. The Hon'ble AP High Court then advised the Income Tax Department stating that "it would be better if the Commissioner of Income-tax assigns reasons for according sanction to obviate the contention by assessee that he has not applied his mind but has acted mechanically".

There the Hon'ble Andhra Pradesh Court did not

quash the notice /reassessment unlike what Hon'ble Delhi High Court did in N C Cables case. The message thus is loud and clear that you cannot commit same mistake twice. But whether to call it as a human error and a mere technicality is something that needs to be tested in the Courts in the time to come. Also the heading of section 151 which merely point to 'sanction for issue of notice' is also misleading as otherwise 'Yes' or 'No' or 'approved' or 'disapproved' could well be the briefest possible words to signify sanction.

Gurugram Chartered Accountants, a newsletter owned by Gurugram Branch of NIRC of ICAI is normally published in the first week of every month. Non Receipt of any issue should be notified within one month. Articles in interest of profession and management skills are welcome. Views expressed by contributors are their own and may not be in concurrence with Gurugram Branch of NIRC of ICAI and the branch does not take any responsibility of views expressed by contributors. Gurugram Branch is not responsible in any manner of any result of the action taken on the basis of advertisements published in the newsletter. Rights & copying of articles or write ups is not allowed without permission of Editorial Committee.





CA. Pankaj Sharma

Email: [pankaj.dutt.sharma@icai.org](mailto:pankaj.dutt.sharma@icai.org)

### Overview and background

Earlier some employers use share-based payments as a part of remuneration package for their employees. Such payments generally take the forms of Employee Stock Option Plans (ESOPs), Employee Stock Purchase Plans (ESPPs) and stock appreciation rights.

But In today's modern business world entities are also issuing shares or share options to pay to third parties like suppliers for receiving or acquiring goods or services.

Prior to the converging with IFRS's there was no Accounting Standard covering the recognition and measurement of these types of transactions. In India there was only a Guidance Note issued by ICAI on "Accounting for Employee Share-based Payments" issued in 2005. SEBI has issued related guidelines for Employee Stock Option Scheme and Employee Stock Purchase Scheme

The objective of Ind AS 102 Share-based Payment is to prescribes the recognition and measurement principles for all share-based payment transactions with employees and third parties.

The broad principle of this standard is that an entity recognises an asset or expense with the credit entry recognised either in equity or as a liability.

### Scope

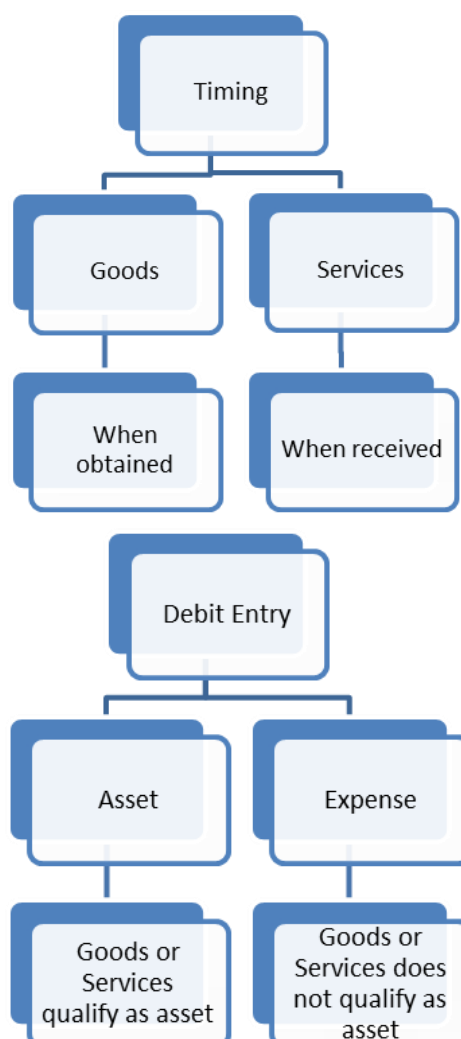
This standard includes comprehensively three types of transactions:

Equity-settled share-based payment transactions	Cash-settled share-based payment transactions	Share-based payment transactions with cash alternatives
<ul style="list-style-type: none"> <li>Entity receives goods or services as consideration for its own equity instruments or those of another entity in the same group.</li> </ul>	<ul style="list-style-type: none"> <li>Entity receives goods or services and incurs a liability to transfer cash or other assets to the supplier based on the value of the entity's shares or other equity instruments of the entity or another group entity.</li> </ul>	<ul style="list-style-type: none"> <li>Either the entity or the supplier of the goods or services has a choice of settling the transaction in cash, other assets, or by issuing equity instruments</li> </ul>

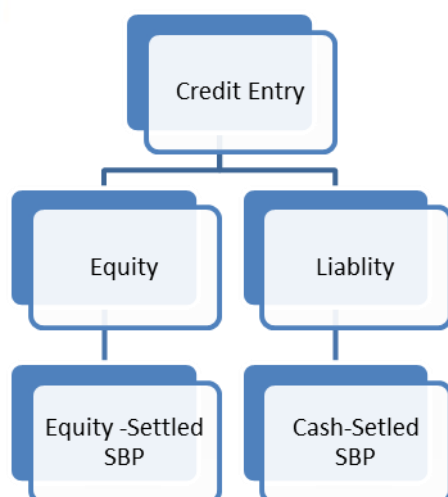
### Ind AS 102 does not apply to following transactions:

- ⇒ Share-based payment transactions to acquire goods as part of a business combination to which Ind AS 103 *Business Combinations* applies.
- ⇒ Transactions within the scope of Ind AS 32 and Ind AS 109).

### Recognition of Share-based Payment







### Equity-settled SBP transactions

#### Measurement principle

For equity-settled SBP transactions the basic measurement principle, is that an entity measures the fair value of goods obtained or services received, and recognises a corresponding increase in equity.

But, if an entity cannot reliably estimate the fair value of the goods obtained or services received, it must measure their value by reference to the fair value of the equity instruments granted.

#### To apply the above requirement:

- I. For transactions with employees, an entity must use the fair value of the equity instruments, measured at the grant date.
- II. For transactions with non-employees, there is a rebuttable presumption that the fair value of the goods or services can be estimated reliably and fair value is measured when the goods or services are received or obtained. In a rare case, if entity rebuts this presumption it requires measure by reference to the fair value of equity instrument granted.
- III. If there are no quoted market prices for share-based transaction awards, entities are required to estimate the grant date fair value using option-pricing models (Intrinsic value). Black-Scholes-Merton and Binomial models as

two acceptable methods.

#### Grant Date

Grant date is defined as the date on which the reporting entity and the employee have a shared understanding of the terms of the arrangement.

