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BUSINESS ADVISORS

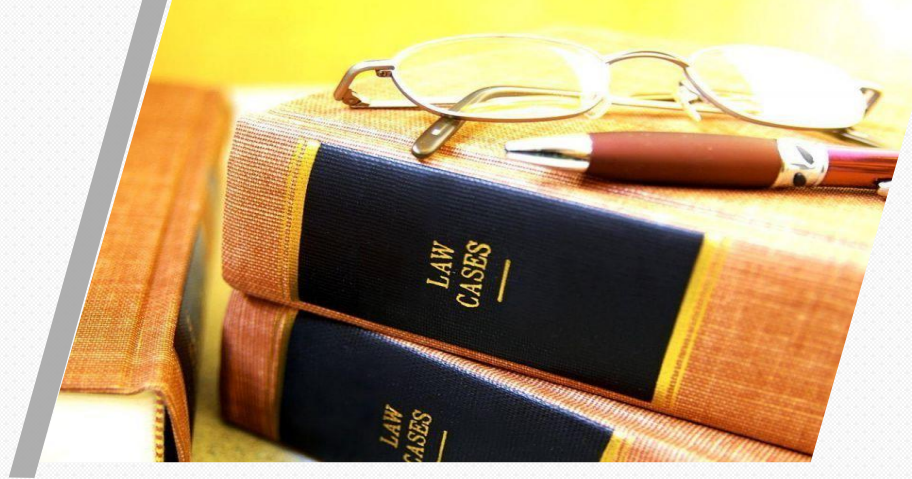
CONNEKT

August 2024

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Direct Tax Case Laws



Case Law 1:

IN THE ITAT CUTTACK BENCH Maa Jagat Janani Seva Trust v. CIT(E)* IT APPEAL NO. 248 (CTK) OF 2023

FACTS :

The assessee trust was granted registration under section 12A on May 21, 2014, effective from April 1, 2013. The trust subsequently filed Form 10A for re-registration under section 12A, and Form 10AC was issued on April 5, 2022, granting registration for the period from assessment year 2022-23 to assessment year 2026-27.

However, a show cause notice was issued to the trust on October 6, 2022, requesting an explanation as to why the registration should not be cancelled. The trust responded to this notice. The Principal Commissioner (Exemption) then passed an order stating that the trust had not provided a satisfactory explanation or reply to the show cause notice and consequently cancelled the registration under section 12AA, effective from April 1, 2014.

This decision was appealed to the Tribunal

HELD :

The facts of the case reveal that a show cause notice regarding the cancellation of registration under section 12AA was first issued by the Principal Commissioner (Exemption) on October 6, 2022. The cancellation order, however, does not provide specific reasons for rejecting the explanations given by the assessee in

response to earlier show cause notices. The Principal Commissioner (Exemption) claimed that the replies addressed observations from the Assessing Officer rather than the reasons for the cancellation notice. The reasons cited for cancellation were based on issues considered in assessment orders for the years 2013-14 and 2014-15, which the assessee had responded to.

Furthermore, since the show cause notice was issued on October 6, 2022, the Principal Commissioner (Exemption) could not retroactively cancel the registration from April 1, 2014. The provisions under section 12AA/12AB do not allow for retrospective cancellation of registration.

Additionally, section 12AB(4), amended by the Finance Act, 2022 effective April 1, 2022, replaced section 12AB(5). Prior to this amendment, cancellation was governed by section 12AB(5). The changes from section 12A to section 12AA and then to section 12AB were made to align with the charitable institution registration process. However, the statute does not provide for the cancellation of registration with retrospective effect. Thus, the retrospective cancellation order is not permissible under the law.

As a result, the appeal by the assessee is allowed.

Case Law 2:

HIGH COURT OF MADRAS Basheera Begum v. Joint Commissioner of Income-tax W.P. NO. 16939 OF 2024

Direct Tax : Case Laws

FACTS :

The petitioner failed to file their income tax return. Proceedings were initiated following a notice under section 148. In response to a notice under section 142(1), the petitioner stated that they had sold a property in the 2017-18 financial year, invested the sale proceeds in fixed deposits, and earned Rs. 18.76 lakhs in interest.

The petitioner provided supporting documents, including income computation statements, schedules, and an income tax challan. After receiving an additional notice, the petitioner submitted further documents, such as a bank account statement, a copy of the sale deed, and previous assessment orders.

