



# Gurugram Branch of NIRC

The Institute of Chartered Accountants of India

(Set up by an act of parliament)

## Chartered Accountant e-Newsletter

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### Index

- 05 | Reverse Levy on Supplies from Unregistered Persons
- 06 | Transition Provisions under CGST Act, 2017 and Rules
- 10 | Accounting for Government Grants and Disclosure of Government Assistance
- 14 | Appointed date vs. Acquisition date
- 16 | YOGA - A Way To Healthy Living
- 17 | Glimpses
- 22 | Corporate tie-up

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**CA. Sandeep Garg**

Chairman, Gurugram Branch of NIRC of ICAI

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**Dear Professional Colleagues,**  
**Namaskar,**

**I Wish all of you a very very Happy Greetings for the Season!**

I am once again delighted to communicate with all of you through this third communication, the purpose of which is to brief you about the activities going on and new developments at the branch level, discuss the future plans and seek your valuable feedback and suggestions. I am also very thankful to the members who gave their valuable suggestions on the programmes, newsletter, faculties etc. I also wish to thank all the members who volunteered their help in the better functioning of the Branch.

Friends Its Vacation Time.....!!! The month of May apart from being hotter month of the year is also the time when a large part of our fraternity takes a break from their year around work pressures and spends some quality time with their family. I Wish all the members a happy, peaceful and healthy vacation time.

The Month of May is also the month of endurance for our students who have to face exams during this month and I shall convey My Best Wishes to All CA Students appearing in CA Exams.

**In Past Month Of April Some of the Handy and knowledge imparting conferences were held on latest and hot topics for our profession which has been summarized as below:-**

1. We have organized National Conference for Two Days on "Roadmap to GST" in which we had the blessings with the Presence of Our Honorable Finance Minister of Haryana Captain Abhimanyu Singh Ji and he has also highlighted the benefits, developments and path to GST. The conference has been attended by more than 400 Chartered accountants. We shall also be thankful to Indirect Taxes Committee of ICAI in whose organization, support and guidance we have received overwhelming response
2. We have also organized Sub Regional Conference in Association with NIRC of ICAI on "**Crusade Against Black Money**" in which we have got chance to listen to Eminent Speakers of Our Profession Our Guru CA Dr Girish Ahuja Ji, Worthy Past Presidents of ICAI CA Amarjit Chopra Ji and CA Ved Jain Ji. We shall also be thankful to NIRC of ICAI in whose organization, support and guidance we have received overwhelming response from the participants.
3. We have also started Certification Course on GST during the month of May which has been attended by more than 85 participants.

### **Upcoming Programmes for the members**

Why do some people get stressed while others stay resilient? According to research, the process of rumination-thinking over and over about events and attaching negative emotions to them-is what causes stress and not events themselves. The antidote to rumination is resilience, the capacity to cope with challenges and thrive under adversity. With a view to work without stress our branch is organizing **Two Days of Residential Retreat "Work Without Stress"** on 13th and 14th May at Brahmkumaris, Om Shanti retreat Centre, NH-8, Bilaspur Chowk, Pataudi Road, Gurugram .

We are also organizing a Seminar on "**Income Computation Disclosure Standards**" in the month of May itself.

**"Darkness cannot drive out darkness, only Light can do that. Hate cannot drive out hate, only Love can do that"**

With these Words I shall say thanks to all of my professional colleagues for giving their best in one way or another.

**Note:-**As we have started study Group registrations for the Year 2017-18 Starting from 01/04/2017 to 31/03/2018 and members are requested to apply for the same and take the benefit of professional and carrier oriented events. Study Group membership forms are available at our site [www.icaigurgaon.org](http://www.icaigurgaon.org)

**With Warm Regards**

**CA. Sandeep Garg**

(Chairman)

**Gurugram Branch of NIRC of ICAI**



Dear Professional Colleagues and Students,

**A change always opens the way of establishment for others.**

The summer began in full swing in the month of May. Summer is a time of light, joviality, expression and wholehearted action. This season is symbolic of the vitality inherent within every heart.

We welcome the Constitutional Amendment (GST) Bill passed by the Parliament. This is one of the biggest Tax reforms since Independence. This will bring new opportunities as well as challenges for the Chartered Accountants.

Hopefully, GST will be implemented by July 1 and hence the month of May is very critical for our profession as we have to fully geared up with transition to the biggest law reform of India. The Branch is striving to organise more and more workshops and lecture meets on GST. The branch has started GST Certification Course in the current month and members showed a great interest.

