

IBA INTERNATIONAL
BUSINESS ADVISORS

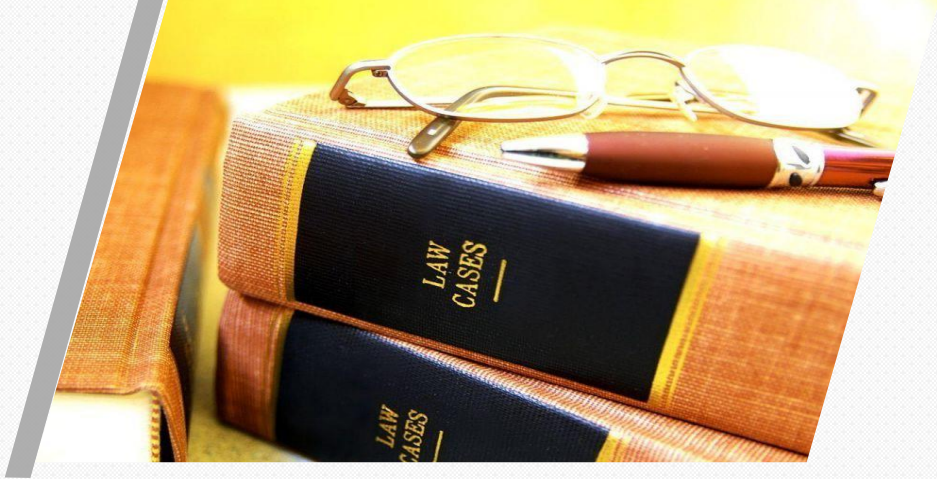
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Direct Tax Case Laws



Case Law 1:

Where assessee was entered into an agreement to sell said property on 14-2-2011 for a consideration of Rs. 2.20 crores. A token amount of Rs. 20 lakh was paid at time of execution of agreement and balance sale consideration was to be paid on or before 26-5-2011. On basis of said terms of agreement, revenue authorities opined that transfer of property took place in assessment year in question

Here assessee is the owner of an immovable property. It entered into an agreement to sell said property on 14-2-2011 for a consideration of Rs. 2.20 crores.

A token amount of Rs. 20 lakhs were paid at time of execution of agreement and balance sale consideration was to be paid on or before 26-5-2011, i.e., in the next Assessment year. On basis of said terms of agreement, revenue authorities were of the view that transfer of property took place in assessment year in question i.e., AY 2011-12.

As the date of the agreement and the date of final payment/possession fell in two different financial years, a dispute arose between the tax authorities and the taxpayer, as to the year in which the profit on the sale of this property would become taxable.

The Income Tax Department treated the date of registration of the property, as the date on which the transfer took place and had, accordingly, taxed the capital gains in

the assessment year 2011-2012.

However, the Income Tax Tribunal concluded that the sale or transfer was not complete on the date of execution of the agreement and that the transfer of the property took place when the balance payment was made and possession handed over to the buyer, which happened during the financial year 2011-2012. Hence, the capital gains were taxable in the assessment year 2012-2013 and not in the assessment year 2011-2012.

The Bombay High Court stated that the sale/transfer of the property in question was complete only during the financial year 2011-2012. The court also observed that the tribunal was right in its conclusion that on facts, the agreement executed on February 14, 2011, was a mere agreement for sale of immovable property and does not constitute a transfer of title.

The decision of Bombay HC clearly established that the final transfer of title will be on the date when all the conditions, as enumerated in the agreement for sale are complied with.

Principal Commissioner of Income Tax v. Talwalkar's Fitness Club

Case Law 2:

Where assessee paid amount of sale consideration received from sale of a residential house for purchase of another residential property prior to due date of

Direct Tax : Case Laws

filing of return of income under section 139(4), his claim for exemption under section 54 was to be allowed.

Where assessee sold residential property and utilised sale consideration for booking flat in a housing project which was yet to be constructed, since assessee had made entire payment towards investment in new flat within period of three years from date of transfer of original asset, amount was to be treated as invested in purchase/construction of new residential property and assessee was to be allowed exemption under section 54 of the Income Tax Act, 1961.

In the case of the assessee, the agreement to purchase of flat has been made on 15-10-2012. The assessee had provided detail of payments made, which showed that payments were made on 5-2-2010, 18-5-2011, 16-7-2011 and 29-8-2011. Thus, the payments have been cleared before the due date of the filing of return under section 139(4) which was 31-3-2013 in the case of the assessee.

