

GURUGRAM BRANCH OF NIRC

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



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VOLUME 1

Chartered Accountant



CA. Arun Aggarwal
(Chairman)

“Once you start working on something, don't be afraid of failure and don't abandon it. People who work sincerely are the happiest.”

– Chanakya





My Dear Professional Colleagues,

A happy new year to you!

I would like to start my note with a beautiful thought invoked by our worthy president, CA Prafulla P Chhajed in his Message to members on 31st Dec 2019

“While you put in your best foot forward, it is also of extreme importance to cherish your family and friends and make time for them. The love of your kith and kin is more than enough to ensure that the New Year energy sustain the upheavals of time and make it to the end of the year. After all it is nothing but the shelter of their love and the comfort of their companionship that makes all ends easier and beginnings happier.”

Year 2019 was a year with difference – economically, financially, politically, socially and environmentally. The year saw many significant changes and amendments to several laws. Technology is disrupting our lives every second and new opportunities like blockchain, forensic audit are emerging. Professional opportunities in Valuation and Insolvency Resolution are immense. There are many new opportunities and threats before the profession. As a professional we need to keep abreast of the recent changes and be ready for the change. We, at Gurugram Branch, have tried our level best to play our role to disseminate knowledge to our members and students and equip them to face these challenges through learning via seminars and conferences.

Probably the best month of the year was to be kept till the last!

December was the best month in multiple areas. We closed the year with a 2 Day Mega National CA Conference - Aghaaz 2020 on 29-30 Dec 2019 which was well supported by mega seminar on International Taxation on 25th Dec 2019. Apart this, your branch conducted 15 CPE programs during the month including Series on Accounting Standards and SOA.

As a first, your branch saw the first ever National Cricket Tournament hosted on 14-15th December 2019 wherein teams from different regions (CIRC, WIRC, NIRC) and cities (Pune, Ahmedabad, Patiala, Meerut, Gurugram etc) participated. This was a historical program which was well received by the members.

The First ever Placement Program for Industrial Trainees in the history of ICAI was also conducted in your branch. The program was well received by both the students as well as CA Members in industry wherein 10+ best class companies took 140+ interviews and shortlisted 50+ students for providing Industrial Training with them. We thank all the stake holders for their help and support through this process.

You will be delighted to know that CA members from Gurugram showed their philanthropic side and contributed more than 5 lacs for CABF. As a first, 100 new CABF life members were added to the Chartered Accountant Benevolent Fund. I salute the spirit of professional brotherhood of members at large.

Before concluding, I wish all members and students a happy new year and seek your support and continued progress of our profession in the upcoming decade.



**CA. Arun Aggarwal
(Chairman)**

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The term 'Non-Compete Fee' has hit headline in some of the key recent acquisition transactions. As the parties negotiate the acquisition terms, an acquirer prefers impose restrictions on the seller from competing with the business being acquired to soliciting customers for a specific period after completion of the transaction. Matters become complex when the transferor sells shares in an operating company and agrees to refrain from entering a competing or similar line of business.

This article brings out the implications under the SEBI law, Takeover and Contract Act, Direct and Indirect tax laws to understand Non-compete fee from a 360-degree perspective.

1. Meaning of Non-Compete fees

Non-compete fees is denoting or relating to a clause, provision, or agreement by which parties are bound not to compete. In simple words, non-compete fees is paid to selling promoters by the acquirer so that the erstwhile promoters do not re-enter the business and pose serious competition to the acquired company.

2. Key aspects under SEBI

Looking at Non-compete fees from Corporate tax angle, non-compete fees has always made headlines in most of the M&A. While SEBI seems to address such issues in its Takeover Regulations 2011 by including such premium in the offer price, there seems to be grey areas in case of mergers and amalgamations. Absence of any specific regulation in such cases seems to create more confusion in the market thereby bringing such deals in the spotlight of the regulators and investors.

In case of a takeover offer under SEBI Takeover Regulations, Non-compete fees is totally banned. However, any M&A transaction carried out under section 391 is outside the purview of SEBI Takeover Regulations. Hence it is possible to pay non-compete fees under a scheme of merger, depending upon the commercial reality of businesses.

3. Key aspects under Takeover Code & Contract Act

Taking into consideration the legal position, two prime legislations which deserve attention are the Indian Contract Act and the Takeover Code. Takeover Code doesn't prohibit the payment of such fees to the

promoter, however, it imposes a restriction on the acquirer that the non-compete fee cannot exceed 25% of the price offered to the shareholders in the open offer. The SAT has held in the Tata Tea Ltd. case that inclusion of such a fee is valid under the law, however, the SEBI still has the power to interfere and determine the reasonableness of the payment in a specific case, since there might be a situation where a payment may be made to a promoter who cannot compete in order to reduce the offer price.

4. Key aspects under Goods and Service Tax Act, 2017

Supply of service as per Serial No 5(e) of Schedule II of Central and Goods Service Tax Act, 2017 includes "Agreeing to the obligation, or to refrain from an act, or to tolerate an act or a situation, or to do an act".