Also in order to apprise with the fast changing developments Gurugram Branch has organized various programs during last month. Branch has organized National conference on GST, in presence of Our Honorable Finance Minister of Haryana Captain Abhimanyu Singh. The month of April also brought another privileged moment for Gurugram Branch when Tax Guru CA Dr Girish Ahuja, Worthy Past Presidents of ICAI CA Amarjit Chopra and CA Ved Jain shared their words of knowledge with us on topic '**Crusade Against Black Money**'.

In the days to come our Gurugram Branch is planning to organize number of programs for the members. All of you are requested to please block your diaries and attend all the CPE programs.

Dear Students, Success comes from having dreams that are bigger than our fears. William Arthur said **"Opportunities are like sunrises, if you wait too long, you can miss them."** Persistence can change failure into extraordinary achievement. The crucial test to your dedicated study is vested upon you. Be calm, have faith in yourself and be confident. You will come through with flying colors. Keep yourself happy, determined to succeed and enthuse yourself, envision yourself doing well and you will do so. Think of yourself reaching the next level, be it CA IPCC, CA Final or getting a job



*Manish Goyal*

**CA. Manish Goyal**  
(Secretary)  
Gurugram Branch of NIRC

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CA. Alok Jain  
- NIRC Member





CA. Gopal Nathani

Email: gnathani@dailytaxreporter.com

### Reverse levy – Exempt Self-Help Groups and Micro Enterprises

Section 9 sub-section (4) of the Central Goods and Services Act, 2017 provides for reverse charge on the registered dealer for any supplies sourced from an unregistered dealer. Section 5 sub-section (4) of the Integrated Goods and Services Act, 2017 likewise make a provision for reverse charge. The two sections in the respective Acts are worded as under:

#### Section 9 sub-section (4) of the CGST, 2017

“S. 9 (4) The central tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.”

#### Section 5 sub-section (4) of the IGST, 2017

“S. 5 (4) The integrated tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.”

These sections do not provide for any exceptions so that any supply of goods or services from an unregistered dealer will be subject to levy of GST in the hands of a sourcing registered dealer. Even though there is rationale in keeping such provision in the Act but not much thought is given to the adverse impact of such provision on certain sections of the economy.

#### Self help employment groups (SHGs)

The Government of India acknowledges that creating self employment opportunities is one way of attacking

poverty and solving the problems of unemployment. There are over 24 crore people below the poverty line in the country ( 2004 Statistics number). The Government of India promote Self Help Groups and other voluntary organizations who employ their aptitude and skill for the good of the rural women, disabled persons, difficult area groups like hilly, desert and sparsely populated areas, BPL groups, scheduled tribe and scheduled caste groups. SHG are formed under the Swarna Jayanti Swarojgar Yojana (SGSY) of the Government of India to provide sustainable income to the poorest of the poor people living in rural & urban areas of the country. Such self help groups from various parts of India come to urban towns to sell their goods.

The reverse charge provision would be self defeating the purpose of the Swarna Jayanti Swarojgar Yojana (SGSY) of the Government of India and would discourage a registered dealer from making purchases from such self-help groups and that therefore any sale made by them should be exempted from the purview of these sections to help promote this section of the economy.

#### Micro enterprise

The Government of India has Micro-credit programme to fund micro enterprises. The programme works through NGOs/SHGs for promotion of self employment by means of setting up of micro enterprise. More particularly Micro-credit programmes are run primarily by SIDBI in the field of Industry, Service and Business (ISB).

Thus all those enterprises that are promoted as a means of self employment must not be made to suffer on account of ill-effects of these reverse charge provisions introduced by the Government. Since these directly conflict with the purpose under the two schemes viz., Swarna Jayanti Swarojgar Yojana (SGSY) and Micro-credit programme it is desirable to bring out a suitable advance rule notification enabling such and like institutions to enjoy immunity from the reverse charge provisions.



CA. Sanjeev Singhal

Email: ca.sanjeevkumar@hotmail.com

Transition provision is one time provision which shall be applicable at the time of migration to GST on the appointed day. These provision may be said as most crucial because of migration of existing law in to GST and may face many challenges as well. Provisions have been well laid down in CGST Act,2017 and Rule of Transition.

### Migration of existing tax Payer –[ Section – 139]

On and from appointed day , any person registered under any of the existing law and having PAN shall be provided provisional registration subject to certain condition as prescribed . After submission of certain documents as may be prescribed , final registration shall be granted.