#### Vesting and Non – Vesting Conditions

##### Vesting Conditions

A grant of equity instrument might be conditional upon satisfying specified conditions. The point at which cost is recognised for goods or services depends upon vesting conditions. Vesting conditions are either:

- I. Service conditions, which has the requirement to complete a specified period of service by the counterparty. or
- II. Performance conditions, which has the requirement to complete a specified period of service by the counterparty (i.e., a service condition) and involves specified performance targets to be met while the counterparty is rendering the required service.

**Performance condition can be further classified as either a market condition or a non-market condition.**

- I. Market condition is a performance condition which is related with the market price (or value) of the equity instruments.
- II. Non-Market condition is that condition which is based on the entity's operations or activities rather market price of equity instruments.

An entity recognises the cost for goods and services received when all service and non-market vesting conditions are met.

#### Non-vesting conditions

Non-vesting condition is a condition that is neither a service condition nor a performance condition.

##### Vesting period

Vesting period is a period during which all the specified vesting conditions must be satisfied, which is





not the same as the exercise period. Entities are required to recognise expense or equity over the vesting period using “modified grant date method”.

### Cash-settled SBP transactions

For cash-settled SBP transactions, the general principle is that an entity measures the fair value of the goods or services received based on the fair value of the liability. Entities are required to re-measure the fair value at each reporting date and on settlement. Allocate grant date measurement over vesting period (same approach as equity-settled).

The ultimate cost is the cash paid to the counterparty, which is the fair value at settlement date. Until the settlement, an entity presents the cash-settled SBP transactions as a liability and not as equity. Changes in the measurement of the liability are reflected in the statement of profit or loss.

Non- Market vesting conditions must be taken into account in the measurement of the liability incurred by adjusting the number of awards that are expected to vest. Such an estimate must be revised when the liability is re-measured at each reporting date and until the vesting date.

### Modifications, cancellations and settlements

#### Modification

Sometimes an entity may modify or cancel a share-based payment plan. If an entity modifies the plan, it must recognise, at a minimum, the cost of the original option as if it had not been modified.

If such modifications decrease the fair value of the equity instruments, recognition is based on the original grant date fair value i.e. such modifications are ignored.

If such modifications increase the fair value of the equity instruments, recognition is the sum of original grant date fair value and incremental fair value.

### Cancellation and settlement

Cancellation or settlement during the vesting period is treated as an acceleration of vesting and the entity immediately recognises the remaining amount that it otherwise would have recognised for services over the remaining vesting period.

### When an entity pays compensation for a cancelled or settled award:

- ⇒ Any compensation paid up to the fair value of the award at cancellation or settlement date is treated as a deduction from equity.
- ⇒ Any compensation paid in excess of the fair value at cancellation or settlement date is treated as an expense in profit or loss.
- ⇒ Any payment made to settle a liability is treated as an extinguishment of the liability.
- ⇒ Share-based payment awards with a cash alternative

The accounting approach differs depending on whether the choice is with the counterparty or the entity.

If counterparty chooses settlement either in shares or cash, this standard treats it as a compound transaction. Compound transaction is split into two components as liability component and an equity component. Once split, the entity accounts for the two components separately.

If an entity chooses the settlement method, it can treat the whole transaction as either cash-settled or equity-settled and account for accordingly.

### Conclusion

As entities are increasingly using the share-based payment method in acquiring or receiving goods or services, it becomes crucial to understand the adequate accounting and disclosure treatment. The accounting implications of share-based payment plan should be considered at the beginning when plan is being developed rather than after the fact.







**CA. Lalit Aggarwal**

Email: lalit.agrwal@gmail.com

GST will be new world of opportunity for all the chartered accountants as well as other professionals. As all of us know that migration of existing assesseees have been started. In era of competition every client is looking for complete solution under one roof. Job work is very common between manufacturer in India. Here we will try to understand Job work provisions under GST.

**We can divide this topic as follows:**

1. Basics and preliminary
2. Special procedure for removal of goods on job work (Sec 55)
3. Registration of job worker under GST
4. Input Tax credit
5. Transitional provisions
6. Some test your knowledge questions (From FAQ issued by CBEC)

### 1. Basics and preliminary

**Definition of Job Work:** As per Sec 2(61) of the Model GST Law “job work” means undertaking any treatment or process by a person on goods belonging to another registered taxable person and the expression “job worker” shall be construed accordingly. Thus job work means any person who undertakes any activity or carried on any process on goods belonging to another person. Such other person necessarily be a registered taxable person. If the person is unregistered one then the job work relation could not be established under GST law. Further, goods sent for job work should be taxable goods as duty liability will arise only when goods under consideration are taxable. In other words Job work provisions are not applicable to exempted or non-taxable goods or when the sender is a person other than registered taxable person.

This definition is much wider than the one given in excise Notification No. 214/86 – CE dated 23rd March, 1986 as amended, wherein job-work has

been defined in such a manner so as to ensure that the activity of job-work must amount to manufacture. Thus the definition of “job work” itself reflects the change in basic scheme of taxation relating to job-work in the proposed GST regime.

**Definition of Principal:** As per Sec 2(76) of the Revised Model GST Law “principal” means a person on whose behalf an agent carries on the business of supply or receipt of goods and/or services;

In Revised Model GST Law sec 55 itself referred the term principal. As per sec 55 of the Model GST Law “principal” means person who is sending the goods for job work.

### 2. Special procedure for removal of goods on job work (Sec 55)

(1) The Commissioner may permit (by special order with certain conditions) a registered taxable person (i.e. principal) to send taxable goods to a job worker for job-work without payment of tax. And after completion of job-work allow to-

(a) bring back such goods to any of place of business of principal without payment of tax, for supply there from on payment of tax within India, or with or without payment of tax for export, as the case may be, or

(b) supply such goods from the place of business of a job-worker on payment of tax within India, or with or without payment of tax for export, as the case may be.

#### **Proviso to Sec 55:**

The goods shall be permitted to be supplied from the place of business of a job worker in terms of clause (b) only if:

1. The “principal” declares the place of business of the job-worker as his additional place of business; or
2. Where the job worker is registered under section 23; or
3. Where the “principal” is engaged in the supply of such goods as may be notified in this behalf.





(2) The responsibility for accountability of the goods including payment of tax thereon shall lie with the “principal”.

### Author Comments:

Goods also can be sent for job work from one job worker to another job worker without payment of duty.

Proviso to sec 55 is very important for migration point of view also. If any manufacturer wants to supply goods (which are not notified in this regards) from unregistered job workers premises then manufacturer must have to declare the place of business of the job-worker as his additional place of business.

Now One important question arise that Whether goods sent by a taxable person to a job-worker will be treated as supply and liable to GST?

We can find the solution of this question from “Schedule I”. “Schedule I” specified the matters to be treated as supply without consideration. But proviso to “schedule I” specifically exclude supply of goods by a registered taxable person to a job-worker in terms of section 55. It means supply of goods by a registered taxable person to a job-worker in terms of section 55 shall not be treated as supply of goods.