Dissatisfied with the response regarding the interest income, a show cause notice was issued. The petitioner did not respond to the show cause notice. As a result, an assessment order was issued. This has led to the current writ petition.

HELD :

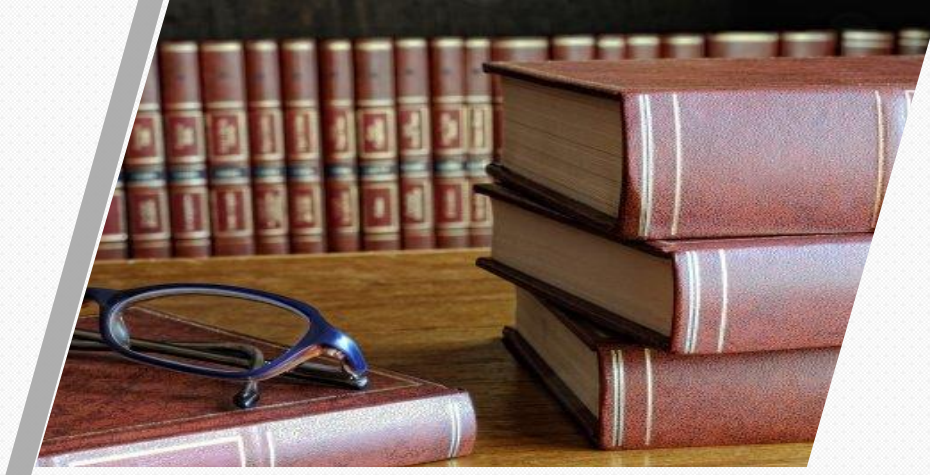
Upon reviewing the petitioner's response dated October 2, 2023, it is evident that the petitioner clearly stated that the amounts mentioned in the notice under Section 142(1) were received as interest income. The petitioner attached an income computation statement and a challan for the income tax paid for the relevant assessment year. This challan, which is also on record, shows that a sum of Rs. 2,33,839 was paid as self-assessment tax for the assessment year 2019-20. Additionally, the petitioner provided documents in the reply dated December 12, 2023, including copies of the relevant sale deed and bank account statements.

Reviewing the disputed assessment order, it

appears that the Assessing Officer considered the sale deed related to the property sale and acknowledged the petitioner's claim of interest income from fixed deposits. However, the income tax challan and the TDS details were not considered. It is also important to note that the petitioner did not respond to the show cause notice or file the return of income despite a notice under Section 148 being issued. Given these circumstances, the matter should be remanded with costs imposed on the petitioner.

For these reasons, the assessment order dated February 15, 2024, is set aside on the condition that the petitioner pays Rs. 15,000 to the Tamil Nadu State Legal Services Authority within two weeks from receiving a copy of this order. During this period, the petitioner may respond to the show cause notice. To facilitate this, the respondents are directed to grant access to the portal. Upon receipt of the petitioner's reply and confirmation of the costs payment, the Assessing Officer is instructed to provide a reasonable opportunity to the petitioner, including a personal hearing, and to issue a fresh assessment order within three months from the date of receipt of the petitioner's reply.

Indirect Tax : Case Laws



Case Law 1:

HIGH COURT OF CALCUTTA (Hari Om Arora V./s Union of India) RAJA BASU CHOWDHURY, J.WPA NO. 8072 OF 2022, JULY 11,2024

Findings in the Case:

1. The petitioner, operating under the name M/s Mobile Care, is registered under the Central/West Bengal Goods and Services Tax Act, 2017 (CGST Act). On 11th November 2021, the petitioner applied to transition from the 'composition scheme' to the normal scheme, which was approved by the respondent authorities.
2. The petitioner was required to upload the input tax credit (ITC) certificate within 30 days from the approval date. However, due to the pandemic and the medical condition of the petitioner's chartered accountant, the certificate could not be uploaded on time. An attempt to upload on 12th December 2021, the 32nd day, was unsuccessful as the portal did not permit late submissions.
3. The petitioner's application for condonation of delay was rejected by the respondent authorities on 21st February 2022. The petitioner then filed a writ petition (WPA 3479 of 2022), resulting in an order from a coordinate Bench on 9th March 2022 directing the respondents to reconsider the condonation application. Despite acknowledging the petitioner's explanation, the Joint Comm an order dated 1st April 2022, held that issuer, by there was no provision in the Act or Rules

allowing for the condonation of delay, leading to rejection of the application.