### Transition arrangement for input tax credit [Section -140]

#### Transition Arrangement for Input Tax Credit

1. Registered Person [RP] other than person opting to pay tax u/s 10, may take credit in electronic credit ledger of amount of CENVAT carry forward in the last return filed before appointed day. Under the following circumstances credit shall not be allowed

- ◇ Input credit is not allowed under this act.
- ◇ He has not filed in last six months all returns proceeding the appointed day.
- ◇ Where the credit relates to goods manufactured and cleared under exemption notification.

**File GST TRAN-1 within sixty days of appointed day.**

#### [Under CGST Rule]

i] and will separately specify the value of claim u/s 3, 6, 6A, subsection 8 of section 8 of the Central Sales Tax Act,1956 during the financial year relating to the relevant return shall specify the detail of stock as on appointed day.

In case of claim under section 5 shall furnish the following details

- ⇒ name of supplier , Serial number, date of issue of invoice by supplier
- ⇒ description, quantity and value of goods or services amount of taxes and duty
- ⇒ date of receipt of goods or services
- ii] the serial No. and value of declaration in Form-C, F,E, H,I submitted by the applicant in support of claim .

#### [Under SGST Rule]

2. RP other than registered under section 10 , may take credit of unavailed CENVAT on capital goods which is not carry forward in return under existing law. RP can take such credit only if it is allowed in the existing law as well under this Act.

Specify the following separately in Form GST TRAN-1.

- i] ITC availed under existing law before appointed day
- ii] ITC to be availed till appointed day.

3. RP who was not liable to be registered under the existing law, or engaged in the manufacture of exempted goods or provision of exempted services or who was providing work contract services and was availing the benefit of notification no. 26/2012 or first stage dealer or second stage dealer or registered importer or depot of manufacturer, shall take input on his stock on the appointed day subject to the following conditions .

- ⇒ If the Input is used for taxable supply under this Act RP is entitle for input tax credit under this Act
- ⇒ RP is in possession of Invoice or other duty payment documents
- ⇒ Such Invoices were not more than twelve months old.
- ⇒ Supplier of services is not eligible for abatement under this Act.



### Rule 1 [3] :

a)] RP shall be allowed to take ITC on goods held in stock on appointed day where he is not having documents evidencing payment of central excise duty.

ii] such credit shall be allowed @ of 40% of central tax applicable iii] scheme shall be available for six tax period

**b] SUCH CENTRAL TAX SHALL BE AVAILED SUBJECT TO THE FOLLOWING CONDITION.**

- ⇒ Such goods were not exempt or nil rated
- ⇒ Document of procurement is available with RP
- ⇒ Submit statement in GST TRAN-1 form , the supply of such goods in each of six tax period.
- ⇒ Amount shall be credited in ECL in form GST PMT-2 .
- ⇒ Stock stored should be easily identifiable.

### [CGST Rule]

Registered person holding stock of goods paid tax at first point and not paid tax at subsequent point of sale availing credit as per section -140[3] shall be allowed to take ITC on goods held in stock on appointed day where he is not having documents evidencing payment of value added tax.

- ⇒ Such credit shall be allowed at 40% of state tax . Scheme is for six tax period
- ⇒ stock stored should be easily identifiable

### Scheme is available subject to the following

- ⇒ Such goods were not exempt or nil rated
- ⇒ Document of procurement is available with RP
- ⇒ Submit statement in GST TRAN-1 form , the supply of such goods in each of six tax period.
- ⇒ Amount shall be credited in ECL in form GST PMT-2

### [SGST Rule offering tax on MRP]

4. RP who is engaged in manufacturing of taxable as well as exempted goods or provision of taxable as well as exempted services shall be entitle to take credit under this Act.

- ⇒ Amount of cenvat credit carry forward in existing return as per sub section- 1 and
- ⇒ The amount of cenvat credit eligible in respect of input stock , semi-finished and finished goods on appointed day as prescribed in Sub rule- 3.

5. RP may take credit of eligible duties and taxes in respect of input or input services on or after the appointed date provided the duties of the such input or input services has been deposited by supplier under the existing law and the invoice has been recorded in the books within 30 days from the appointed day.

Provided such period may further be extended up to 30 days by commissioner on sufficient cause .