In other words, Serial No 5(e) of Schedule II should be construed to mean that GST liability arises in the eventualities enlisted below as the same would be deemed to be supply of "services" under the GST law.

- agreeing to the obligation to refrain from an act;
- agreeing to the obligation to tolerate an act or situation;
- agreeing to the obligation to do an act.

The words 'agreeing to the obligation' appearing in clause (e) applies to all the 3 activities. As per the contract, the provider of service here agrees to refrain or tolerate or to do an act. This act of provider benefits recipient. Therefore, recipient consumes the service and pays for the same.

Therefore, in simple words, it can be understood that agreeing not to do is also a supply of service and would be taxable.

5. Implications under the Income Tax Act, 1961

5.1 Position prior to the amendment proposed by the Finance Bill, 2002

Prior to the amendment proposed by the Finance Bill, 2002, there were no specific provisions in the Act, providing dealing with the implications of 'non-compete' payments. Recourse was made to various judicial decisions in this regard.

The Supreme Court in the case of CIT v. Coal





Shipments (P.) Ltd. has laid down the principle that although the payment made to ward-off competition in business to a rival dealer would constitute capital expenditure if the object of making the payment is to derive an advantage by eliminating the competition over some length of time; the same result would not follow if there is no certainty as to the duration of the advantage and the same can be put to end at any time.

In a situation where the competition is restricted for a short duration of time or where there is no certainty as to the duration of restriction and the same can be revoked at any time, the Courts have, inter alia, taken the view that ‘non-compete’ payment is revenue in nature.

However, in a situation where the competition is eliminated permanently or for a long period of time, the Courts have, inter alia, in the following cases taken the view that ‘non-compete’ payment is capital in nature as the same will result in an enduring advantage.

Supreme Court of India in case of Guffic Chem (P.) Ltd. Vs. CIT has held that there is a dichotomy between the receipt of compensation by an assessee for the loss of agency and receipt of compensation attributable to the negative/restrictive covenant. The compensation received for the loss of agency is a revenue receipt, whereas the compensation attributable to a negative/restrictive covenant is a capital receipt.

Payment received as non-competition fee under a negative covenant was always treated as a capital receipt till the assessment year 2003-04.

In fact, in order to put an end to the litigation, the Parliament stepped in to specifically tax such receipts under non-competition agreement with effect from 1-4-2003. It is only vide the Finance Act, 2002 with effect from 1-4-2003 that the said capital receipt is now made taxable under section 28(va). The Finance Act, 2002 itself indicates that during the relevant assessment year compensation received by the assessee

3[1973] 87 ITR 650

4[1955] 27 ITR 34

5[2011] 198 Taxman 78

under non-competition agreement was a capital receipt, not taxable under the Act. It became taxable only with effect from 1-4-2003. Hence, the said section 28(va) is amendatory and not clarificatory.

5.2 Position after the amendment by the Finance Bill,

2002

Finance Act, 2002 Introduce the new provisions for taxing the receipts in the nature of Non-compete fees and exclusivity rights.

The relevant extract of Finance Bill, 2002 has been reproduce as follows:

26.1 For the purpose of giving certainty to taxation of receipts in the nature of non-compete fees and fees for exclusivity rights, the Finance Act, 2002, has included within the scope of “profit and gains of business or profession” any sum received or receivable in cash or in kind under an agreement for not carrying out activity in relation to any business; or not to share any know how, patent, copyright, trade mark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision for services.

However, the provisions clarify that receipts for transfer of right to manufacture, produce or process any article or thing or right to carry on any business, which are chargeable to tax under the head “Capital gains”, would not be taxable as profits and gains of business or profession.

26.2 With a view to facilitate the implementation of the Montreal Protocol for the phasing out of the business of manufacture of Chloro Fluoro Carbons (CFC) and Hydro Chloro Fluoro Carbons (HCFC), the provision lays down that any sum received as compensation from the multilateral fund of the Montreal Protocol under the United Nations Environment Programme, in accordance with the terms of agreement entered into with the Government of India, will not be taxable as profits and gains of any business or profession.

26.3 This amendment shall be effective from 1st April, 2002 and will, accordingly, apply in relation to the assessment year 2002 2003 only.

5.3 Section 28(va) includes Profession

Non-compete fee received by an individual for not carrying out any profession is chargeable to tax u/s 28(va) with effect from the Assessment Year 2016-17 onwards.

5.4 Non-compete fee not to be taxed as business income in case it is taxable as capital gain

Non-compete fee has been proposed to be taxed as business income in the Finance Bill, 2002 by adding clause (via) to section 28. However, by a further amendment, a proviso has been added, clarifying that





any sum received on account of transfer of the right to manufacture or to carry on any business which is chargeable under the head ‘Capital gains’ will not be taxable under this clause.

5.5 Non-compete fee not to be taxed as business income in case it is received from multilateral fund under UN environment programme

Any compensation received from the multilateral fund under UN environment programme will not be taxable under this clause.

5.6 Non-Compete fees as revenue receipts or capital receipts

The Delhi High Court in CIT v. Eicher Ltd. held that payment of non-compete fee which had only eliminated competition in the two-wheeler business for a while and had not resulting in any permanent or ephemeral benefit to the assessee would be revenue in nature.