### 3. Registration of job worker under GST

As per schedule III of Model GST Law Every supplier shall be liable to be registered under this Act in the State from where he makes a taxable supply of goods and/or services if his aggregate turnover in a financial year exceeds Rs. 20 Lakhs /10 Lakhs (NE states including Sikkim).

Job-worker would be a supplier of services, he would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold.

The supply of goods, after completion of job-work, by a registered job worker shall be treated as the supply of goods by the “principal” referred to in section 55, and the value of such goods shall not be included in the aggregate turnover of the registered job worker.

### 4. Input Tax credit provisions for job worker under GST

1. Section 55 which provides for special procedure for removal of goods on job work does not specify any time limit for receipt of goods back.

2. In the Model GST Law, aspects relating to taking input tax credit in respect of inputs/capital/scrap goods sent for job-work have been specifically dealt in Section 20.

3. Input taken mechanism when goods received back after job work with in stipulated time:

Situations	Stipulated time for return under Model GST Law	Availability of Input Tax Credit	Consequence If not received back within the stipulated time
If the <u>inputs</u> sent to a job-worker for job-work and the said inputs, after completion of job-work, are received back to <u>ANY</u> of his place of business.	1 Year from the date of being sent out of inputs	Yes, Available to principal	It shall be deemed that such inputs had been supplied by the principal to the job-worker on the day when the said inputs were sent out. An amount equivalent to the input tax credit availed on such inputs has to be paid along with interest by principal. (Please note that the credit can be reclaimed when the inputs are actually received back.)
If the <u>inputs</u> are <u>directly sent to a job worker</u> for job-work without their being first brought to his place of business and the said inputs, after completion of job-work, are received back to <u>ANY</u> of his place of business.	1 Year from the date of receipt of the inputs by the job worker	Yes, Available to principal	It shall be deemed to be supplied by the principal to the job-worker on the day when the said capital goods were sent out. An amount equivalent to the input tax credit availed on such capital goods has to be paid along with interest by principal. (Please note that the credit can be reclaimed when the inputs are actually received back.)
If <u>Capital Goods (other than moulds and dies, jigs and fixtures, or tools)</u> sent to a job-worker for job-work and the said capital goods, after completion of job-work, are received back	3 Years from the date of being sent out of capital goods	Yes, Available to principal	It shall be deemed to be supplied by the principal to the job-worker on the day when the said capital goods were sent out. An amount equivalent to the input tax credit availed on such capital goods has to be paid along with interest by principal. (Please note that the credit can be reclaimed when the inputs are actually received back.)
If the <u>Capital Goods (other than moulds and dies, jigs and fixtures, or tools)</u> are <u>directly sent to a job worker</u> for job-work without their being first brought to his place of business and the said capital goods, after completion of job-work, are received back to <u>ANY</u> of his place of business.	3 Years from the date of receipt of the capital goods by the job worker	Yes, Available to principal	It shall be deemed to be supplied by the principal to the job-worker on the day when the said capital goods were sent out. An amount equivalent to the input tax credit availed on such capital goods has to be paid along with interest by principal. (Please note that the credit can be reclaimed when the inputs are actually received back.)
Moulds and dies, jigs and fixtures, or tools	No condition of receipt back	Yes, Available to principal	Not applicable





4. Any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax if such job worker is registered, or by the principal, if the job worker is not registered.

#### 5. Transitional provisions for job worker under GST

Presently, a manufacturer can send material for job work without payment of excise duty. As per Model GST Law if inputs or/ and semi-finished goods were sent for job work prior to introduction of GST law and were lying with the job worker, declaration shall be submitted by both manufacturer and job worker within specified period. The goods can be brought back to place of Principal manufacturer within 6 months from the appointed day without payment of tax. However, this period of 6 months can be extended by Commissioner for period of 2 months. If the material is not returned within 6 months (or further 2 months if extension is granted) from the appointed day, tax will be payable by job worker or manufacturer.

#### 6. Some test your knowledge questions (TYK Questions)

##### **TYK Q 1. Are the provisions of job-work applicable to all category of goods?**

**Ans.** No. The provisions relating to job-work are applicable only when registered taxable person intends to send taxable goods. In other words, these provisions are not applicable to exempted or non-taxable goods or when the sender is a person other than registered taxable person.

##### **TYK Q 2. What is job-work?**

**Ans.** Section 2(61) of the MGL provides that "job-work" means undertaking any treatment or process by a person on goods belonging to another registered taxable person and the expression "job-worker" shall be construed accordingly. This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986 as amended, wherein job-work has been defined in such a manner so as to ensure that the activity of job-work must amount to manufacture. Thus the definition of jobwork itself reflects the change in basic scheme of taxation relating to job-work in the proposed GST regime.

##### **TYK Q 3. What are the provisions concerning taking of ITC in respect of inputs sent to a job-worker?**

**Ans.** In the MGL, aspects relating to taking input tax credit in respect of inputs/capital goods sent for job-work have been specifically dealt in Section 20, which provides that the credit of taxes paid on inputs or capital goods can be taken in the following manner: Principal shall be entitled to take credit of inputs sent to a job-worker if the said inputs, after completion of job-work are received back in 1 year from the date of being sent out. In case the inputs are sent directly to the job-worker, the date shall be counted from the date of receipt of inputs by job-worker. Further an amount equivalent to the input tax credit availed on such inputs has to be paid along with interest, in case the inputs are not received back within the specified time. The credit can be reclaimed when the inputs are actually received back.

##### **TYK Q 4. Whether the principal is eligible to avail input tax credit of inputs sent to job worker for job work?**

**Ans.** Yes, the principal is eligible to avail the input tax credit on inputs sent to job worker for job work in terms of Section 20 of the MGL.

##### **TYK Q 5. Whether principal has to reverse the input tax credit on inputs which have not been received back from the job worker within 1 year?**

**Ans.** Yes, the principal has to reverse the credit along with interest on inputs which have not been received back from job worker within 1 year but he can reclaim the credit on receipt of inputs.

##### **TYK Q 6. What is the liability of the principal if the capital goods sent to job worker have not been received within 3 years from the date of being sent?**

**Ans.** Principal has to pay an amount equal to credit taken on such capital goods along with interest. But he can reclaim the credit on receipt of inputs.

##### **TYK Q 7. Shall a manufacturer or a job worker become liable to pay tax if the inputs or semi-finished goods sent for job work under the earlier law are returned after completion of job work after the appointed day?**







**Ans.** No tax shall be payable by the manufacturer or the job worker under the following circumstances:

- Inputs/ semi-finished goods are sent to the job worker in accordance with the provisions of the earlier law before the appointed day.
- The job worker returns the same within six months from the appointed day (or extended period of 02 months).
- Both the manufacturer and the job worker declare the details of inputs held in stock by the job worker on the appointed day in the prescribed form.