Judgement :

1. The Court noted that the Joint Commissioner had accepted the petitioner's explanation for the delay but had not condoned the delay due to an alleged lack of statutory provision. However, the Court found that Rule 40(1)(b) of the West Bengal GST Rules, 2017, does authorize the Commissioner to extend the time limit for filing the ITC certificate. The coordinate Bench's order directing reconsideration of the condonation application was not appealed by the respondents, making it binding.
2. The Court referred to a similar case, M/s Anupam Electricals and Electronics v. State of U.P. and Another, where the Allahabad High Court condoned a delay in filing Form GST ITC-01 under similar circumstances. The Court also distinguished the present case from the Privy Council decision in Maqbul Ahmad & Ors. v. Onkar Pratap Narain Singh & Ors., emphasizing that the statute in question does recognize the power to extend the time limit.
3. The Court directed the respondent authorities to condone the delay and allow the petitioner to file Form GST ITC-01. The respondents were instructed to issue the necessary orders or directions to enable the petitioner to file the return.

Indirect Tax

Notifications & Circulars



S. No Notifications

1. Notification No. 12/2024 – Central Tax dated 10 July 2024

Introduction of Form GSTR-1A and corresponding amendments to the Rules thereof (Effective from: 10 July 2024)

❖ Amendment :

- Insertion of a Proviso to rule 59(1) of the CGST Rules to introduce Form GSTR-1A stating that after furnishing the details of outward supplies in Form GSTR-1 for a tax period but before the filing of return in Form GSTR-3B for the said tax period, a registered person may at their own option, amend or furnish additional details of outward supplies in Form GSTR-1A for the said tax period.

❖ Instructions for filing Form GSTR-1A have clarified that –

- It is an additional facility provided to add any particulars of the current tax period missed out in reporting in Form GSTR-1 of the current tax period or amend any particulars already declared in Form GSTR-1 of the current tax period [including those declared in invoice furnishing facility (IFF), for the first and second months of a quarter, if any, for quarterly taxpayers].
- The particulars declared in Form GSTR-1A along with the particulars declared in Form GSTR-1 will be made available in Form GSTR-3B.
- The form is an optional form without the levy of late fees.
- Amendment of a document which is related to a change in the recipient's GST Identification Number (GSTIN) will not be allowed.
- In addition to the Form GSTR-2B already generated, Form GSTR-2B will also consist of all the supplies declared by the respective suppliers in Form GSTR-1A. However, supplies declared or amended in Form GSTR-1A will be made available in the next open Form GSTR-2B

2. Invoice wise details in Forms GSTR-1 and GSTR-1A (Amendment regarding Form GSTR-1, effective from: 1 August 2024; amendment w.r.t. Form GSTR-1A effective from 10 July 2024)

❖ Amendment :

- Amendment to rule 59 of the CGST Rules to reduce the threshold for reporting invoice wise details in Form GSTR-1 for business to consumer (B2C) interstate supplies has been reduced from INR250,000 to INR100,000. Consequently, amendments are made in Table 5 and 7 of Form GSTR-1.
- A similar threshold is prescribed for Form GSTR-1A.

Indirect Tax Circulars & Notifications

S. No Notifications

3. Notification No. 14/2024 – Central Tax - Annual return exemption for small taxpayers (Effective from: 10 July 2024)

- The registered person whose aggregate turnover in the financial year (FY) 2023-24 is up to INR 2 crores is exempted from filing an annual return for the said FY 2023-24.

"The relevant notification can be accessed via this link." [Explore \(cbic.gov.in\)](#)

Circulars :

1. Circular No. 226/20/2024-GST

To ensure uniformity in the implementation of refund claims for additional Integrated Goods and Services Tax (IGST) paid due to upward revision in prices of exported goods, the Central Board of Indirect Taxes and Customs (CBIC) has laid down a specific procedure under Section 168(1) of the CGST Act, 2017. Key points of the procedure are summarized below:

❖ Filing Refund Claims:

- Automated Processing: Normally, IGST refunds for exported goods are processed automatically under Rule 96 of the CGST Rules. However, there is no automated system for handling refunds for additional IGST due to price revisions after export.
- Application Submission: Exporters must file a refund application in FORM GST RFD-01 electronically on the common portal. The jurisdictional GST officer will process these applications. This change has been implemented through Notification No. 12/2024-CT dated 10.07.2024, amending the CGST Rules to allow such filings under Rule 89.
- Temporary Measures: Until the development of a dedicated category for such refunds in FORM GST RFD-01, exporters should file under the "Any other" category with the remarks "Refund of additional IGST paid on account of increase in price subsequent to export of goods" and submit all relevant documents, including statements 9A & 9B.
- Document-Based Processing: The refund will be processed based on documentary proof, including validated details of shipping bills, IGST amounts involved, and IGST refunds sanctioned by customs.