On the revenue side, the Delhi High Court in Rohitasava Chand v. CIT held that non-compete fee received by an individual, who was a shareholder, director and software engineer would be a capital receipt if the agreement contained a restrictive covenant so as not to take up any business activity relating to software development for a period of 18 months in all the companies where he was either a major shareholder, director or a member.

The litmus test is whether the impairment is one of its sources of income or not and if the answer is that the injury has been caused to one of its sources of income, then it is enough to render the compensation received in that process as a capital receipt.

5.7 Treatment in the hands of the company who makes such payment

In regard to the treatment in the hands of the company who makes such payment the issue is still not free from controversy. Whether a particular expenditure will be capital or revenue, one thing is clear that the line of demarcation between the capital expenditure and revenue expenditure is very thin. Therefore, it is not desirable for any Court to do that which Parliament has abstained from doing, i.e., to formulate precise rules for the guidance or embarrassment of businessmen in the conduct of business affairs. Thus, as far as the treatment of receipt is concerned the Parliament has inserted an amendment in section 28 (insertion of clause (va) to assign it as a character of trading receipt but on the other hand, when it comes to claiming deduction of such payment the Act is silent.

5.8 TDS provisions on Non-Compete fees

Section 194J(1)(d) provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of any sum referred to section 28(va), shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent of such sum as income-tax on income comprised therein. [Unquote]

After introduction of section 28(va), such amount become taxable income by this provision, which can be treated as a deeming one. It is now made liable for tax deduction at source as well with effect from 14-07-2006.

Further Section 40(a)(ia) provides for disallowance at 30% of the expenditure, besides covering all the expenses / payments for which tax is deductible at source by making reference to Chapter XVII-B instead of selecting items of expenses.

5.9 Sale of business or one of the division

High court of Bombay in case of Arun Toshniwal Vs. DCIT held that where pursuant to sale of one division of its business by assessee and received certain amount by entering into a non-compete agreement whereby assessee could not engage in any business activity similar to that of division sold, amount so received was taxable as business income u/s 28(va).

5.10 Right in Personam although a Capital Asset but not Depreciable

In Sharp Business System v. CIT, it was held that the payment of non-compete fee is not revenue in nature and falls within the capital field and depreciation under section 32(1)(ii) can be claimed only on intangible assets which are akin to know-how, patent, copyright, trademark, licenses, franchises or any other business or commercial right of similar nature, i.e., in the nature of any other assets mentioned in the clause. The words ‘similar business or commercial rights’ have to necessarily result in an intangible asset which can be asserted against entire world to qualify for depreciation u/s 32(1)(ii) and also the intangible assets mentioned in clause 32(1)(ii) should be owned by the assessee to claim depreciation. The right available by entering into a non-compete agreement is available only in personam and not in rem. Therefore, depreciation on the restrictive covenant is not allowable as per the provisions of section 32(1)(ii).





5.11 Compensation received on account of relinquishment of right to sue

Compensation received in lieu of foregoing a right to sue does not fall under provisions of section 28(va). This provision is for taxing the receipt by the assessee in the nature of non-compete fee and exclusivity rights and not the receipt as received in lieu of foregoing a right to sue. The receipt received by the assessee has written off the same as compensation/damages for relinquishment of right to sue in court of law and credited the same in the capital account as capital receipt. Accordingly, the provision of section 28(va) of the Act will not apply.

6[2008] 173 Taxman 251

7[2008] 171 Taxman 147

8[2015] 59 taxmann 274

9[2012] 27 taxmann 550

5.12 By an employee from his/her employer

An individual may be in receipt of a consideration from his employer in respect of a restrictive covenant, either at the beginning of employment or at the time of termination of employment. These receipts partake the character of salary. Further, a non-compete agreement for restrictive covenant cannot also be considered and treated as part of rendering services to the employer-company and therefore non-compete fee compensation was held to be not taxable under head 'Salary' u/s 17(3)(i).

5.13 Non-compete fees under Minimum Alternative Tax

High Court of Bombay in case of Bisleri Sales Ltd. Vs. CIT, it was held that where amounts received on account of non-compete fees and goodwill were not debited to P&L account, same could not be added to arrive at book profits.

5.14 Some of open issues in relation to Non-Compete fees

- a. The clause 28(va) considers the taxability of 'non-compete' payment from the payee's perspective only as it mentions any sum whether 'received or receivable in cash or kind'. The tax implications of it from the payer's perspective have not been specifically considered.
- b. A view may be taken that as the 'non-compete' payment will now be subject to tax in the hands of the payee, hence, the same should be made tax deductible in the hands of the payer, i.e., the same

should be allowed as a revenue expenditure of the payer. This argument may however not be very tenable as the Supreme Court in the case of Empire Jute Co. Ltd. v. CIT held that the fact that a certain payment constitutes income or capital in the hands of the recipient is not material in determining as to whether the payment is revenue or capital disbursement qua the payer. Accordingly, in view of the above, appropriate clarification is required on the treatment of 'non-compete' payment in the hands of the payer.