6. RP who is paying at tax at fixed rate or paying fixed amount in lieu of tax payable under the existing law shall be entitle to get the credit on his input stock, semi finished and finished stock on the appointed date subject to the following conditions;

- ⇒ Such Input stock used for taxable supply under this Act. RP is not covered under section 10 of this Act.
- ⇒ RP is eligible for ITC under this Act.
- ⇒ RP is in possession of such Invoice or other duty payment documents.
- ⇒ Such Invoices are not more than twelve months old on appointed day.

7. ISD may distribute the credit of service received before appointed date even if such invoices are received on or after the appointed day.

8. Where RP having centralized registration under the existing law has obtained registration under this Act , can take credit in electronic credit ledger, credit of the amount of CENVAT carry forward in return furnished under the existing law . If the original / revised return under the existing law has been filed within three months of appointed day. Such credit may be taken at any of the centralized place having the same PAN.

9. Where any cenvat has been reversed on account of non payment within three months under the existing law , can be reclaimed at the time of making payment





of such services if the payment of such reversed amount has been made within three months from the appointed day.

10. The amount of credit under sub section 3,4, and 6 shall be calculated in such way as may be prescribed.

**Explanation -1 for the purpose of sub section 3,4 and 6 , the expression “ eligible duties and taxes” means**

(i)the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;

ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975;

iii)the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975;

iv)the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;

(v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;

(vi) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985; and

(vii)the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001;

in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

**Explanation-2 for the purpose of sub section 5 , the expression “ eligible duties and taxes” means**

(i) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;

(ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975;

(iii) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975;

(iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile

and Textile Articles) Act, 1978;

(v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;

(v) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985;

(vii) the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001; and

(viii)the service tax leviable under section 66B of the Finance Act, 1994,

in respect of inputs and input services received on or after the appointed day.

### **Transition provision relating to Job work [Section 141]**

⇒ Where any input received has removed as such or removed after partial processing to a job worker for further processing, repair, testing, reconditioning or any other purpose as per the existing law before appointed day and such input are returned after the appointed day, no tax shall be payable if such goods are received within six months from the appointed day. The said period may be extended for another two months on sufficient cause. If the input is not returned within the stipulated period above then the input shall be recovered with interest ,fine and penalty.

⇒ Where finished goods manufactured had been removed for testing or for any other purpose to any premises weather registered or not prior to appointed day , no tax shall be charged if the goods are returned within six months from the appointed day. The said period may be extended for another two months on sufficient cause. If the input is not returned within the stipulated period above then the input shall be recovered with interest ,fine and penalty

⇒ No tax shall be payable in above cases , if such goods are declared by manufacturer and job worker as prescribed.

### **Rule :**

File declaration of stock in GST TRAN-1 detail of stock including capital goods specifying stock held as principal, agent or branch.

### **Miscellaneous Transition Provision [Section 142]**







1. Where any goods on which duty has been paid is removed not earlier than six months before the appointed date, returned from the unregistered person within six months from the appointed day, the duty of refund shall be paid to registered person under the existing law. But if the goods are returned by registered person, return of goods shall be treated as supply of goods.

2. Where any contract has been entered before appointed day and the price of goods or services or both revised upward after the appointed day, RP here will issue supplementary invoice or debit notes within 30 days from the date of revision. Such revision shall be treated as supply under this Act.

Where any contract has been entered before appointed day and the price of goods or services or both revised downward after the appointed day, RP may issue credit note within 30 days from such revision and credit note shall be deemed to have been issued in respect of outward supply made under this Act. RP will reduce his tax liability for such credit note.

3. Any claim for refund of CENVAT, duty, tax, interest or other amount under the existing law filed by RP before or after the appointed date shall be disposed under the existing law and paid in cash. And where claim is fully or partially rejected will lapse. However no refund of CENVAT shall be allowed, if the same has been carry forward.

4. Any proceeding of appeal, review or reference for cenvat credit or output liability under the exiting law shall be disposed off as per the existing law and if any credit arises shall be paid in cash. And in case of any demand, the same shall be recovered as arrear of tax under this Act.

5. In case of any assessment or adjudication proceeding before, on or after the appointed day shall be disposed off as per the existing law and if any credit arises shall be paid in cash. And in case of any demand, the same shall be recovered as arrear of tax under this Act.

6. In case of any return filed under the existing law has been revised after the appointed date and if any credit arises shall be paid in cash. And in case of any demand, the same shall be recovered as arrear of tax under this Act.