As the investment in property has been made prior to due date of filing of return of income under section 139(4) i.e. 31-3-2013, therefore, the assessee cannot be denied deduction on the ground that amount of sale consideration has not been invested in capital gain account scheme before the due date of the filing of return under section 139(1).

Further, the assessee claimed that investment in flat is equivalent to construction of residential house and since investment has been made within three years from transfer of the original asset therefore assessee is entitled to deduction under section 54. The assessee has

submitted that the CBDT in the Circular No. 471 dated 15-10-1986 and Circular No. 672 dated 16-10-1993 has considered booking of the flat as construction for the purpose of section 54 whereas according to the revenue, those circulars are only applicable to booking of flats under self financing schemes of Delhi Development Authority and similar institutions.

In the instant case, the assessee has made entire payment within the period of three years from the date of the transfer of original asset, and, therefore, the amount has to be treated as invested in purchase/construction. The provisions of section 54 nowhere prescribe construction of the house should be completed and the prime requirement is investment in new residential house within the prescribed period. Thus, the assessee has complied the provision of section 54 in substance and, therefore, the Commissioner (Appeals) is not justified in confirming rejection of deduction under section 54.

SMT. Harminder Kaur v. Income Tax Officer Ward

Direct Tax Notifications



S. No Notification

1. Reduction of time limit for verification of Income Tax Return (ITR) from within 120 days to 30 days of transmitting the data of ITR electronically

(Press release dated July 29th, 2022)

The CBDT vide Notification no. 02/2012/F.No.142/27/2011-SO (TPL) dated 04.01.2012, notified the Centralised Processing of Returns Scheme, 2011 (CPR Scheme 2011). Rule 14 of CPR Scheme 2011 delegates the power to specify the mode, manner and time for verification of ITR-V.

From 1st August 2022, it has been decided that in respect of any electronic transmission of return data on or after the date of this Notification comes into effect, the time-limit for e-verification or submission of ITR-V shall be 30 days from the date of uploading the data of ITR electronically.

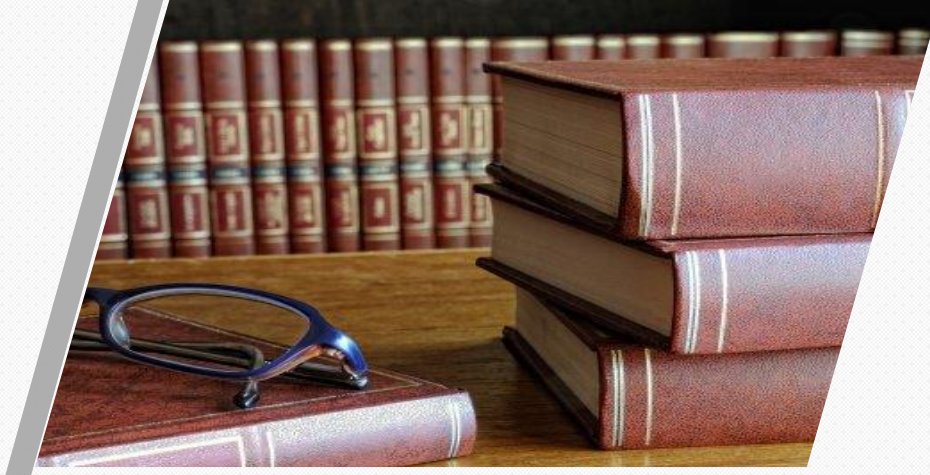
The earlier time limit of 120 days continues to apply in respect of returns which are filed or submitted electronically before this notification.

It is further clarified that where: -

- ❖ ITR has been e-verified/ITR-V has been submitted within 30 days of uploading the return then the date of furnishing the return will be the date of uploading the return electronically.
- ❖ ITR has not been e-verified/ITR-V has not been submitted within 30 days of uploading the return then the date of furnishing the return will be the date of e-verification/submission of ITR-V and all consequences of late filing of return under the Act shall follow.