❖ Additional Conditions:

- Minimum Refund Amount: Refund claims must be at least one thousand rupees as per Section 54(14) of the CGST Act.
- Time Limit for Filing: Refund applications must be filed within two years from the relevant date as defined in Section 54 of the CGST Act. For cases where this relevant date was before the new rule came into force, the application can be filed within two years from the rule's effective date.

Indirect Tax Circulars & Notifications

S. No Circulars

- **Verification by Proper Officer:** The proper officer will verify that the exporter has reported the details of export invoices and debit notes in FORM GSTR-1, and has paid the additional IGST along with applicable interest in FORM GSTR-3B. They will also check the revised values and foreign exchange remittances received.
- ❖ **Issuing Refund:**
 - **Scrutiny and Approval:** The proper officer will scrutinize the application for completeness and eligibility. If satisfied, they will issue the refund sanction order in FORM GST RFD-06 and the payment order in FORM GST RFD-05, along with a detailed speaking order.
- ❖ **Downward Revision of Prices:**
 - **Deposit of Excess Refund:** In cases of downward revision in prices post-export, the exporter must deposit the proportionate excess refund amount of IGST received, along with applicable interest. The proper officer will verify this during the refund processing.

Legal & Regulatory Notifications



S. No Notifications

1. Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024

(Notification dated July 15, 2024)

The Central Government, under section 405 of the Companies Act, 2013, has amended the Specified Companies (Furnishing of Information about Payment to Micro and Small Enterprise Suppliers) Order, 2019.

- In paragraph 3, the following proviso shall be inserted, namely:-
“Provided that only those specified companies which are having payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall furnish the information in MSME Form-1.”
- The amendment, effective from its publication date.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=5d6WlpyCZCPzZo0CHi%252B7oA%253D%253D&type=open>

2. COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) AMENDMENT RULES, 2024

(Notification dated July 15, 2024)

Company e-Filings on V2 portal will be disabled from 04th July 2024 12:00AM. (2) All stakeholders are advised to ensure that there are no SRNs in pending payment/pending for investor details upload/Resubmission status. (3) Offline payments for the above 9 forms in V2 using Pay later option would be stopped from 01st July 2024 12:00 AM. You are requested to make payments for these forms in V2 through online mode (Credit/Debit Card and Net Banking). (4) In view of the upcoming launch of 9 Company forms, V3 portal will not be available from 13th July 2024 12:00 AM to 14th July 2024 11:59 pm. (5) V2 Portal for company filing will remain available for all the V2 forms excluding above mentioned 9 forms. Stakeholders may plan accordingly.

The Central Government has amended the Companies (Significant Beneficial Owners) Rules, 2018:

- Title and Effective Date: The rules are now called the Companies (Significant Beneficial Owners) Amendment Rules, 2024, effective from the date of publication in the Official Gazette.

Legal & Regulatory

S. No Notifications

- Form Substitution: Form BEN-2 is replaced with a new form.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=S3dBrxv6fJnMAAq504cuag%253D%253D&type=open>

3. FILINGS UNDER SECTION 124 AND SECTION 125 OF THE COMPANIES ACT 2013 READ WITH IEPFA (ACCOUNTING, AUDIT, TRANSFER AND REFUND) RULES 2016 IN VIEW OF TRANSITION FROM MCA 21 VERSION 2 TO VERSION 3.

(Circular dated July 16, 2024)

In view of transition of form from V2 to V3, the additional fees on filling various IEPF e-forms (IEPF-1, IEPF-1A, IEPF -2, IEPF- 4) and e-verification of claims filed in e-form IEPF-5 has been waived till 16 August 2024.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=u%252BMHQ4dhvMRwpAEapkpHzg%253D%253D&type=open>

4. NIDHI (AMENDMENT) RULES, 2024

(Notification dated July 16, 2024)

The Central Government, under sections 406 and 469 of the Companies Act, 2013, has amended the Nidhi Rules, 2014. The amendment, effective from its publication date, introduces the following:

- **Title:** The rules are named the Nidhi (Amendment) Rules, 2024.
- **New Proviso:** A company shall not use the words “Nidhi Limited” in its name unless it is declared as such under sub-section (1) of section 406 of the Act.”