7. Despite anything provided in section 12, no tax shall be payable on goods under this Act to the extent the tax was leviable on the said goods under the State VAT.

8. Despite anything provided in section 13, no tax shall be payable on services under this Act to the extent the tax was leviable on the said services under chapter V of Finance Act, 1994.

9. Where any input goods sent for approval basis as per the existing law, not earlier than six months before appointed day and such input are returned after the appointed day, no tax shall be payable if such goods are received within six months from the appointed day. The said period may be extended for another two months on sufficient cause. If the input is not returned within the stipulated period above then the tax shall be paid by the person sending the goods back or by person to whom the goods was sent for approval.

Submit application in GST TRAN- 1 mentioning the stock including capital goods within 60 day of appointed day

10. Where any supply of goods made under any law of State or Union Territory where TDS was supposed to be deducted and invoice for the same is also issued before the appointed date. NO TDS can be deducted under section 51 of the Act while making payment to supplier after the appointed date

### Disclaimer :

The contents of this article are solely for information and knowledge and does not constitute any professional advice or recommendation. Author does not accept any liability for any loss or damage of any kind arising out of this information set out in the article and any action taken based thereon.





CA. Pankaj Sharma

Email: pankaj.dutt.sharma@icai.org

### Background

Almost every government supports certain eligible entities by providing grants or other kind of assistance. Government grants help to fund ideas and projects providing public services and stimulating the economy. Grants support critical recovery initiatives, innovative research and other programs in public interest.

As this is a clear benefit and advantage comparing with other entities without such grants or assistance, it should be properly accounted and disclosed to increase the transparency and comparability in financial statements.

This article provides the accounting for and disclosures of government grants and other form of government assistance under Ind AS 20. It also provides the comparability with existing Indian GAAP (AS 12) as well as IAS 20.

### Applicability of Ind AS 20

Ind AS 20 should be applied in accounting for government grants, and in the disclosure of, government grants and other forms of government assistance.

### This Standard does not deal with:

- I. the special problems arising in accounting for government grants in financial statements reflecting the effects of changing prices or in supplementary information of a similar nature.
- II. government assistance that is provided for an entity in the form of benefits that are available in determining taxable profit or tax loss, or that are determined or limited on the basis of income tax liability (such as income tax holidays, investment tax credits, accelerated

depreciation).

- III. government participation in the ownership of the entity.
- IV. government grants covered by Ind AS 41 Agriculture.

### Key terms used

- I. Government refers to government, government agencies and similar bodies whether local, national or international.
- II. Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.
- III. Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria.

### Recognition of government grants

A government grants is not recognised until there is reasonable assurance that:

- α. the entity will comply with the conditions attaching to them; and
- β. the grants will be received.

### Forgivable Loan

A forgivable loan from government, for which the government has undertaken to waive repayment under certain prescribed conditions, is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan.

- Under AS 12, there is no specific guidance



### **Government loan at a below-market rate of interest**

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognised and measured in accordance with Ind AS 109 Financial Instruments.

The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with Ind AS 109 and the proceeds received.

The benefit so calculated is accounted for in accordance with the general principles of Ind AS 20.

*Under AS 12, there is no specific guidance.*

### **Recognition in profit or loss**

#### **Government grants to be recognised in profit or loss on a systematic basis**

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

Ind AS 20 clearly rules out what is referred to as the 'capital approach' for the accounting treatment of government grants (under which grants are recognized outside profit or loss), in favour of the 'income approach'.

In most cases, it is not difficult to identify the periods over expenditure relating to the government grant is recognized. For example, grants related to depreciable assets are usually recognized in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognized.

*Under AS 12 Two broad approaches may be followed - the capital approach or the income approach. Recognises that some government grants have the characteristics similar to those of promoters' contribution. It requires that such grants should be credited directly to capital reserve and treated as a part of shareholders' funds*

**Grants related to non-depreciable assets** may have certain conditions attached, and thus are recognized in profit or loss over the periods in which the costs of meeting those conditions are incurred. As an example, a grant of land may be conditional upon the erection of a building on the site and it may be appropriate to recognize the grant in profit or loss over the life of the building.

*Under AS 12, Grants relating to non-depreciable assets are credited to capital reserve which is a part of shareholder's funds. If such grants require fulfillment of some obligation, such grants should be credited to income over which the cost of meeting the obligation is charged to income.*

### **Government grants subject to multiple conditions**

Grants are sometimes received as part of a package of financial or fiscal aids to which a number of conditions are attached. In such circumstances, care is needed in identifying which of the conditions give rise to costs and expenses, since those are the conditions that determine the period over which the grant is earned. It may be appropriate to allocate part of a grant on one basis and part on another.