Indirect Tax :

Case Laws



Case Law 1:

Activities performed by Liaison Office at behest of Overseas HO, liable to IGST; Modifies AAR

Dubai Chamber of Commerce and Industry (DCCI/Appellant) in its capacity as Liaison-Office (LO), Representative, Business facilitator, and Event Organizer for its Dubai Head Office (HO) In order to avoid any dispute in future and for certainty of position, DCCI LO has sought an advance ruling before the MAAR under Section 97 of the CGST act,2017, on the following questions:

- Whether the activities performed by the appellant shall be treated as supply under GST law?
- Whether the appellant is required to obtain GST registration?
- Whether the appellant is required to pay GST?

Maharashtra AAAR Modifies AAR , holds that host of activities performed by Dubai Chamber of Commerce and industry (DCCI/Appellant) will come under the ambit of 'supply' u/s 7; Thus, Appellant is required to discharge IGST on amount received from HO after taking GST registration as (i) organizing symposiums for promoting Dubai as international business hub classifiable under SAC 998596 as 'events, exhibitions, conventions and trade shows organization services' (ii) sharing information with HO about regulation updates, policy framework, business trends, potential business areas in India classifiable under SAC 998599 as 'other

support services nowhere else classified'; Explains that even though Appellant act as an agent of their HO, it merely acts as a communication link or information centre between Indian businesses and Dubai businesses by sharing details of potential business partners where they are neither actually arranging or facilitating the supply of any goods or services or securities nor receiving any consideration from the business entities of two countries; Furthermore, derives that Appellant are also charging a single price or consolidated amount for their services to the HO and Lastly, on the issue whether Appellant and HO are same legal entity, peruses the definition of 'person' contained in section 2(84) to clarify that Appellant complying with various statutory obligations in India can definitely be considered as an artificial juridical person and HO, is a person incorporated under laws of country outside India; Hence, concludes that Appellant and HO are different persons under GST law.

In view of the above discussions, modify the rulings passed by MAAR vide order no. GST-ARA-35/2019-20 dated 24.05.2021 by holding that the host of activities performed by the appellant at the behest of their Dubai head office will come under the ambit of "Supply" in terms of section 7(1)(a)of the CGST act 2017 and required to take GST Registration and discharge their IGST Liability, if any, from the amount received from their Dubai Head Office.

In the matter of Dubai Chamber of Commerce and Industry [TS-326-AAAR(MAHARASHTRA)-2022-GST]

Indirect Tax

Notifications & Circulars



S. No Notification

1. Seek to notify the provision of clause (c) of section 110 and section 111 of the finance act 2022.

CBIC vide Notification No. 09/2022- Central Tax Dated 05.07.2022 had been substituted Sec. 50(3) of the CGST Act, 2017 retrospectively (w.e.f. 01.07.2017) vide Sec. 110 of the Finance Act, 2022 to provide for the imposition of interest only where the ITC has been wrongly availed and utilized and not where the ITC has been reversed before utilization.

2. Seek to exempt taxpayer having AATO up to 2 Crores from the requirement of furnishing annual return.

CBIC vide Notification No. 10/2022- Central Tax Dated 05.07.2022 has been provide an exemption from filing the annual return for FY 2021-22 for the registered person whose aggregate turnover in the said year is up to Rs. 2 crores.

3. Seek to extend the due date of furnishing form GST CMP -08 for the quarter ending June 2022 till 31.07.2022

CBIC vide Notification No. 11/2022- Central Tax Dated 05.07.2022 has extend the due date for filing FORM GST CMP-08 (containing details of payment for composition taxpayers) for the quarter ending 30th June 2022 till the 31st of July 2022.

Link : <https://taxinformation.cbic.gov.in/view-pdf/1009414/ENG/Notifications>

4. Seek to extend the waiver of late fee for delay in filing of form GSTR-4 for FY 2021-22

CBIC vide Notification No. 12/2022- Central Tax Dated 05.07.2022 has waived the late fees for filing of GSTR 4 (annual return for composition taxpayers) for FY 2021-22 if the said return is filed till 28th July 2022.

Link : <https://taxinformation.cbic.gov.in/view-pdf/1009415/ENG/Notifications>

5. Seek to extend date of specified compliances in exercise of powers under section 168A of CGST act. (Notification No. 13/2022- Central Tax Dated 05.07.2022)

- ❖ The time limit to issue the order u/s 73(10) of the CGST Act, 2017 to recover tax not paid or short paid or of input tax credit wrongly availed or utilized by reason other than fraud, wilful misstatement, or suppression of facts for FY 2017-18 up to 30.09.2023.
- ❖ The time period from the 1st of March 2020 to the 28th of February 2022 to be excluded for computation of limitation for recovery of erroneous refund u/s 73(10) of the CGST Act, 2017. As per the law the order for recovery of erroneous refund u/s 73(10) of the CGST Act,

Indirect Tax Notifications & Circulars

2017 is required to be issued within three years from the date of the said refund.