**TYK Q 8. What happens if the job worker does not return the goods within the specified time?**

**Ans.** Tax would be payable by the job worker. Further, the manufacturer will also be liable to pay tax on expiry of the specified time limit .

**TYK Q 9. Whether goods sent by a taxable person to a job-worker will be treated as supply and liable to GST? Why?**

**Ans.** No. It will not be treated as a supply. In terms of proviso to Para 5 of Schedule I of the MGL the supply of goods by a registered taxable person (principal) to jobworker, in terms of Section 55, shall not be regarded as supply of goods. Therefore, it can be inferred that no GST shall be applicable on the goods supplied by the registered principal to a job-worker.

**TYK Q 10. Whether the goods of principal directly supplied from the job-worker's premises will be included in the aggregate turnover of the jobworker?**

**Ans.** No. It will be included in the aggregate turnover of the principal.

**TYK Q 11. Whether the job worker will have to be compulsorily registered?**

**Ans.** No. Section 55 of MGL does not prescribe any such condition .

**TYK Q 12. Is a job-worker required to take registration?**

**Ans.** Yes, as a Job-worker would be a supplier of

services, he would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold .

**TYK Q 13. Can a registered taxable person send goods without payment of tax to his job-worker?**

**Ans.** Yes. Section 55 of the MGL provides that the registered taxable person (principal) can send the taxable goods to a job-worker for job-work without payment of tax. He can further send the goods from one job-worker to another job-worker and so on subject to certain condition.

It may be noted that provisions of Section 55 are not applicable if non-taxable or exempted goods are proposed to be sent for job-work.

**TYK Q 14. Whether the goods will be permitted to be supplied from the place of business of a job worker?**

**Ans.** Yes. But only in cases where the job worker is registered or the principal declares the place of business of the job worker as his additional place of business.

**TYK Q 15. Can the principal supply the goods directly from the premises of the job-worker without bringing it back to his own premises?**

**Ans.** Yes but with a rider that the principal should have declared the premises of such job-worker as his additional place of business or where the job-worker is a registered person or where the goods have been notified.

**TYK Q 16. Under what circumstances can the principal directly supply goods from the premises of job-worker?**

**Ans.** The goods can be supplied directly from the place of business of job-worker without declaring it as additional place of business in two circumstances namely where the job-worker is a registered taxable person or where the principal is engaged in supply of such goods as may be notified in this behalf.





**SAG Infotech Pvt. Ltd. having its registered office at Plot No 495, Above Bank of Baroda, Raja Park Gali No 5, Near AC Market, Raja Park, Jaipur – 302004, Rajasthan, India.**

And

**Gurugram Branch of NIRC of ICAI having its registered office at 60A, 3rd Floor, Sector-18, Gurugram, 122001, Haryana.**

WHEREAS, SAG Infotech Pvt. Ltd. is a reputed IT Company AND WHEREAS, Gurugram Branch of NIRC of ICAI, is an branch of NIRC of Chartered Accountants.

In this Regard. Upon successful implementation of the arrangement, both parties are interested to work together for a mutually beneficial and strategic alliance in respect of the benefit of Chartered Accountants of Gurugram Branch of NIRC of ICAI.

### **NOW THEREFORE THIS MOU WITNESSETH AS FOLLOW CONDITIONS:**

1. The objective of this MoU is primarily to establish a fruitful association with Gurugram Branch of NIRC of ICAI and SAG Infotech Pvt. Ltd.
2. SAG Infotech Pvt. Ltd.'s Genius software, primarily used by Chartered Accountants, is used for Taxation purpose and very popular software across India and available at an MRP of 10,000 (Exclusive Taxes).
3. SAG Infotech Pvt. Ltd, is willing to provide this said product with name of Genius to all Chartered Accountants, under Gurugram Branch of NIRC of ICAI, with a discount of 50%. Therefore, all Chartered Accountants, under Gurugram Branch of NIRC of ICAI exclusively get this software with name of Genius at Rs. 5,000 (Exclusive Taxes).
4. Gurugram branch will share this understanding with its members through suitable means.
5. SAG Infotech Pvt. Ltd. will treat each Chartered Accountant, under Gurugram Branch of NIRC of ICAI, as an individual customer of Company and all conditions which are applicable to any other customer will be applicable to them as well. (Separate Document of Customer Guidelines/Conditions is attached).

IN WITNESS WHEREOF, the authorized representatives of both Parties have set their hands to this MOU on the date mentioned first above in the presence of witnesses.

For and on behalf of  
SAG Infotech Pvt. Ltd.

For and on behalf of

Witness

Witness

(.....)

(.....)

(.....)

(.....)





CA. Saurabh Gupta

Email: saurabh.gupta@gsandco.in

**31st March is down the line, which tax saving investment options should I be looking for, is NPS a good investment?**

Let's compare the popular modes of tax saving investments

- Tax saving mutual funds (ELSS)
  - National Pension Scheme (NPS)
  - Guaranteed returns plans like Bank FDs, PPF, NSCs
1. Returns in long term: ELSS schemes invest in equity markets while in NPS one has option to choose between Equity, Debt and government securities. One may assume similar returns in both ELSS and NPS equity segment. If we perform study on returns generated by ELSS schemes in last 3 to 15 years, the returns are always higher in comparison to PPF or fixed security returns. The good ELSS schemes can generate up to additional 50% or even higher in the accumulated corpus against the guaranteed return plans.
  2. Tenure / Lock in: Guaranteed return schemes generally have lock-in ranging from 5 to 15 years vis-a-vis lock-in of 3 years in ELSS. One needs to wait till retirement age of 60 years to withdraw 60% of corpus from NPS while the rest corpus will be compulsorily converted into monthly pension.
  3. Tax benefit at the time of investment: One gets the benefit up to RS 150,000 of investment in ELSS and guaranteed returns plans. Additional benefit of Rs 50,000 can be taken by subscribing to NPS.
  4. Taxability on withdrawal: The maturity

proceeds are not taxable in case of ELSS and so is the case under guaranteed return plans on withdrawal. However, the proceeds of NPS scheme are tax free only up to 40% of total corpus accumulated. If we analyse considering the overall tax benefits (both at the time of investment and at maturity), NPS scores above ELSS, provided they are able to generate good returns likewise ELSS schemes.

5. Annuity: Once the lock-in period is over, one may opt to withdraw the funds from ELSS schemes and guaranteed schemes and can invest the amount as per the choice. The basic objective behind NPS is to provide annuity. Currently, there are 6 annuity service providers who provide the annuity on amount invested in NPS. The corpus converted in annuities start earning about 6% (as currently). This leads to sharp drop in NPS earnings, when you compare long term returns of NPS.