### **Government grant receivable as compensation for past expenses or losses, or for the purpose of giving immediate financial support**

In some cases, a government grant may be receivable as compensation for expenses or losses already in-





curring in a previous accounting period.

Alternatively, a grant may be receivable for the purpose of giving immediate financial support to the entity with no future related costs.

In such circumstances, the grant is recognized in profit or loss in the period in which it becomes receivable, with disclosures to ensure the effect is clearly understood.

### Measurement of non-monetary government grants

If government grant takes the form of a transfer of a non-monetary asset, such as land or other resources, the fair value of the non-monetary asset are assessed and both grant and asset are accounted for at that fair value.

Under AS 12, if the asset is given by the government at a discounted price, the asset and the grant is accounted at the discounted price. Non-monetary grants free of cost are accounted for at nominal values.

Under IAS 20, it is not mandatory to recognise non-monetary grants at fair value only. It provides an alternative treatment, that allows the grant and the asset be recognised at a nominal amount also.

### Presentation

#### Grants related to assets

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income, which is recognized in profit or loss on a systematic basis over the useful life of the asset.

Under AS 12, Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion of depreciation, or deducted from the cost of the asset.

IAS 20 permits an option to deduct the government grant (including non-monetary grants at fair value) in calculating the carrying amount of the asset, in which case, the grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation expenses.

#### Grants related to income

Grants related to income are presented as a

- I. Part of profit and loss, either separately or under a general heading such as 'Other income';
- II. Alternatively, they are deducted in reporting the related expense.

#### Repayment of government grants

A government grant that becomes repayable shall be accounted for as a change in accounting estimate.

#### Repayment of a grant related to income

Repayment of a grant related to income shall be applied first against any unamortized deferred credit recognized in respect of the grant.

To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment shall be recognized immediately in profit or loss.

#### Repayment of a grant related to an asset

Repayment of a grant related to an asset shall be recognized by reducing the deferred income balance by the amount repayable.



### Government assistance

Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria.

This standard also requires an indication of forms of government assistance other than government grant from which the entity has directly benefited.

Although the benefit resulting from such forms assistance may not be measureable, the impact of items such as free technical or marketing advice or guarantees should be disclosed where it is significant.

**AS 12 does not deal with disclosure of government assistance other than in the form of government grants.**

### Disclosure

- i. Accounting policy adopted and methods of presentation
- ii. Nature and extent of government grant recognized
- iii. Unfulfilled conditions and other contingencies

### Conclusion

IFRS is being used by most countries to account for Government Grants. This standard has been issued with the idea that there will be comparability in accounting with other countries.

In general, government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets require setting up the grant as deferred income.

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**CA Anuj Agrawal**

Email: anujagarwalsin@gmail.com

## **APPOINTED DATE VS. ACQUISITION DATE - Acquisition of Business per Ind-As**

Acquisition of business is quite common in today's fast moving dynamics of the world and every such stakeholder of the entity would be interested to know all implications related to its valuation or for reporting purposes.

Here the acquisition of Business would mean a "Business" as per the definition of Ind-As 103 (which is not an asset acquisition) and where an Acquirer should takes CONTROL (as defined under Ind-As 110) over the Business of Acquiree.

In order to implement such Business acquisitions, there must be a date from which such acquisition is to be accounted and that date should have all Fair valuation of the Business of acquiree and accordingly Goodwill/ bargain purchase will be calculated.

Hence, identifying an ACQUISITION DATE is of much relevant in order to get substantially correct picture of the whole process.

Let's have a look at the below extracts from Companies act 2013 and relevant accounting standards i.e. Ind-As in order to get the clarity about the possible interpretational gaps related to ACQUISITION DATE -

### **As per Companies Act 2013**

**Para 232 (6)** – "The scheme under this section shall clearly indicate an appointed date from which it shall be effective and the scheme shall be deemed to be effective from such date and not at a date subsequent to the appointed date"

### **As per Ind-As 103 – "Business Combination"**

**Para 8-** "The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree".

**Para 9-** The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree—the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. For example, the acquisition date precedes the closing date if a written agreement provides that the acquirer obtains control of the acquiree on a date before the closing date. An acquirer shall consider all pertinent facts and circumstances in identifying the acquisition date.