- ❖ The time period from the 1st of March 2020 to the 28th of February 2022 to be excluded for computation of limitation for filing refund application u/s 54 or 55 of the CGST Act, 2017. It may be noted that the said provision is in line with the decision of the Hon'ble Supreme Court granting an extension on a Suo motu basis on account of COVID – 19 pandemics

Link : <https://taxinformation.cbic.gov.in/view-pdf/1009416/ENG/Notifications>

6. Seek to make amendments (First amendment,2022) to the CGST Rules,2017

- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has been added a new proviso to Rule 21A(4) of the CGST Rules, 2017 to the effect that the suspended registration (owing to non-filing of the returns) that has not been cancelled shall be deemed to be revoked on furnishing of all the pending returns.
- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has added to Explanation 1 to rule 43 of the CGST Rules, 2017 to the effect that the aggregate value of exempt supplies for determination of restricted ITC shall exclude the value of supply of Duty Credit Scrips.
- A new clause (s) u/r 46 of the CGST Rules, 2017 has been added to the effect that the particulars required to be stated in the tax invoice shall include a declaration to be stated on the tax invoice indicating that the concerned taxpayer has not issued the invoice as per the manner specified u/s 48(4) (i.e. E-invoice) even though the aggregate turnover of such taxpayer from FY 2017 -18 exceeds the notified limits for E-invoice.
- A new sub-rule (4B) has been inserted in Rule 86 of the CGST Rules, 2017 to the effect that where the registered person (refund claimant) deposits the erroneous refund sanctioned u/s 54(3) of the CGST Act, 2017 then an amount equivalent to the amount of erroneous refund deposited shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03A.
- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has amended the Rule 87 of the CGST Rules 2017, to provide Unified Payment Interface (UPI) as well as Immediate Payment Services (IMPS) as additional modes for deposit of the funds in the electronic cash ledger.
- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has amended the Rule 89(2) of the CGST rules 2017 to provide that the person seeking a refund of accumulated ITC on account of export of electricity shall submit a statement containing the number and date of the export invoices, details of energy exported, tariff per unit for export of electricity as per the agreement, along with the copy of the statement of scheduled energy

Indirect Tax Notifications & Circulars

for exported electricity by Generation Plants issued by the Regional Power Committee Secretariat as a part of the Regional Energy Account (REA)

- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has added an explanation to the rule 89(4) of the CGST Rules,2017 to provide that the value of goods exported out of India shall be taken to be the Free on Board (FOB) or the value declared in the tax invoice or bill of supply, whichever is less. Hence for the determination of the eligible refund amount as per the formula given u/r 89(4), as regards the determination of the export turnover the FOB value or invoice value, whichever is less, is required to be considered.
- A separate field (paragraph 3.1.1) has been inserted to report the details of supplies notified u/s 9(5) of the CGST Act, 2017 (i.e., supplies on which the tax shall be payable by the electronic commerce operator). A corresponding change has been made in paragraph 3.2.

The ITC reversed and reported at paragraph 4(B)(1) that hitherto covered ITC reversed 'As per rules 42 & 43 of CGST Rules' shall now cover ITC reversed as per rules 38 (restricted ITC for banking company or financial institution), 42 and 43 of CGST Rules and sub-section (5) of section 17 (blocked ITC).

The details in paragraph 4(D) that included 'Ineligible ITC' shall now be renamed as 'other details' and shall cover under sub-item (1) "ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period" and under sub-item (2) "Ineligible ITC under section 16(4) and ITC restricted due to POS provisions".

- CBIC vide Notification No. 14/2022- Central Tax Dated 05.07.2022 has amended for the filings of Form GSTR-9 to be done for FY 2021-22.
 - a) He registered person shall report non-GST supply (Table 5F) separately and shall have an option to either separately report his supplies as exempted and nil rated supply or report consolidated information for these two heads in the "exempted" row only. Hence the aggregate value of supplies outside the ambit of GST as well as schedule III transactions shall now be separately reported
 - b) Reporting of the HSN Wise Summary of outward supplies at Table No. 17 to be mandatory and all other options/concessions granted in the previous year shall continue.
 - c) In Form GSTR-9C all the options/concessions granted in the previous year shall continue.