- c. It may be noted in the event the 'non-compete' payment is disallowed in the hands of the payer on the ground that an enduring benefit is received by the payer, the same would then result into double taxation, i.e. taxing the same payment both in the hands of the payer and the payee.
- d. Know-how, patents, copyrights, trade-marks, or any other business or commercial rights of similar nature are considered as intangible assets under the 'block of assets' as defined u/s 2(11) of the Act. It may be argued that as patents, copyrights, etc., are capital assets any consideration paid for not sharing them should be considered as a capital receipt and not as a revenue receipt.

Conclusion

The awareness level of the implications of non-compete fee payments is low as these are one-off transactions and the legal literature on the same is nascent. Therefore, this article will go a long way in providing clarity on legal implications for payment of non-compete fees. Though the issue of payment of non-compete fee during acquisition has been put an end by the amendment in Income Tax Act, 1961, yet, it has led to two schools of thought. One says that people with a considerable stake in a company should have some extra value for the acquirer; the person could be an innovator in technology, a progressive leader or a manager with an in-depth understanding of the business and the environment and so on. The non-compete fees is often a recognition of this reality. So, Non-compete fee only be allowed on 'strong business rationale' and when there is a 'lurking fear of competition' are quite reasonable ones as they balance the right of the parties.

10[2016] 66 taxmann 364

11[1980] 124 ITR 1





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Background

Traditionally, internal audit activity primarily focuses on identifying policy violations and encouraging compliance with regulations. Activity generally involves going around and telling people what they were doing wrong and ensuring that the accounting and allied records have been properly maintained, the assets management system is in place in order to safeguard the assets and also to see whether policies and procedures are being duly complied with.

With the evolution of the Internal Audit, its concept changed from mere audits of financial records, to the identification of fraud and corruption. Today, IA enables governance, risk management, compliance, resource conservation, and data verification and analysis for the entire organization. Now it's been viewed as value-added service that improves the organization's operations, risk management, internal controls, and financial reporting. Internal auditors' roles changed from merely providing input and objective feedback to management, to directly participating in corporate governance and decision-making function.

Modern approach suggests that internal audit should not be restricted to financial issues alone but also on issues such as cost benefit analysis, resource utilisation and their deployment, matters of propriety, effectiveness of the management, etc.

Governance and Internal Audit

Governance refers to the process of establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members and

their primary duty of enhancing the prosperity and viability of the organization.

Governance from an organizational prospective can be more elaborated through a term i.e. Enterprise Governance.

Enterprise Governance can be defined as the set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risk are managed appropriately and verifying that organization's resources are used responsibly.

Enterprise governance has two dimensions

- **Corporate Governance:** Corporate governance is the system of rules, practices and processes by which a company or enterprise is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.
- **Business Governance :** Business governance is a set of policies and processes which focuses on strategy and value creation with the objective of helping the board to make strategic decision, understand the risk appetite and its key performance drivers.

Internal Audit: ICAI defines internal audit as an independent management function which involves a





continuous and critical appraisal of the functioning of the entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity including entity's risk management and internal control system.

IIA defines Internal audit as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

Role of Internal Audit

Internal Audit plays a critical role in protecting and enhancing organizational values. As a key element of organizational governance, internal audit has moved from a traditional financial or compliance audit to risk-based audit that proactively provides independent assurance, advice and insight in risk management, internal controls and governance.

Internal audit is a catalyst for improving an organization's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal audit provides value to governing bodies and senior management as an objective source of independent advice.

Role of internal auditor in Internal Control, Risk management and Corporate governance

- Internal auditors perform audits to evaluate whether internal control components are present and operating effectively, and if not, provide recommendations for improvement.
- Internal auditor evaluates the effectiveness of the organization's risk management activities which includes identification, analysis and monitoring of

strategic risk that could actual and potentially impact the organization ability to achieve its mission and objectives. It helps the organization to address its risk of fraud via a fraud risk assessment.

- Internal auditor helps the Audit Committee to perform its responsibilities effectively. This may include reporting critical management control issues, suggesting questions or topics for the Audit Committee's meeting agendas, and coordinating with the external auditor and management.

Statutory Provision – Internal Audit and Internal Controls

Companies Act

Internal Audit was not mandatory according to the Companies Act 1956, but Companies Act 2013 redefined the priorities of internal audit.

Section 138 of Indian Companies Act 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, states that certain class of companies are required to appoint Internal Auditors.

Rule 13 of Companies (Accounts) Rules, 2014, states that the following companies are required to appoint an internal auditor

Particulars	Listed Companies	Unlisted Company	Public Company	Every Company	Private Company
Paid-up Capital	Internal audit is mandatory for all listed companies, irrespective of any criterion	50 crore rupees or more*		Not Applicable	
Turnover		200 crore rupees or more*		200 crore rupees or more*	
Outstanding loans and borrowing from bank and PFI		exceeding 100 crore rupees or more#		exceeding 100 crore rupees or more#	
Outstanding deposits		25 crore rupees or more#		Not Applicable	

* during the preceding financial year

at any point of time during the preceding financial year.