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=2TvNXobyeg%252FhPEeclHCqQg%253D%253D&type=open>

5. INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (ACCOUNTING, AUDIT, TRANSFER AND REFUND) AMENDMENT RULES, 2024.

(Notification dated July 16, 2024)

The Central Government has amended the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as follows:

- **Title and Effective Date:** The rules are now called the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2024, effective from their publication date.

Legal & Regulatory

S. No Notifications

▪ Form Substitutions:

- ✓ Replace "IEPF-3" with "IEPF-4".
- ✓ Replace "IEPF-7" with "IEPF-1".

▪ Rule 6 and 6A has been Amended:

These changes aim to streamline processes and update the regulatory framework

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=P8CBgh44cfDr98J2el6P6Q%253D%253D&type=open>

6. COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

(Notification dated July 16, 2024)

The Central Government has amended the Companies (Management and Administration) Rules, 2014:

- **Title and Effective Date:** The rules are now called the Companies (Management and Administration) Amendment Rules, 2024, effective from the date of publication in the Official Gazette.
- **Form Substitution:** Form MGT-6 is replaced with a new form

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=ndpHuCJc6flyAOxUho1U2A%253D%253D&type=open>

7. COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) AMENDMENT RULES, 2024.

(Notification dated July 16, 2024)

The Central Government has amended the Companies (Appointment and Qualification of Directors) Rules, 2014, as follows:

- **Title and Effective Date:** The rules are now called the Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024, effective from 01 August 2024.
- **Rule 12A Changes:**
 - ✓ **Third Proviso:** Personal details updates must be completed on or before 30th September of the financial year.
 - ✓ **New Proviso inserted:** If an individual wishes to update their personal mobile number or email address more than once during the financial year, they must submit e-form DIR-3 KYC on a payment of fee ₹500.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=mC5cB95CPxV7kH2cdGeoAA%253D%253D&type=open>

Legal & Regulatory

S. No Notifications

8. COMPANIES (INCORPORATION) AMENDMENT RULES, 2024

(Notification dated July 16, 2024)

The Central Government has amended the Companies (Incorporation) Rules, 2014, as follows:

- **Title and Effective Date:** The rules are now called the Companies (Incorporation) Amendment Rules, 2024, effective from the date of publication in the Official Gazette.
- **Rule 8A Amendments:**
 - ✓ **Clause (p):** The word "Nidhi" is omitted.
 - ✓ **Clause (v):** This clause is omitted.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=h48DSNSqIRQOiYGQ5FW8eA%253D%253D&type=open>

9. MERGER OF FORMS IEPF-3 WITH IEPF-4 AND IEPF-7 WITH IEPF-1 ALONG WITH CHANGE IN PAYMENT PROCESS THEREOF IN MCA VERSION 3

(Circular dated July 17, 2024)

To ease compliance and simplify filings, the following changes are being made:

- **Form Merging:** Forms IEPF-3 and IEPF-7 was merged with Forms IEPF-4 and IEPF-1, respectively, in MCA Version 3. These revised forms will now be processed through STP (Straight Through Process).
- **Payment Procedure:** Payments related to shares and unpaid dividends must be made online through MCA21 using the "Pay Miscellaneous Fee" service, after selecting the "Investor Education and Protection Fund" option.

These changes supersede General Circular No.12/2017.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=HUMO%252BJ649ilkfBF%252Bb%252FTxoQ%253D%253D&type=open>

10. COMPANIES (ADJUDICATION OF PENALTIES) AMENDMENT RULES, 2024

(Notification dated August 05, 2024)

The Central Government has amended the Companies (Adjudication of Penalties) Rules, 2014:

- **Title and Effective Date:** The rules are now called the Companies (Adjudication of Penalties) Amendment Rules, 2024, effective from 16th September 2024.
- **New Rule 3A:**
 - ✓ **Electronic Adjudication:** All proceedings related to adjudication (notices, replies, evidence, hearings, orders, and penalties) must be conducted electronically through an e-adjudication platform.