Indirect Tax Notifications & Circulars

7. Seeks to implement e-invoicing for the taxpayers having aggregate turnover exceeding Rs. 10 Cr from 01st October 2022.

CBIC vide Notification No. 17/2022- Central Tax Dated 01.08.2022 has reduced the threshold limit for E-invoicing with effect from 1st October 2022, every registered taxable person whose aggregate annual turnover exceeds Rs. 10 Cr in any of the financial year since 2017-18 shall be liable to issue E-Invoice. Earlier the limit was Rs. 20 Crores.

Link: <https://taxinformation.cbic.gov.in/view-pdf/1009474/ENG/Notifications>

Indirect Tax Notifications & Circulars

S. No Circulars

1. Mandatory furnishing of correct and proper information of inter-State supplies and amount of ineligible/blocked Input Tax Credit and reversal thereof in return in FORM GSTR-3B and statement in FORM GSTR-1

CBIC vide circular no. 170/02/2022-GST dated 06-JULY-2022 seeks to provide the instruction about the mandatory furnishing of information regarding inter-state supplies, input tax credit and reversal in form GSTR-3B and GSTR-1.

- Unregistered person making interstate supplies to the unregistered person shall also report the details of such supplies in table 3.2 of form GSTR-3B and Table 7B or Table 5 or Table 9/10 of FORM GSTR-1 as according to the case.
- If a registered person supplying to an unregistered person and composition taxpayer and to the UIN holders, then these transactions shall also report in table 3.2 of form GSTR-3B and Table 4A or Table 4C or Table 9 of FORM GSTR-1 as according to the case.
- Reversal of ITC which are absolute and not reclaimable like under Rule 38, Rule 42, Rule 43 and as per S.17(5) to be made in Table 4(B)(1).
- Reversal of ITC which can be reclaimed later such as under Rule 37, Section 16(2)(b) & Section 16(2)(c) to be made in Table 4(B)(2).
- ITC not available, on account of limitation of time period as delineated in sub-section (4) of section 16 of the CGST Act or where the recipient of an intra-State supply is in a different State / UT than that of place of supply, may be reported by the registered person in Table 4D (2).

Link : <https://taxinformation.cbic.gov.in/view-pdf/1003102/ENG/Circulars>

2. Clarification on various issues relating to applicability of demand and penalty provisions under the Central Goods and Services Tax Act, 2017 in respect of transactions involving fake invoices.

CBIC vide circular no. 171/03/2022-GST dated 06-JULY-2022 seeks to provide information about the clarification on issues relating to the applicability of demand and penalty provisions under CGST Act,2017 in respect of fake invoices. It has been mentioned that if the registered person issuing tax invoice, but the goods are not supplied by the vendor then penal action to be taken against a person.

Link : <https://taxinformation.cbic.gov.in/view-pdf/1003103/ENG/Circulars>

3. Clarification on various issue pertaining to GST

CBIC vide circular no. 172/04/2022-GST dated 06-JULY-2022 seeks to provide clarification regarding various issues related to refund claimed by the recipients in respect of deemed

Indirect Tax Notifications & Circulars

S. No Circulars

exports, interpretation of section-17(5) of CGST Act, prerequisite by employer to employee as per contractual agreement, utilization of amounts in electronic credit ledger and electronic cash ledger.

- The ITC of tax paid on deemed export supplies, allowed to the recipients for claiming refund of such tax paid, is not ITC in terms of the provisions of Chapter V of the CGST Act, 2017. Therefore, the ITC so availed by the recipient of deemed export supplies would not be subjected to provisions of section 17 of CGST Act, 2017.
- ITC availed by the recipient of deemed export supply for claiming refund of tax paid on supplies regarded as deemed exports is not to be included in the "Net ITC" for computation of refund of unutilised ITC on account of zero-rated supplies under rule 89(4) or on account of inverted rated structure under rule 89(5) of the CGST Rules, 2017.
- Clarification given in said circular related to ITC available in electronic credit ledger and cash ledger against the liability assess on self-assessment basis or arise due to under any provision of GST law.

Link: <https://taxinformation.cbic.gov.in/view-pdf/1003104/ENG/Circulars>

4. Clarification on issue of claiming refund under inverted duty structure where the supplier is supplying goods under some concessional notification.