### Conclusion:

Particulars	ELSS	NPS	Guaranteed schemes
Returns in long term	High	Moderate	Low
Lock in period	Low	High	Moderate
Taxation benefit	High	High	High
Overall recommendation	Rank 1	Rank 2	Rank 3

One should opt for ELSS schemes for maximizing the retirement corpus. The expected higher returns of mutual fund schemes will surpass the additional tax benefit enjoyed by NPS schemes.







**CA Anuj Agrawal**

Email: anujagarwalsin@gmail.com

As India moves towards International Financial Reporting Standards (Ind-AS/ IFRS) requirements gradually, there are some fundamental changes which are imperative in nature while defining group structure of any entity and/ or requirement to present it on the face of financial statements differently comparing to the present practices in India.

### CHANGE IN ASSOCIATE DEFINATION

Let's talk about the definition of Associate as defined by sec 2 (6) of Companies act 2013 –

(6) “associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

**Explanation.**—For the purposes of this clause, “significant influence” means control of at least twenty per cent. of total share capital, or of business decisions under an agreement;

However current Indian accounting standard AS-23 “Accounting for Investments in Associates in Consolidated Financial Statements” states that

**An Associate is** “is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor”

**Significant influence** is the power to participate in the financial and/ or operating policy decisions of the investee but not control over those policies.

Now let's first refer the definition of Associate as per the new accounting standards applicable (refer MCA circular for its applicability) i.e. Ind-As/ IFRS

-28 “Investments in Associates and Joint Ventures” which says –

**An associate** is an entity over which the investor has significant influence,

**Significant influence** is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

### B. POTENTIAL VOTING RIGHTS

Ind-As 28 para 7 states that “An entity may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares, or other similar instruments that have the potential, if exercised or converted, to give the entity additional voting power or to reduce another party's voting power over the financial and operating policies of another entity (ie potential voting rights). The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has significant influence.....”

### C. INVESTMENT IN ASSOCIATE BY VENTURE CAPITAL FUNDS, MUTUAL FUNDS, ULIP ETC

As per Ind-As -28 “Investment in Associates & Joint Ventures” para -18 states that “ When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure investments in those associates and joint ventures at fair value through profit or loss in accordance with Ind AS 109”

### Summary NOTES :

While reading the above definition carefully, one can





clearly note that there is some notable gaps between the definition about “Significant influence” which is more stringent while evaluating financial and operating policies in case of new reporting standard (IND-AS 28) as it says BOTH the conditions should be fulfilled, however current accounting version allows “and/or” while evaluating financial and operating policies decisions. Conversely, it can be argued that as per the companies act definition as mentioned above, there is a specific mention about the percentage holding which can make an entity to be eligible as an associate even the other condition does not satisfies;

There could be a situations, where an associate has been identified by the entity based on merely on percentage holding (as per companies act) which could be outside the scope while evaluating under Ind-As/ IFRS as one has to look at the significant influence criteria in substance even the percentage holding does not reach to 20% (as mentioned by Companies act which is currently being followed in general in India)

Representation on board could be an area where an entity needs to look at it while making any conclusion over the significant influence. There are many situations, where representation on board was one of the contractually available option but the entity has not exercised the same, then also it can lead towards significant influence subject to other significant clauses,

Ind-As- 28 states “It is presumed that an entity will have significant influence if it holds 20% shares in an entity unless it can be demonstrated that this is not the case” which essentially means that an auditor or management needs to evaluate about the situation where there is no participation on the board and no significant influence can be established then it can be considered to treat as investment (either through profit or loss or FVOCI)

only,

There is no potential voting rights concept in current accounting practices which means that if an entity currently holds some call options which are substantive/ currently exercisable (should not be restricted) then these also to be taken into account while deciding about associate percentage holdings,

There are some situations currently where an entity does not need to prepare consolidated financial statement if it does not has any subsidiary and holds associates only, but after the introduction of Ind-As/ IFRS no such exemption is allowed/ available and all entities who only has associate also needs to prepare consolidate financial statements (even there in no subsidiary),

In the current accounting practices, there is nothing mentioned about the maximum difference in reporting dates that could be allowed between parent financial statement and associate, however as per Ind-As/IFRS this difference could be maximum upto 3 months,

In separate financial statement of parent these associates are being shown at cost less impairment under current accounting system, however as per Ind-As -27 “Separate financial statements” these investment in associate can either be shown at cost or as per Ind-As 109 “Financial Instruments” subject to certain conditions,

Venture capital funds, Mutual funds etc can elect to account investment in associate at fair through profit and loss instead of equity accounting. This exemption was not available in current accounting practices and every entity has to use equity accounted method only.

The above discussion provides an overall idea about the changes that could affect certain associates’ classification/ measurement as the entity move towards Ind-As/ IFRS gradually. These basis should not be treated any kind of advise and should be read together with the relevant accounting standards available.





CA. Neha Gupta

Email: canehagupta2010@gmail.com

The Finance Minister, Sh. Arun Jaitley has finally presented the much awaited Union Budget 2017-2018 in Lok Sabha on Wednesday, 1st February, 2017. This is the fourth budget by the Narendra Modi government. It is a fairly balanced and mixed budget which will have a long term impact on the economy. The budget is for the poor and women focused with focus on agriculture and rural sectors.

**Key highlights of the Finance Budget are presented as under:**

- Reduction in Income tax rate from 10% to 5 % for individuals having income between Rs. 2.5Lakhs – Rs. 5Lakhs. This is clear cut reduction in 50% rate for the above slab. The below table will bring out clear cut impact of the change :

**TABLE ON IMPACT OF CUT IN TAX RATE**

INCOME SLAB BEFORE	TAX RATE BEFORE (%)	INCOME SLAB NOW	TAX RATE NOW (%)
Upto Rs. 2,50,000	NIL	Upto Rs. 3,00,000	NIL
Rs. 2,50,000 - Rs. 5,00,000	10	Rs. 3,00,000 - Rs. 5,00,000	5
Rs. 5,00,000 - Rs. 10,00,000	20	Rs. 5,00,000 - Rs. 10,00,000	20
Above Rs. 10,00,000	30	Above Rs. 10,00,000	30

This means individuals having income below Rs. 3 Lakhs will not be required to pay any tax.

- In order to compensate the government loss in revenue due to reduction in tax rate, there will be an additional surcharge of 10% on individual income above Rs. 50 Lakhs to Rs. 1Crore. 15% surcharge on income above Rs. 1 Crore will remain continued.
- One page form has been designed as Income Tax Return for individuals filing return for the

first time having taxable income upto Rs. 5 Lakhs other than business income. No scrutiny has been promised in the Budget for persons filing return for the first time upon fulfilling the prescribed conditions.