Section 134 (5) of the Companies Act 2013, requires that Directors Responsibility Statement shall include a declaration from director that internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Section 177(5) of the Companies Act 2013, states that the Audit Committee shall call for the comments of





the auditors about internal control system before submission to the board.

Securities and Exchange Board of India Act, 1992

In February 2000, the Securities and Exchange Board of India implemented the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance and inserted Clause 49 in the listing agreement.

The Clause 49 has suitably pushed forward the original intent of protecting the interests of investors through enhanced governance practices and disclosures. It has increased the roles and responsibilities of the audit committee in all matters relating to internal controls, financial reporting and enhanced the accountability of the top management.

Sarbanes–Oxley Act of 2002

Sarbanes–Oxley, Sarbox or SOX, is a United States federal law that set new or expanded requirements for all U.S. public company boards, management and public accounting firms.

Section 302 of the Act states that the signing officers

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the issuer and its consolidated subsidiaries is made known to such officers by others within those entities, particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the issuer's internal controls as of a date within 90 days prior to the report; and
- have presented in the report their conclusions about the effectiveness of their internal controls based on their evaluation as of that date.

Importance and Need of Internal Audit

Internal audit is a key component in the assurance structure of an organisation. It is a source of good corporate governance in organisations and can play an important role to improve management and accountability, both financial and non-financial. It provides assurance to the board of directors, the audit committee, the chief executive officer, and other stakeholders that the organisation is governed effectively. It also provides insight into an organization's culture, policies, procedures, and aids board and management oversight by verifying internal controls such as operating effectiveness, risk mitigation controls, and compliance with any relevant laws or regulations.

Here are few reasons why internal audit is important and required in the organizations:

- Provide independent, unbiased assessment of the operations of the organisation.
- Provide management with information on the effectiveness of risk management, control and governance processes.
- Assist executive management & the board in discharging their responsibilities.
- Evaluate compliance with regulatory requirements, company policies, procedures and plans.
- Facilitate the identification and assessment of risk and monitor how well risks
 - are being managed by the business.
- Evaluate design and operating effectiveness of controls and efficiency of business processes
- Assist in monitoring management action plans that mitigate risk

Features of Internal audit function

Today, Boards and CEOs are looking at Internal audit as a key strategic tool and expecting more out of it.





Audit committees and CEOs today are interested in knowing how they can position Internal audit function in the organisation to add value to the business that goes beyond regulatory compliance and assurance on internal controls. Internal audit is also expected to link the risk monitoring, compliance activities, continuing regulatory changes with the business objective

Following are the key features of the Internal audit function that provide the greatest value to the organisation:

- **Knowledge of the business:** Internal Audit has a clear understanding of the organisation business, strategic direction of the company and the expectations of its stakeholders. It aligns its scope and audit plan with the business direction in the context of these expectations and considering the business goals, objectives and decisions.
- **Address strategic and emerging risks:** Internal Audit function takes view on the strategic and emerging risk factors involved in the organisation activities and systems. The function has a thorough understanding of the company's risk culture, the risk appetite of the business, and regulatory and legal requirements. It focused on identifying the most critical risks the business is facing today and in the future.
- **Expectation of stakeholder:** Internal Audit effectively understands and manages relationships with a broad set of stakeholders. Stakeholder expectations are well understood across the function and strategic plan is aligned with stakeholder expectations.
- **Cost Optimisation:** Internal Audit optimizes cost by delivering efficient and value-added services through robust, well communicated audit methodology and processes. Flexible service delivery models i.e. internal and external resources; allows strategically positioning of resources and specialized skillsets which are used to maximize effectiveness considering cost optimization.
- **Delivers a quality service:** Internal Audit promotes

quality through well-defined standards issued by the professional bodies, (ICAI, IIA and any other sector specific bodies). The audit plan aligns with the standards and guidance of the professional bodies considering the company's risk profile.

- **Technology:** Internal Audit emphasis the use of Analytics and visualization tools to enhance the understanding and evaluation of risks and to identify business process and control breakdowns. Robust audit management systems are embedded into organisation ERP to increase coverage or provide early warning of risk indicators to the business.

Conclusion

Internal audit is strategic tool which strengthens the corporate governance through risk-based audits and provide assurance and insights on the processes and structures that drive the organization toward success.

As risks grow and become more complex, internal audit's role is likely to expand in areas such as risk governance, culture and behaviour, sustainability, and other nonfinancial reporting measures.

Internal audit performs its role of protecting and enhancing organisational value, through providing assurance on existing/ emerging enterprise risks- controls, compliance, process and other activities that assist Executive Management/ Board in discharging their responsibilities.

Modern approach of risk based and client focused internal audit system has increased its

contribution in managerial activities, adds value to the organisation by evaluating emerging technologies, detecting and deterring fraud, analyzing the effectiveness of policies and procedures, and identifying opportunities to save the organization and its shareholders money. It can be said that "When it comes to adding value across the organisation, there's no better resource than internal auditing".