Legal & Regulatory

S. No Notifications

- ✓ **Notice Procedures:** If an email address is not available, notices will be sent by post to the last known address and preserved electronically. If no address is available, notices will be posted on the e-adjudication platform.

Link:

<https://www.mca.gov.in/bin/dms/getdocument?mds=ksyWu6kmYbS46oyUYmt6cw%253D%253D&type=open>

11. LIMITED LIABILITY PARTNERSHIP (AMENDMENT) RULES, 2024.

(Notification dated August 05, 2024)

The Central Government has amended the Limited Liability Partnership Rules, 2009:

- **Title and Effective Date:** The rules are now called the Limited Liability Partnership (Amendment) Rules, 2024, effective from 27th August 2024.
- **Rule 37 Amendments:**
 - ✓ **Sub-rule (1):**
 - i. **Clause (b):** Insert "the Centre for Processing Accelerated Corporate Exit" after "Registrar."
 - ii. **First Proviso:** Insert "the Centre for Processing Accelerated Corporate Exit" after "Registrar."

Link:

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

Reserve Bank of India

1. Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)

The Reserve Bank of India has issued the "Reserve Bank of India (Fraud Risk Management in NBFCs) Directions, 2024," which will replace the previous Master Directions from September 29, 2016. These new directions, effective immediately, are issued under Sections 45K, 45L, and 45M of the RBI Act, 1934, and Sections 30A, 32, and 33 of the National Housing Bank Act, 1987.

For more details: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12704&Mode=0>

2. Master Direction - Overseas Investment

The Reserve Bank of India has issued new Master Directions on Overseas Investments by residents in India, on July 24, 2024. These directions are based on the Foreign Exchange Management (Overseas Investment) Rules, 2022, and Regulations, 2022. They outline how Authorised Dealer Category-I banks should manage foreign exchange transactions related to overseas investments, ensuring compliance with these rules and regulations. The Master Direction includes compiled instructions and reporting requirements, and supersedes earlier circulars on this topic.

For more details: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12710&Mode=0>



Forensic Audit

Sachin Rathi

IBA

In the world of finance and business, accuracy and integrity are paramount. This is where a forensic audit comes into play. But what exactly is a forensic audit, and when does your business need one? In this guide, we will explain the concept of forensic audits, explore the scenarios where they are essential, and delve into the process of conducting such audits.

❖ Meaning: -

A forensic audit is an examination and evaluation of Individual's or a company's financial information for use as evidence in court. A forensic audit can be conducted to prosecute a party for fraud, embezzlement or other financial claims. In addition, a forensic audit may be conducted to determine negligence, misuse of powers or even to determine undue benefits given to any other company or individual.

Forensic audit is also conducted on behalf of the banks and financial institutions, insolvency professional agency, SEBI or Management of the company.

It is the process used to examine an individual's or company's financial information for use as evidence in court. It helps detect diversion of funds, willful defaults and window dressing of financial statements.

A forensic audit is therefore an independent and comprehensive process of reviewing a person's or the company financial statements to determine if they are accurate and whether any financial benefit has been attained by way of presenting an unrealistic picture or any illegal activity.

❖ Objectives of Forensic Auditing: -

- To use the forensic auditor's conclusions to facilitate a settlement, claim, by reducing the financial component as an area of continuing debate.
- To avoid fraud and theft.
- To restore the downgraded public confidence.
- To formulate and establish a comprehensive Corporate Governance policy.
- To create a positive work environment.

❖ Forensic Audit services typically include: -

- Financial Statement
- Computer Forensic

- Electronic Discovery
- Bankruptcies, Insolvencies, and reorganizations
- Workplace fraud investigations

❖ **Forensic Audit Methodology:** -

Forensic audit is a process of resolving signs or allegations of fraud/misrepresentation from inception to disposition.

Forensic audit involves efforts to resolve allegations or signs of fraud when the full facts are unknown or unclear; therefore, it seeks to obtain facts and evidence to help establish what happened, identify the responsible party, and provide recommendations where applicable.

When conducting the forensic audit to resolve signs or allegations of fraud, the forensic auditor should:

- Assume litigation will follow.
- Act on prediction.
- Approach cases from two perspectives.
- Move from the general to the specific.
- Use the fraud theory approach.

❖ **Type of Fraud:** -

The forensic accountant could be asked to investigate many different types of fraud. The most common involves theft, including cash, inventory and fraudulent payments. The three categories of frauds are corruption, asset misappropriation and financial statement fraud

I. Corruption: -

There are three types of corruption frauds: conflicts of interest, bribery, and extortion. Research shows that corruption is involved in around one third of all frauds.