- For revision of return, time period has been reduced to twelve months from completion of financial year at par with the time period of filing of return.
- For scrutiny assessments, time period has been compressed from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and onwards.
- For Audit of business entities who opt for presumptive method of income tax, threshold limit has been increased from Rs. 1 Crore to Rs. 2 Crores.
- Regarding maintenance of books of accounts for individuals and HUF's, threshold limit has been increased from present turnover of Rs. 10 Lakhs to Rs. 25 Lakhs or income from present Rs. 1.2 Lakhs to Rs. 2.5 Lakhs. It's a slight relief for individuals and HUF's.
- For professionals going for presumptive taxation with receipts upto Rs. 50 Lakhs, there is now an option to pay advance tax instalment in one go instead of earlier paying 4 instalments.
- TDS requirement has been relaxed for commission payable to individual insurance agents subject to the condition of submitting a self declaration form that their income falls below threshold limit.
- For small and medium tax payers which are covered under presumptive taxation scheme, there is a big relaxation in computing their deemed income @ 6% from present 8% of turnover if turnover is below Rs. 2 Crores which is by no cash







means.

- MAT will continue and credit will be allowed to be carried forward for a period of 15 years instead of only 10 years at present.
- There is a big and rewarding relief to the small and medium sized enterprises which account for 96% of our industry. Income tax rate has been reduced from 30% to 25% with turnover upto Rs. 50 crores. It's a boost to SME's & MSME's sector.
- Now, its turn for Real Estate Sector. For builders carrying constructed buildings as stock-in-trade, tax they are currently paying on notional income will apply after one year of the end of the year in which completion certificate has been received. This is a sign of giving them rest for 1 year from paying tax.
- With regard to Capital gain tax, holding period has been reduced from 3 years to 2 years for transfer of immovable property in the budget. It has also been proposed to shift the base year of indexation from 1 April 1981 to 1 April 2001 for all classes of assets including immovable property.
- In respect of carry forward of losses for start ups, the condition of continuous holding of voting rights of 51% has been relaxed in the budget subject to the condition that the holding of the original promoter continue. Not only that, the profit linked exemption available for 3 out of 5 years has been changed to 3 out of 7 years.
- The Budget ended with GST Council's strategies with regard to its preparations of IT System and efforts ongoing for its roll out by 1st April, 2017. The nation is going for digitisation and many measures have been taken to curb black money in the budget itself. Now, it's turn for the common man to stand and move towards a favourable and prosperous India.

**Save the Nation. Curb Black Money.**

Gurugram Chartered Accountants, a newsletter owned by Gurugram Branch of NIRC of ICAI is normally published in the first week of every month. Non Receipt of any issue should be notified within one month. Articles in interest of profession and management skills are welcome. Views expressed by contributors are their own and may not be in concurrence with Gurugram Branch of NIRC of ICAI and the branch does not take any responsibility of views expressed by contributors. Gurugram Branch is not responsible in any manner of any result of the action taken on the basis of advertisements published in the newsletter. Rights & copying of articles or write ups is not allowed without permission of Editorial Committee.





CA. Roshan Daga

Email: msandeep@mca.co.in

### Initiatives under Labour Laws:

The government of India with a motive to benefit more and more employees to get covered under various labour laws, had taken initiatives for the benefit of employees by providing incentives to the employers under Provident fund and Miscellaneous provision act and Employee State Insurance act.

### Recent Initiatives:

1. Launch of Pradhan Mantri Rojgar Protsahan Yojana – A scheme under provident fund.
2. Employees Enrollment Campaign under Provident Fund law.
3. Scheme to Promote Registration of Employers/ Employees – SPREE.

### PRADHAN MANTRI ROJGAR PROTSAHAN YOJANA – PMRPY

#### Background:

To encourage more Ease of Doing Business and reduce unemployment rate, the government had taken lot many measures and one of such measure is introduction of Pradhan Mantri Rojgar Protsahan Yojana. A scheme introduced to incentivize the employers for generation of employment, by paying the Employer Pension Contribution of 8.33% and also Employer Provident Fund contribution of 3.67% (in case of Textile Apparel Sector) with respect to all the additional eligible employees employed by the establishment. Thus, promoting the employers to employ more unskilled and semi-skilled employees and even bring into the books all the informal employees.

#### Eligibility Criteria:

1. All establishments registered with the Employees Provident Fund Department (EPFO) are eligible to apply for the scheme, provided the establishment should have a valid Labour

Identification Number (LIN) allotted under Shram Suvidha Portal, a Permanent Account Number (PAN) issued by Income tax department and a valid Bank account in the name of the organization.

2. The establishment with the above details is required to employ New Employees\* after 01st April, 2016 and the total number of employees against whom the establishment is liable to deposit employer contribution should increase when compared to the PMRPY Reference Base#.
3. \*New Employee: New Employee means an employee earning salary of not more than Rs. 15,000/- per month and neither had worked with any of the EPFO registered establishment nor had a Universal Identification Number (UAN) allotted to him prior to 01st April, 2016.
4. Thus, a new employee is an employee earning Rs. 15,000/- per month or lower and have been allotted a new Aadhar seeded UAN after 01st April, 2016.

#### #PMRPY Reference Base:

#### PMRPY reference base can be analyzed through three different situations:

1. Establishments registered prior to 01st April, 2016: In case of establishments registered with EPFO prior to 01st April, 2016, reference base, for calculation of increase in employees, is the employees against whom the employer had deposited/ filed the Electronic Challan Return for the month of March-2016.

Establishments registered after 01st April, 2016: In case of establishments registered after 01st April, 2016 the reference base will be nil or zero.

Next Financial Years: Similarly, for the Financial Year 2017 – 18, the reference base would be ECR filed in the month of March – 2017 and so on.

However, in case of new establishments the





reference base would be Nil or zero in any financial year when the scheme is applicable.

## **Benefits and Validity of the Scheme:**

Any establishment satisfying the above mentioned conditions may apply to PMRPY scheme in order to avail the benefits of the scheme.

### **1. Quantum of Benefit:**

- a) In case of establishment engaged in Apparel Sector (NIC codes 14101, 14102, 14105, 14109, 14301, 14309): The government will pay the employer share of Provident fund and Pension fund contribution of 3.67% and 8.33% respectively. Thus, the employer is not liable to pay 12% of contribution and only required to deposit the provident fund administration charges of 0.85%, employee deposit linked scheme contribution of 0.5% and EDLI administration charges of 0.01%.
- b) In case of establishment engaged in Other Sectors: The government will pay the employer share of Pension fund contribution of 8.33%. Thus, the employer is liable to pay 3.67% of provident fund contribution, provident fund administration charges of 0.85%, EDLI contribution of 0.5% and EDLI administration charges of 0.01%.

### **2. Validity of Scheme and Period of Benefit:**

- A. Validity of Scheme: The scheme is operational for a period of 3 years and the government will pay the employer share of contribution for next 3 years up-to 2019 – 20.
- B. Period of benefits: Benefit with respect to all the employees eligible for the scheme can be claimed by the establishment for a period, earlier of 3 years from the year in which the employee was registered with the establishment or upto 2019 – 20.