**Now,**

Companies act which defines appointed date in different manner whereas Accounting Standards are more focusing on transfer of effective control. The interpretational gaps could be discussed as per the below pointers –

1. Whenever a scheme of such arrangement are being processed, a document is being made and gets approved by the appropriate authorities within acquiree & acquirer subsequently it goes to the court for its approval. Now as per the Companies act it is clearly mentioned that an appointed date will mentioned by the scheme itself and the same will be the date of effective transfer of such acquisition and there will not be any subsequent date and hence it could be interpreted that even before the court approval





(which is normally a milestone for any such acquisition in India) an effective date can be determined for such scheme,

2. As per the Ind-As 103, it is clearly visualize that Effective date of such acquisition will be the date when effective control has been transferred and standard itself indicates towards its legal title transfer i.e. Court approval should take place before it is assumed that a effective control has happened, however it provides certain other circumstances to be considered in order to define the rational of effective date of such acquisition,
3. There would be another scenario where High court itself defines a date from which the acquisition will be effective which could be contrary to sec 232 (6) &/or Ind-As 103 and raises concerns over to which date will prevail?,
4. There is SEBI circular dated 30 Nov 2015 which talks about to provide an auditor's certificate about the accounting treatment contained in the scheme compromise, arrangements & amalgamation under Companies Act 2013,
5. To define the phrase "date on which it obtains control of the acquiree" it could be understood by using a example - Where a process started to resign of certain directors from acquiree business and re-appointing at aquiror board where it has got power now to start making decision over the newly acquired business however court approval

is expected to be received after 6 months then as per Ind-As 103, an effective control has been obtained (subject to other considerations as well),

6. This could lead towards the appointed date (as mentioned in the agreement made between the acquiree & acquirer) would be relevant for such acquisition (as law will prevail over accounting standards) and since fair value accounting is only permitted after the applicability of Ind-As hence it will make a room to control the date when such FAIR VALUATION accounting will be done..

Readers will appreciate about the main objective of the standard/ laws and an approach which one can follow while keeping in mind the basis of origin of such requirements. There could possibly be some specific situations or circumstances where the interpretation of any standard will be different as we should always keep in mind that IND-AS is principle based standards and lot more areas need management judgment in line with the standards relevant interpretation and best practices. Any Law related views are purely an interpretation by author and should not be construed as exhaustive in nature.

One has to look into all related facts and patterns before concluding this type of assessment based on this concept. Readers are requested not to take this article as any kind of advice (it is not exhaustive in nature) and should evaluate all relevant factors of each individual cases separately.

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**Gurgaon Branch of NIRC**  
**of**  
**The Institute of**  
**Chartered Accountants**  
**of India**

**YOGA CLASSES**

**Tuesday to Friday at 06:30 AM**

**Sunday at 07:00 AM**

**VENUE**

**Ananda Sangha, 1st Floor,  
Community Centre K- Block, DLF Phase-2, Gurgaon**



**YOGA - A WAY TO HEALTHY LIVING**



## Multispecialty Health Checkup Camp for Chartered Accountants



**Topic : "Multispecialty Health Checkup Camp for Chartered Accountants"**

**Audience : Chartered Accountants & their family members**

**Date & Day : 08th April 2017, Saturday**



### National Conference on GST



**Topic : National Conference on GST**

**Audience : Members**

**Led By : CA. Keshav Garg, CA. Atul Kumar Gupta, CA. Puneet Obrai**

**Date & Day : 21st April 2017, Friday**



## National Conference on GST



**Topic : National Conference on GST**

**Audience : Members**

**Led By : CA. Ashok Batra, CA. Naveen Garg, CA. Rajesh K. TR**

**Date & Day : 22nd April 2017, Saturday**





## Sub Regional Conference of Haryana State on “Crusade Against Black Money”



**Topic : “Sub Regional Conference of Haryana State on “Crusade Against Black Money”**

**Audience : Members**

**Led By : CA. (Dr.) Girish Ahuja, CA. Amarjit Chopra (Past President ICAI) ,  
CA. Ved Jain (Past President ICAI)**

**Date & Day : 29th April 2017, Saturday**







**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).**



### 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

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### ♦ 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-

- ♦ 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](mailto:itticaigurgaon@gmail.com) with the subject line (Article Newsletter).

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

### Gurugram Branch Managing Committee for the Session 2017-18

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