Millennium City Marathon Gurugram (1st December 2019)



Refresher Series on Standards of Auditing



Topic : Refresher Series on Accounting Standards

Audience : CA Members

Date : 2nd, 5th, 9th & 16th December 2019

Venue : 2A (second floor), Pavilion Building, 339/2, Sector-14, Gurugram.



Refresher Series on Standards of Auditing



Topic : Refresher Series on Standards of Auditing

Audience : CA Members

Date : 4th, 11th, 13th & 18th December 2019

Venue : 2A (second floor), Pavilion Building, 339/2, Sector-14, Gurugram.





Placement Program for Industrial Trainees in CA Curriculum (4th December 2019 | Hotel Radisson, Sohna Road, Sec 49, Gurgaon)



Diploma on International Taxation



Topic : Diploma on International Taxation

Audience : CA Members

Date : From 7th December 2019

Venue : Hotel Le Méridien Gurgaon Sec-26, M.G. Road, Gurugram.





Seminar on Emerging Opportunities for CAs



Topic : Seminar on Emerging Opportunities for CAs

Audience : CA Members

Date & Day : 8th December 2019, Sunday

Venue : The Pilazio Hotel, 292-296, Sector 29, City Center, Gurugram .





Cricket Tournament for CA's on 14th & 15th December 2019



Cricket Tournament for CA's on 14th & 15th December 2019



Residential Refreshers Course on GST & Capital Market and Investor Protection



Topic : Residential Refreshers Course on GST & Capital Market and Investor Protection

Audience : CA Members

Date : 19th, 20th & 21st December 2019

Venue : Pride Surya Mountain Resort, Temple Rd, McLeod Ganj, Dharamshala, Himachal Pradesh.





Career Counseling Session



Topic : Career Counseling Session

Audience : Students

Date : 18th, 21st, 24th, 27th, 28th & 30th December 2019

Venue : Gurugram



Seminar on Ethics, Search & Seizure, Benami and Investor Awareness



Topic : Seminar on Ethics, Search & Seizure, Benami and Investor Awareness

Audience : CA Members

Date & Day : 21st December 2019, Saturday

Venue : Hotel Le Méridien Gurgaon, Sector 26, M.G. Road, Gurugram.

Seminar on International Taxation & Transfer Pricing



Topic : Seminar on International Taxation & Transfer Pricing

Audience : CA Members

Date & Day : 25th December 2019, Wednesday

Venue : Fortune Select Global Hotel, M. G. Road, Sikanderpur, Sector 26, Gurugram.