Provided that the employee against whom the benefit is availed by the establishment should be in employment for the month in which the benefit is claimed and had not left the establishment during the period of 3 years.

### **3. Further provided that the total number of employees should not fall below the reference base.**

Procedure to claim the benefit under the Scheme:

- a. Employers are required to login to PMRPY portal through the web link [www.pmrpy.gov.in](http://www.pmrpy.gov.in) and provide the basic information about details of establishment, contact person details, PMRPY eligibility details and employee details.
- b. In order to claim the benefit for a month all the details are required to be submitted before 10th of the following month in the PMRPY form.

Source: No. DGE – U – 13105/1/2016-MP (G) dated 09.08.2016.

## **EMPLOYEES ENROLMENT CAMPAIGN**

### **Background:**

A campaign to provide opportunity for employers to pay all its earlier dues without payment of heavy damages and extend the Provident Fund benefits to employees.

### **Highlights of the Scheme:**

#### **Eligibility Criteria:**

Any employer whether registered under earlier or newly registered can discharge the provident fund liability, pertaining to the period 01st April, 2009 to 31st Dec, 2016, for all the employees who were required to become member under the Employees Provident Fund Scheme but were not enrolled for any reason.

#### **• Eligible Employees:**

The employer can declare the employees as member under the campaign only in case the below mentioned conditions are satisfied:

1. The employee should be alive,
2. He/ she should furnish Form 11 to the employer.
3. He/ she was liable to become member between the period 01st April, 2009 to 31st Dec, 2016 but could not be enrolled as member for any reason.
4. The employee should not be an International Worker.







- Other Criteria:
  - a. The employer cannot avail the benefit for the period and for the employees against whom any proceedings under Sec 7A of act or under paragraph 26B of provident fund scheme or under paragraph 8 of pension scheme is initiated by the provident fund.

### **Benefits and Validity of the Scheme:**

Any employer satisfying the above mentioned conditions can apply for the scheme in order to avail the benefits of the scheme

### **Quantum of Benefit:**

- a. Employer will get the following benefits under the scheme:
- b. Non – payment of employee contribution of 12%, if the same is not collected from the employee.
- c. Deduction in payment of damages: The employer availing the scheme is liable to pay damage charges only @ Rs. 1 per year when compared to damage liability upto 37%.
- d. Exemption from payment of Administration Charges: The employer is not required to pay provident fund and employee deposit linked insurance scheme administration charges of 1.1% (now 0.85%) and 0.01% respectively.
- e. No inspection will be carried out against the employer or establishment.
- f. Thus, the employer altogether on one had will get financial benefit upto 50.01% of its liability and on the other hand relief from all the departmental inspections.

**Tenure of the Scheme:** This scheme is valid for a period from 01st Jan, 2017 to 31st March, 2017. Thus, the employer shall apply for the scheme between the above mentioned duration.

### **Procedure to avail the benefit of the Scheme:**

The employer in order to avail the benefit under the scheme should submit a form specified by the Provident Fund department and make payment of

declared liability within 15 days of submission of the form.

**Source:** Ministry of Labour and Employment – S.O. 4250(E), G.S.R. 1190(E), G.S.R. 1191(E) dated 30.12.2016.

## **SCHEME TO PROMOTE REGISTRATION OF EMPLOYERS/ EMPLOYEES – SPREE**

### **Background:**

A scheme of registration of employers and employees into the Employee State Insurance Scheme launched by ESI for the benefit of employers to get break from all their earlier liabilities and live a stress free life.

**Eligibility Criteria:** Any employer can avail the benefits of the scheme who is not registered under ESI law earlier.

### **Benefits and Validity of the Scheme:**

### **Quantum of Benefit:**

**For Employers:** The employers registering during the tenure of the scheme would be treated as covered from the date of registration or as declared by them. Thus, a prior date registration can be obtained by employer without attraction of any liability of delay in filing of registration.

**For Employees:** The newly covered employees shall be treated as covered from the date of their registration declared by the employee. Thus, the benefit of ESI scheme would flow to employees from an earlier date without payment of any contribution.

No actions would be taken against the employer prior to the date of registration.

**Tenure of the Scheme:** The benefits can be availed by obtaining the registration under ESI during the period 20th Dec, 2016 to 31st March, 2017.

**Source:** ESIC Notification No V-12/11/1/2014-P&D dated 20.12.2016





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### After effect of Demonetisation and Overview of Insolvency and Bankruptcy Code



**Topic : "After effect of Demonetisation and Overview of Insolvency and Bankruptcy Code"**

**Audience : Members**

**Led By : CA. Nitin Kanwar, CA. Arun Saxena**

**Date & Day : 14th January 2017, Saturday**

## Republic Day 2017



**Audience : Members**

**Date & Day : 26th January 2017, Thursday**





## “Conference of CFOS & Members in Industry”



**Topic :** “Conference of CFOS & Members in Industry”

**Audience :** Members

**Led By :** Mr. S. Ravi , Mr. Kulmani Biswal, Mr. Kulmani Biswal, Mr. Arnab Ghosh, Mr. D. D. Goyal

**Date & Day :** 03rd February 2017, Friday





### Overview of 'Lite Bite Foods' and Validity

'Lite Bite Foods' is one of the largest & most dynamic Food & Beverage retail company in the country, with over 14 core brands & 6 Franchise brands under its umbrella. We have 95 operational outlets in India, Bangkok, Singapore, Abu Dhabi, Dubai & United States of America & with a plan of opening 31 new outlets company aims to become one of the largest Food & Beverage players in India by 2016. Currently we have a strong presence in Malls, High Streets, Airports, Multiplexes, Office complexes, Hotels and other high footfall locations.

Our awarded hero brands are Punjab Grill, Zambar, Fresco Co, Asia 7, Street Foods By Punjab Grill, Baker Street, Artful Baker, Pino's, Flamez & Roasted, Naashto, American Tandoor, Savour (Outdoor Catering Brand), Clink, Bottoms Up. We also run Franchise stores of Subway, KFC, Pizza Hut, Burger King, and Café Istanbul.

We invite all are members to avail this opportunity at their restaurants.

### The Terms and Conditions offered will be as follows:

1. Fine Dining Restaurants & Casual Dining Restaurants will offer 15% discount on food & soft beverage. The restaurant covered under this policy will be:
  - a) Punjab Grill
  - b) Asia Seven
  - c) Zambar- Coastal Kitchen
  - d) Fresco
  - e) Bottoms Up
2. Quick Service Restaurants will offer 10% discount on food. The restaurant covered under this policy will be:
  - a) Baker Street
  - b) Pino's
  - c) Street Foods by Punjab Grill
  - d) Subway
  - e) Asia Seven Express
  - f) Zambar Express

### Other applicable Conditions:

- All Discount OFFER(s) are NOT applicable on Festivals and Public Holidays.
- All Discount applicable on Saturdays and Sundays also.
- Discounts are only applicable on showing valid Membership Card/CA logo visiting card at the time on Dining.
- The menu prices at Outlets are subject to change without any prior notice.
- The conditions mentioned on the menu are applicable.