- ✓ In a conflict-of-interest fraud, the fraudster exerts his/her influence to achieve a personal gain which detrimentally affects the company. The fraudster may not benefit financially, but rather receives an undisclosed personal benefit because of the situation. For example, a manager may approve the expenses of an employee who is also a friend to maintain that friendship, even if the expenses are inaccurate.

II. Asset Misappropriation: -

By far the most common frauds are those involving asset misappropriation, and there are many different types of fraud which fall into this category.

The common feature is the theft of cash or other assets from the company, for example:

- Cash theft: Misappropriation of cash, the stealing of physical cash, for example petty cash, from the premises of a company.
- Fraudulent disbursements: raising fake invoices, company funds being used to make fraudulent payments. Common examples include billing schemes, where payments are made to a fictitious supplier, and payroll schemes, where payments are made to fictitious employees (often known as 'ghost employees').
- Inventory frauds: the theft of inventory from the company.
- Misuse of assets: employees using company assets for their own personal interest.

III. Financial Statement Fraud: -

This is also known as fraudulent financial reporting and is a type of fraud that causes a material misstatement in the financial statements. It can include deliberate falsification of accounting records; omission of transactions– either revenue or expenses, non-disclosure of relevant details from the financial statements, balances or disclosures from the financial statements; or the misapplication of financial reporting standards. This is often carried out with the intention of presenting the financial statements with a particular bias, for example concealing liabilities to improve any analysis of liquidity and gearing.

❖ Difference between Forensic Audit and Statutory Audit:

S. No	Basis	Statutory Audit	Forensic Audit
1	Objective	To express opinion as to 'true & fair' presentation.	To determine correctness of the accounts or whether any fraud has taken place.
2	Techniques	'Substantive' and 'compliance' procedures.	Analysis of past trend and substantive or 'in depth' checking of selected transactions are done.
3	Period	Normally all transactions for the accounting period are considered.	There are no such limitations while conducting forensic audit and accounts may be examined in detail from the beginning.
4	Management Representation	Auditor relies on the management certificate/representation of management.	Independent verification of suspected/selected items carried out
5	Off Balance-sheet Items (Like contract etc.)	Off balance-sheet items are used to vouch the arithmetic accuracy & compliance with procedures.	Regularity and propriety of these transactions/contracts are examined.

❖ Conclusion: -

In summary, a forensic investigation is a very specialised and detailed type of engagement, which requires highly skilled team members who have experience not only of accounting and auditing techniques, but also of the relevant legal framework. There are numerous different types of fraud that a forensic accountant could be asked to investigate. The investigation is likely to ultimately lead to legal proceedings against one or several suspects, and members of the investigative team must be comfortable with appearing in court to explain how the investigation was conducted, and how the evidence has been gathered. Forensic accountants must therefore receive specialist training in such matters to ensure that their credibility and professionalism cannot be undermined during the legal process.

Celebrating Success



Congratulations to our newly qualified chartered accountants – Anmol, Anuranjan & Ajay. Best wishes to Kishan and Vanshita on becoming a CA finalist. Their achievement not only reflects their individual excellence but also exemplifies the high standards of professionalism and expertise that we uphold here at IBA.

Training-Streamlining Your Workflow for Success



The interactive session by Shuchi Maitra on effective task management and delivery. This training has empowered our team with the skills needed to enhance productivity and efficiency in their daily work.

Upcoming Compliances

Date	Compliance
August 11, 2024	Due Date for filing of Form GSTR-1 for the tax period July 2024 for the registered taxpayers who have opted for monthly filing of GST Returns
August 13, 2024	Due Date for filing of GSTR-1/IFF under QRMP scheme for the tax period July pertaining to quarter July to Sep 2024 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 2024 for the registered taxpayers who have obtained Input Service Distributor (ISD) registration
August 14, 2024	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of June, 2024
August 15, 2024	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July,2024 has been paid without the production of a challan.
	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of July,2024
	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2024
August 20, 2024	Due Date for filing of Form GSTR-3B for the period July 2024 for the registered taxpayers who have opted for monthly filing of GST Returns
August 30, 2024	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194M, 194-IB, 194S for the month of July,2024
August 31, 2024	Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on October 31, 2024).
	Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on October 31, 2024)

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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.

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