Seminar on Code of Conduct & Professional Ethics



Topic : Seminar on Code of Conduct & Professional Ethics

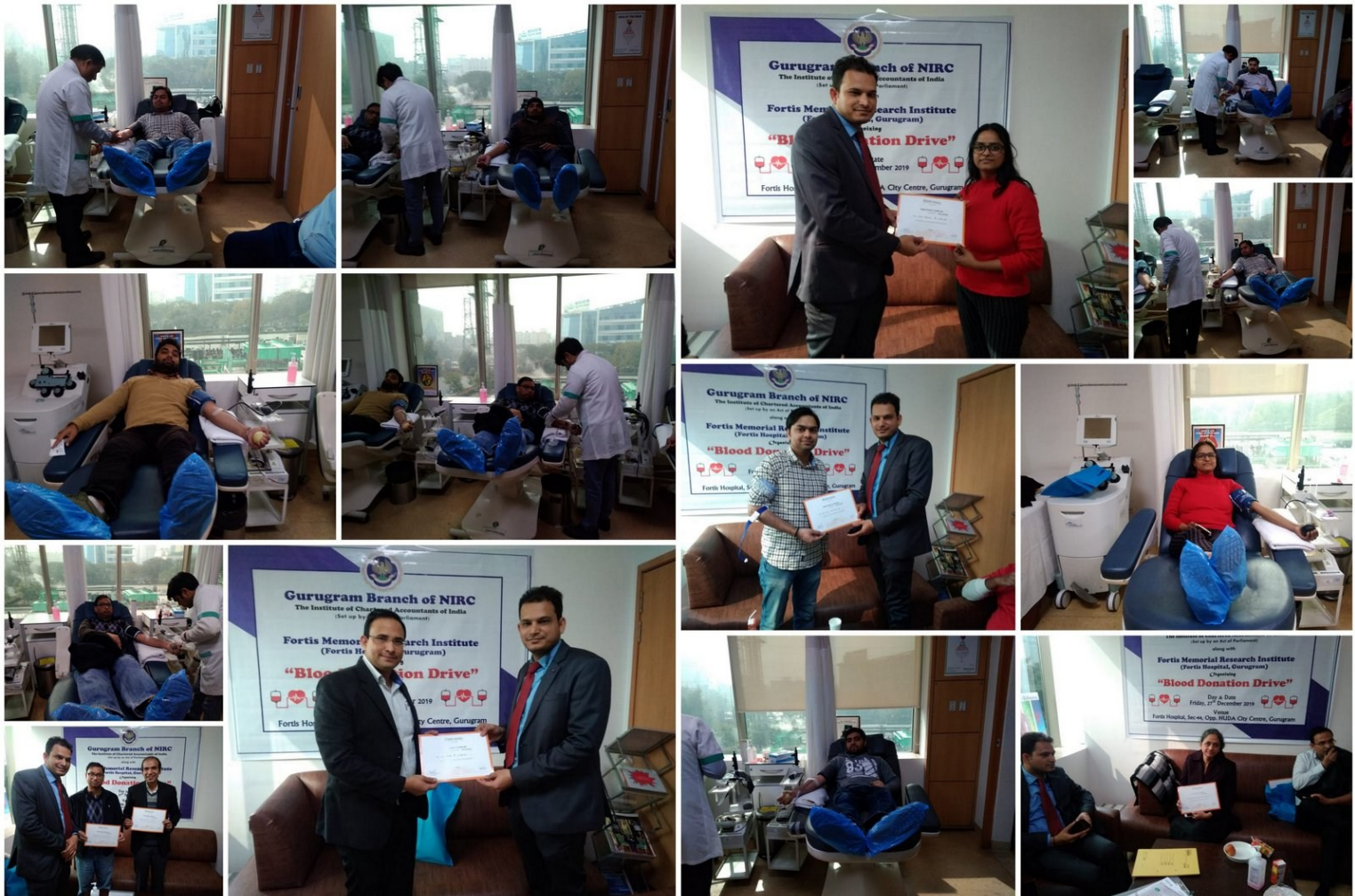
Audience : CA Members

Date & Day : 26th December 2019, Thursday

Venue : 2A (second floor), Pavilion Building, 339/2, Sector-14, Gurugram.



Blood Donation Drive



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

Topic : Blood Donation Drive

Audience : CA Members

Date & Day : 27th December 2019, Friday

Venue : Fortis Hospital, Sec-44, Opp. HUDA City Centre, Gurugram





National CA Conference - "2020 Aghaaz"



Topic : National CA Conference - "2020 Aghaaz"