- Taxes and other Govt. levies are applicable.
- No other offers, exemptions or discount schemes can be clubbed with this corporate offer.
- Discounts are not applicable on Hard drinks & MRP products.
- Discount are not applicable at Airport/ railway/ Metro outlets.
- Mode of Payment-Cash / Credit Cards.

S.No	Outlet Name	Location	Outlet Landline No.	Address
1	ASIA 7	Ambience Mall	0124-4665571	Shop No. 318, 3rd Floor, Next to Food Court, Ambience Mall, Gurugram.
2	BAKER STREET	Ambience Mall	0124-4665567	Shop No.16, Food Union, 3rd Floor, Ambience Mall, Gurugram.
3	FRESC CO	Ambience Mall	0124-4665572	Shop No. 317, 3rd Floor, Next to Food Court, Ambience Mall, Gurugram.
4	PINO'S	Ambience Mall	0124-4665495	Shop No. 14, 3rd Floor, Food Union, Ambience Mall, Gurugram.
5	PUNJAB GRILL	Ambience Mall	0124-4665478	Shop No. 319, 3rd Floor, Next to Food Court, Ambience Mall, Gurugram.
6	SF by PG	Ambience Mall	0124-4665513	Shop No. 02, 3rd Floor, Food Union, Ambience Mall, Gurugram.
7	SF by PG	MGF Metropolitan Mall	0124-4222238	Shop No. 05, 3rd Floor, Food Court, MGF Metropolitan Mall, Gurugram.
8	SF by PG (Delivery Only)	Udyog Vihar	0124-4236633	Plot - 317 Udyog Vihar Phase - 4 Gurugram
9	SUBWAY	Ambience Mall	0124-4665515	Shop No. 04, 3rd Floor, Food Union, Ambience Mall, Gurugram.
10	SUBWAY	DT Mega Mall	0124-4015577	3rd Floor, Food Court, DT Mega Mall, Gurugram.
11	SUBWAY	Cyber Green	0124-4016962	Ground Floor, Food Court, Cybergreen Tower, DLF Phase-III, Gurugram.
12	SUBWAY	Fortis Hospital	0124-4039728	Fortis Hospital Sector 44, Gurugram Haryana
13	ZAMBAR	Ambience Mall	0124-4665639	Shop No. 310, 3rd Floor, Next to Food Court, Ambience Mall, Gurugram.
14	ZAMBAR	Cyber Hub	91-8130450438	Ground Floor, Cyber Hub, Cyber City, Gurugram

Gurugram Chartered Accountants, a newsletter owned by Gurugram Branch of NIRC of ICAI is normally published in the first week of every month. Non Receipt of any issue should be notified within one month. Articles in interest of profession and management skills are welcome. Views expressed by contributors are their own and may not be in concurrence with Gurugram Branch of NIRC of ICAI and the branch does not take any responsibility of views expressed by contributors. Gurugram Branch is not responsible in any manner of any result of the action taken on the basis of advertisements published in the newsletter. Rights & copying of articles or write ups is not allowed without permission of Editorial Committee.





- ♦ For the Financial Year 2016-17 the branch has constituted a Study Group for conducting the programs. The details of membership fee for which are as follows:

Particulars	Fee Per Member
For Individual Member	Rs.5000/-*
For five or more declared members from any organization i.e. names of the Members to be declared <b>at the time of payment</b> with the fee (payment will be made with a single cheque only)	Rs.4500/-*

**\* Fee is applicable for the period April 2016 to March 2017**

Please note that Study Group members shall not be required to pay any fee for attending the seminars organized by the Branch during the financial year 2016-17.

Members are requested to enroll for the Membership of the Study group by sending a cheque in favour of **"Gurgaon Branch of NIRC of ICAI"** at Plot No. 60 - A, Sector-18, 3rd Floor, Gurugram.

### ♦ Feedback & Suggestions

Gurugram Branch will be happy to receive the feedback from you regarding the seminars/ workshops and other activities organized by branch.

You may please send feedback at-

Regarding	Email	Subject line
Seminars/Workshops	icaigurgaon@gmail.com	Sub: Seminar_____
Others	icaigurgaon@gmail.com Or arunaggarwalca@gmail.com	Feedback_____

- ♦ Gurugram Branch of NIRC of ICAI requests the members & students to come forward & share the articles (Professional & other) to be published in the upcoming newsletter. The submissions may be sent to itticaigurgaon@gmail.com with the subject line (Article Newsletter).

### Gurugram Branch Managing Committee for the Session 2016-19

Name	Designation	Contact No.	E-mail
CA. NAVEEN GARG	CHAIRMAN	9911283111	nvn_garg@yahoo.com
CA. RAKESH K. AGARWAL	VICE- CHAIRMAN	9310630306	rakeshaggrawal@yahoo.com
CA. ARUN AGGARWAL	SECRETARY	9891338830	arunaggarwalca@gmail.com
CA. MANISH GOYAL	TREASURER	9910812727	gurgaon@akgca.com
CA. SANDEEP GARG	EXECUTIVE MEMBER	9818798009	gargsandeep684@gmail.com
CA. LALIT AGGARWAL	EXECUTIVE MEMBER	9999565491	lalit.agrwal@gmail.com
CA. AMIT GUPTA	EXECUTIVE MEMBER	9654346350	amitskguptaca@gmail.com
CA. VIPUL JAIN	EXECUTIVE MEMBER	9711537400	vipul82jain@gmail.com







**Undergoing of Orientation Course (15 days) in lieu of GMCS-I Course by the students registered for articleship training on or after 1st May, 2012 uptill 31<sup>st</sup> December, 2014.**

It has been decided by the Council that the students who were registered for practical training on or after 1st May, 2012 uptill 31<sup>st</sup> December, 2014 after completing Orientation Programme (35 hours) but not completed the GMCS-I course, shall be required to undergo new Orientation Course (15 days) w.e.f. 1<sup>st</sup> January, 2017 in lieu of GMCS-I.

The above students are advised to register at the online portal **[www.icaionlineregistration.org](http://www.icaionlineregistration.org)** or contact the nearest POU (Programme Organising Unit) for registration in Orientation Course and complete the same at the earliest.

**Director, Board of Studies**

## **Gurugram Branch of NIRC of ICAI**

**Plot No-60A, 3rd Floor, Sector-18, Gurugram, Haryana.**

Phone : 0124- 4268867 | Email : [icaigurgaon@gmail.com](mailto:icaigurgaon@gmail.com) | Website : [www.icaigurgaon.org](http://www.icaigurgaon.org)

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