CBIC vide circular no. 173/05/2022-GST dated 06-JULY-2022 seeks to provide clarification regarding the issue of claiming refund under inverted duty structure where the goods and services are supplied under some concessional notification. It is clarified that refund of accumulated input tax credit on account of inverted structure can be claim if the condition given under clause (ii) of sub-section (3) of section 54 of the CGST Act, 2017 would be satisfied. It is being clarified vide the said circular that refund of ITC would not be allowed even if input and output tax rate is same.

Link: <https://taxinformation.cbic.gov.in/view-pdf/1003105/ENG/Circulars>

5. Prescribing manner of re-credit in electronic credit ledger using FORM GST PMT-03A.

CBIC vide circular no. 174/06/2022-GST dated 06-JULY-2022 seeks to provide the instruction in the prescribed manner that the taxpayer shall deposit the amount of erroneous refund along with applicable interest and penalty, wherever applicable, through FORM GST DRC-03 and the same will be re-credit in electronic credit ledger by issuing new form GST PMT-03A within 30 days.

Link: <https://taxinformation.cbic.gov.in/view-pdf/1003106/ENG/Circulars>

Indirect Tax Notifications & Circulars

S. No Circulars

6. Manner of filing refund of unutilized ITC on account of export of electricity

CBIC vide circular no. 175/07/2022-GST dated 06/JULY/2022 seeks to provide the manner for filing refund of unutilised input tax credit of export of electricity. The applicant would be required to file the application for refund under “Any Other” category electronically in FORM GST RFD-01, on the portal and required to upload the details contained in Statement 3B of FORM GST RFD-01, on the portal. In remark column it is mandatory to enter export of electricity-without payment of tax (accumulated ITC). It is required to upload the document containing the number and date of the export invoices, details of energy exported, tariff per unit for export of electricity as per agreement, copy of statement of scheduled energy for electricity exported by the Generation Plants. It is hereby clarified that in case of export of electricity, the relevant date shall be the last date of the month, in which the electricity has been exported as per monthly Regional Energy Account (REA) issued by the Regional Power Committee Secretariat under regulation 2(1)(nnn) of the CERC (Indian Electricity Grid Code) Regulations, 2010

Link: <https://taxinformation.cbic.gov.in/view-pdf/1003107/ENG/Circulars>

7. Withdrawal of Circular No. 106/25/2019-GST dated 29.06.2019

CBIC vide circular no. 176/08/2022-GST dated 06/JULY/2022 seeks to provide information regarding withdrawal of circular no. 106/25/2019-GST issued on date 29/06/2019 regarding clarification in relation to Rule-95A for refund of taxes paid on inward supply of indigenous goods by retail outlets.

Link: <https://taxinformation.cbic.gov.in/view-pdf/1003108/ENG/Circulars>

Legal & Regulatory Notifications



S. No Notifications

1. Clarification on spending of CSR funds for "Har Ghar Tiranga" campaign

(Notification dated July 26, 2022)

Ministry of Corporate Affairs (MCA), vide its notification dated July 26, 2022, has notified that in order to invoke the feeling of patriotism in the hearts of the people and to promote awareness about the Indian National Flag.

It is mentioned that spending of CSR funds for the activities related to this campaign, such as mass scale production and supply of the National Flag, or other related activities, are eligible for CSR activities under item no. (ii) (which includes Promoting Education and Employment enhancing skills especially among women, elderly and differently abled) of Schedule VII of the Companies Act, 2013.

Link

<https://www.mca.gov.in/bin/dms/getdocument?mds=dXH1ziMu%252FmN%252BBSRLHN9evw%253D%253D&type=open>

2. Procedure of PAN application & allotment through simplified proforma for Incorporating Limited Liability Partnerships (LLPs) electronically {Form: FiLLiP}

(Notification dated July 26, 2022)

Ministry of Corporate Affairs (MCA), vide its notification dated July 26, 2022, has notified procedure of PAN application & allotment through simplified proforma for Incorporating Limited Liability Partnerships (LLPs). An applicant may apply for allotment of Permanent Account Number (PAN) through filing for incorporating Limited Liability Partnership (LLP).