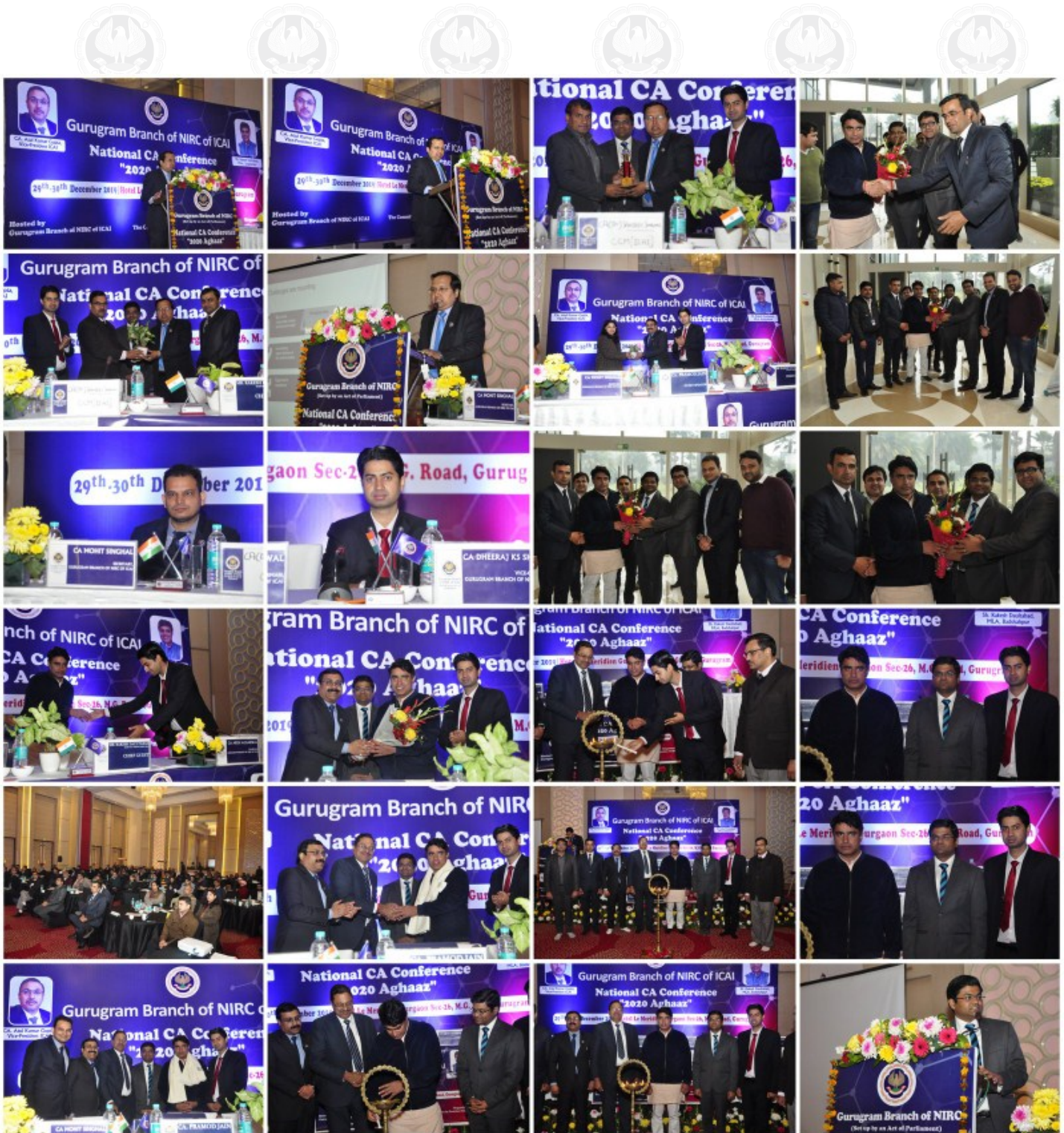
Audience : Members

Date & Day : 29th-30th December 2019, Sunday & Monday

Venue : Hotel Le Méridien Gurgaon Sec-26, M.G. Road, Gurugram.



National CA Conference - "2020 Aghaaz"



Topic : National CA Conference - "2020 Aghaaz"

Audience : Members

Date & Day : 29th-30th December 2019, Sunday & Monday

Venue : Hotel Le Méridien Gurgaon Sec-26, M.G. Road, Gurugram.





From	To	Particulars
01-12-2019	01-12-2019	Millennium City Marathon Gurugram
02 -12-2019	02-Dec-19	Accounting Standard - Disclosure related (AS 1, 3, 4, 17,18, 20, 24)
02 -12-2019	20-12-2019	ITT Batch No. 205
04 -12-2019	05-12-2019	Placement Program for Industrial Trainees in CA curriculum
04 -12-2019	04-12-2019	Standards on Auditing - Audit Evidence - (SA 500-599)
05 -12-2019	05-12-2019	Accounting Standard - Income Statement related (AS 5, 9, 11, 16, 19)
07 -12-2019	07-12-2019	Diploma on International Taxation from 7th Dec 2019
07 -12-2019	24-12-2019	MCS Batch No. 79
08 -12-2019	08-12-2019	Investor Awareness Programme
08 -12-2019	08-12-2019	Seminar on Emerging opportunities for CAs
08 -12-2019	08-12-2019	Diploma on International Taxation
09 -12-2019	09-12-19	Accounting Standard - Others (AS 12, 15, 22, 29)
09 -12-2019	26-12-2019	NEW OP Batch No. 189
11 -12-2019	11-12-2019	Standards on Auditing - Risk Assessment and Response to Assessed Risks (SA 300-499) & Using Work of Others (SA 600-699)
12 -12-2019	12-12-2019	Investor Awareness Programme
13 -12-2019	13-Dec-19	Standards on Auditing - Audit Conclusions and Reporting - (SA 700-799)
13 -12-2019	13-12-2019	Investor Awareness Programme
13 -12-2019	13-12-2019	Seminar on Sabka Vishwas Scheme and GST
13 -12-2019	31-12-2019	Advanced ITT Batch No. - 54
14 -12-2019	15-12-2019	Cricket Tournament for CA's
14 -12-2019	14-12-2019	Seminar on Networking Skills
14 -12-2019	14-12-2019	Diploma on International Taxation
15 -12-2019	15-12-2019	Diploma on International Taxation
16 -12-2019	16-12-2019	Accounting Standard - Assets related (AS 2, 10, 13, 16, 28)
16 -12-2019	16-12-2019	Investor Awareness Programme
18 -12-2019	18-12-2019	Standards on Auditing - General Principles and Responsibilities (SA 200-299)
18 -12-2019	18-12-2019	Career Counseling Session
18 -12-2019	04-01-2019	NEW OP Batch No. 190
19 -12-2019	21-12-2019	Residential Refreshers Course on GST & Capital Market and Investor Protection
20 -12-2019	20-12-2019	Investor Awareness Programme
21 -12-2019	21-12-2019	Career Counseling Session
21 -12-2019	21-12-2019	Diploma in International Taxation-23rd Batch
21 -12-2019	21-12-2019	Code Ethics, Benami Property Act & Investor Awareness Programme
21 -12-2019	21-12-2019	Investor Awareness Programme
21 -12-2019	21-12-2019	Diploma on International Taxation
22 -12-2019	22-12-2019	Diploma on International Taxation
23 -12-2019		ITT Batch No. - 206
24 -12-2019	24-12-2019	How to Protect & Recover Your Wealth in Case of Contingency and Assessment and Appeals (Provisions and Drafting of Appeals)
24 -12-2019	24-12-2019	Career counseling Session
24 -12-2019	24-12-2019	Investor awareness programme
25 -12-2019	25-12-2019	Seminar on International Taxation
25 -12-2019	25-12-2019	Investor Awareness Programme
26 -12-2019	26-12-2019	Code of conduct and Professional Ethics
27 -12-2019	27-12-2019	Blood Donation Drive
27 -12-2019	27-12-2019	Career Counseling Session
28 -12-2019	28-12-2019	Career counseling Session
29 -12-2019	30-12-2019	National CA Conference - "2020 Aghaaz"
30 -12-2019	30-12-2019	Career Counseling Session





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 arunaggarwalca@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_____

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