Application will be filed in FiLLiP Form using DSC of applicant. After generation of LLPIN, MCA will forward the data to Income tax authority.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=kvBTyn49INIMUOv%252B38VTDg%253D%253D&type=open>

Column



Internal Audit - Relevance and Key risk areas to be addressed

By – Dhurba Chhetri

IBA

Overview & Context

Internal Audit is a process of evaluating internal controls of different departments within an organization. It helps to improve the value of an organization's operations, including its corporate governance and the accounting processes.

An organization may have an in-house Internal audit department or appoint an external entity to carry out the activity. This Internal Audit function is responsible for furnishing the report to the management for their further actions.

A few major reasons have been described below to understand why internal audit is important for an organization:

- ✓ Increases efficiency & productivity of the operations
- ✓ Evaluates risks and protects assets
- ✓ Ensures legal compliance
- ✓ Fraud Examination.
- ✓ Cost control management

Increases efficiency & productivity of the operations

All organizations have laid down policies & procedures to run their operations smoothly and effectively. Internal auditors give an assurance to the management that the policies and procedures which have been implemented by them are being adhered to. It also helps improve productivity of the business.

By continuously monitoring and reviewing the processes, internal auditor can identify control recommendations to improve the efficiency and effectiveness of the processes. It helps to allow an organization to be dependent on processes, rather than people.

Evaluates risks and protects assets

To evaluate risks, internal auditors scrutinize the organization's risk management processes (RCM), internal controls, and governance processes.

One of the key benefits of an internal audit is that it ensures that the Company has proper governance so that the risk of fraud or misuse of company's assets is minimised. Some types of theft that can occur within the company include, misuse of fund, not accounting of customer payments(sales) etc. With the help of an internal audit, the Company can create a system of checks and balances to reduce such instances.

Ensures legal compliance

An organization has to comply with many statutory compliances which includes Taxation, filling annual returns, Form filing with the Registrar of Companies (ROC), Corporate Social Responsibilities (CSR), Annual General Meetings should be held as per rules, Payroll compliances, Labour Act, Factory Act etc.

The Internal audit function helps provide an insight to the management on the status of these statutory compliances, on the basis of which, the management may take corrective action, wherever required.

Fraud Examination

In an organization there are many loopholes through which company assets can be misused, some of them are in nature of fraud.

Internal auditor's responsibility is to find out the root cause of such instances and perform careful examination to identify and confirm the fraud because until & unless the fraud and its genesis is established, further corrective action may be difficult to implement.

Cost control management

For boosting profit of the organization, management should focus on reducing such expenses which are unnecessary for the company. For example, if a bank account which is not in use for long period but paying maintenance charges regular basis, then it is better to close the account to save such cost. In another example, saving to pay interest on delay payment of statutory dues i.e., TDS, PF, ESI, LWF, PF etc.

Auditors should verify that cost management is supported by three fundamental enablers: spend transparency, procurement collaboration, and monitoring.

As discussed above, internal audit plays a vital role in an organization. There is common type of risk associated in all kinds of businesses and as business grows, risk also grows. To mitigate such risks, they need to be identified. Following are some of examples of Key risks associated in an organization:

- **Operational Risks** :- Poor control over stock management, Orders placed on the basis of single quotation or without any quotation, mismanage of company assets, Multiple vendor codes created for same vendor, Approvals not obtained as per the authority matrix etc.

- **Financial Risks** : Prior period expenses booked in current year, Revenue loss due to Insurance Claim not filed in respect of goods damage/lost in-transit, Security deposit made to suppliers have not been recovered from them after completion of the contract, Imprest given to employees for official expenses, not adjusted for long period, Unsettled supplier's advance for long period etc.
- HR & Payroll Risks - Salary paid to the ghost employee, Mismatch of salary sheet vs attendance register, non-deduction of statutory components, i.e., Provident Fund, ESI, LWF etc., Employee unsettled advance is pending after full & final settlement, Candidates appointed more than budgeted amount without approval, Background verification not done for certain prospective employee, Policy for monthly entitlement limit for employee's mobile expenses is not in place etc.
- Statutory non-compliance - ITC claimed on ineligible items u/s 17(5), Eligible Input tax credit (ITC) not claimed, Delay payment of MSME vendors for more than 45 days, Non-compliance of Minimum Wages Act 1948 (concerning Indian labour law that sets the minimum wages that must be paid to skilled and unskilled labours), Delay or non-submission of PF/ESI/PT, leading to levy of penalty, TCS has been not collected on the scrap sold. (As per Section 206C IT Act,1961) etc.
- IT General Controls - A back up Folder for employee's system in server not in place, Non installation of CCTV cameras at the office premises, Temperature/Environment controller device not Installed at server room, Access register for Service room not maintained, No Proper Disaster Recovery Plan maintained by the company, Password policies are not in the place, No dues Certificate from resigned employees to verify return back of IT Assets are maintained, Expired Licenses used for the software.

Conclusion

Internal audit is necessary for healthy growth of the Company. If the management wants to make sure that company meets the highest standards in every area, including data compliance and security, then it is absolutely essential to have a regular process of Internal Audit to ensure that the Company is always compliant, operating efficiently and one step ahead of the competition.

Deal Bulletin - Legal Advisory

The graphic features the IBA International Business Advisors logo at the top right. The main text reads: "DEAL BULLETIN IBA is proud to have been the legal counsel to Stork Ferro and Mineral Industries Private Limited for execution of their Asset Transfer Agreement towards acquisition of its Ferro Alloy assets by Tata Steel. The asset acquisition will provide an inorganic growth opportunity to Tata Steel to augment its Ferro Alloy processing capacities. IBA team comprised of Ms. Surbhi Sharma and Mr. Kapil Nayyar." Below this, there are two portraits: Kapil Nayyar and Surbhi Sharma. On the left, there are two news snippets: "Business Standard Tata Steel to acquire certain assets of Stork Ferro and Mineral Industries" and "THE ECONOMIC TIMES Industry Tata Steel to acquire SFML's ferro alloy assets in Odisha for Rs 155 cr". The website www.ibadvisors.co is at the bottom.

IBA is proud to have been the legal counsel to Stork Ferro and Mineral Industries Private Limited for execution of their Asset Transfer Agreement towards acquisition of its Ferro Alloy assets by Tata Steel.

Learning Session – GST Refund



Thank you Amit for letting us know the important and practical aspects involved in GST Refund.

Learning Session – Business Communication



Thank you Shuchi for delivering an interactive and informative session on Business Communication..

Upcoming Compliances

Date	Compliance
August 11, 2022	Due Date for filing of Form GSTR-1 for the period July 2022 for the registered taxpayers who have opted for monthly filing of GST Returns
August 13, 2022	Due Date for submission of invoices through IFF under QRMP scheme for the period July 2022 for the registered taxpayers who have opted for quarterly filing of GST Returns
	Due Date for filing of Form GSTR-6 for the period July 2022 for the registered taxpayers who have obtained Input Service Distributor (ISD) registration
August 15, 2022	Issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M in the month of June, 2022
	Statement of Deduction of Tax (Quarter I-FY 2022-23)
August 20, 2022	Due Date for filing of Form GSTR-3B for the period July 2022 for the registered taxpayers who have opted for monthly filing of GST Returns
August 25, 2022	Due Date for Challan Payment for the period July 2022 for the registered taxpayers who have opted for QRMP scheme
August 30, 2022	Furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M for the month of July 2022

Editorial Team



About us:

IBA is a leading financial and legal advisory company with specialization in Assurance, Risk Consulting, Legal, Direct Tax, Indirect Tax (GST) and Corporate Advisory for midsize, SMEs and start-up firms. IBA constitute a young team of path breaking professionals, who believe in creating value through innovation and creativity to provide ultimate client satisfaction. Clients benefit from our fresh thinking, constructive challenge and practical understanding of the issues they face. We aim to alloy a perfect blend of professionalism with high standards of service, in our pursuit of excellence.

Founded in the Year 2003, the company witnessed immense growth from 2 members to currently a 100 members team, with its offices in Delhi, Mumbai and Bengaluru and its clients from across states. IBA continues to offer wholesome service experience to boost highly valued client relationships by combining the technical and industry expertise at par with well-placed firms together with a personal commitment to optimize client service.

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We have our offices in Gurgaon, Mumbai and Bengaluru and associate arrangements in Chennai, Hyderabad, Ahmedabad and Kolkata in India and New York in USA



Queries/Feedback/Suggestions on this newsletter may be addressed to: info@ibadvisors.co

A joint initiative of International Business Advisors LLP (IBA) and Nayar Maniar Sharma & Associates LLP (NMSA). IBA is a LLP registered under the Limited Liability Partnership Act, 2008 having its registered office at S-217, Ground Floor, Panchsheel Park, New Delhi – 110017, India.

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