



# Gurugram Branch of NIRC

The Institute of Chartered Accountants of India

Chartered Accountant | e-NEWSLETTER

JULY 2018 | VOLUME 1

## Chairman's Message

Dear Professional Colleagues and Students,

I feel immense pleasure in communicating with all my respected, esteemed members in this column at least once in a month. It is difficult to reach out to all members of this region in person and give a patient hearing to understand the problems, demands and expectations of each of us and take necessary steps in addressing them. Through this column, at least I am able to give you certain insights about Gurugram Branch and its activities. I am however available over mails ([gurgaon@icai.org](mailto:gurgaon@icai.org)), mobile (9310630306). In case you have any issues in which we can discuss, you are welcome to visit.



CA. Rakesh k. Agarwal  
(Chairman)

The CA profession has travelled 69 years and as we celebrated our foundation Day on 1st July, I am sure we all have re-dedicated ourselves to the cause of the society. CA's by their very nature are concerned about their duties and have always gone way out to serve the various stakeholders. I am proud to be a CA and proud of all my members. We had witnessed the CA Day celebration all around the country and never in the history of ICAI such a largescale brand building exercise was taken. My compliments to our President and to all the council members for this herculean task. If one is true to ones duties and responsibilities, it does not matter what some people have commented out of improper information and rather such comments should not be deterrent to our professional brethren to move forward.

Our branch also celebrated the occasion with gay and gaiety and welfare activities are also part of the celebrations like organizing Felicitation as a Senior Members of Profession, Flag Hoisting Ceremony, Cleaning Drive -Swachh Bharat Abhiyan, Tree Plantation Drive, Workshops on "Stress Management & Healthy Living", "Women Empowerment" & "Financial Literacy on Income Tax and GST".

During the past month we have been able to conduct Seminars for members on various topics. The most important event of the past month was the organisation of RERA and GST Implications on Real Estate Sector", "Ind AS – Overview, Challenges and Impact Analysis" which was of immense value to the participants. We have also organized 4th International Yoga day for Members as well as for CA Students .

Our branch is also going to organize Indoor Badminton Tournament for Gurugram Members on knockout basis on 14th July, 2018 at Infinitys Badminton Academy, Near Gyan Deep Public School, Opposite Sec-5, Gurugram (for registration details - [click here](#)).

In continuation of an endeavour of Gurugram Branch towards protection of environment and Green Initiative, we request your consent to migrate to E-format. Your affirmation in this respect would go a long way in support of our 'Green Initiative'. The Gurugram Branch Financial Report 2018 and the Notice of 8th Annual General Meeting is also uploaded in the Website for information to all our esteemed members.

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Dear Professional Colleagues,

It's a glorious feeling that ICAI has entered into its 70th year. It has always supported and nurtured us in all our endeavours. On this occasion, I take this opportunity to wish each member, student and our support staff on this historic day.

We stand proud as the ICAI is one of the premier professional institutes in the world and that we are not complacent about our successes but constantly strive to improve ourselves every passing day, thus becoming stronger over the years. While we are the second largest Accounting body globally, we continue to serve beyond our traditional roles of regulating the Profession, Educating & Examining, for a more holistic growth. Besides we also contribute with our inputs to the various accounting regulatory bodies.

The entire world celebrated 21st June as International Day of Yoga. Yog karo, Niropi raho. Yoga is a way of life. Yoga helps make life worth living and aims at removing the cause of physical illness. Besides also improving the mental attributes of having a calm mind and realising one's own spiritual self and one's purpose in life. We consider Yoga to be the most valuable Indian inheritance of the present and believe it is an essential need of today. Yoga Day was also celebrated along with Members and CA Students. I am happy to note that our branches have organized this event. It was good to see everyone religiously performing Yoga for their own self. Thank you all.

Hard work and determination are the keys to success in any field and the best way to capture moments is to pay attention. A little effort, a little more concentration and focus towards our aim should be maintained at every point of time especially when it comes to our profession. Keep a positive attitude and victory is yours. Wishing all the successful Students the best for their future careers.

Let us not be ok with ok. If we want to leave footprints in the sands of time, let us not drag our feet. We have to walk in oneness with determination and confidence and the footprints will automatically follow. Happy Foundation Day! Together we trek the journey to Empowering Excellence for a brighter future! Swasth Raho, Vyast Raho, Khush Raho.



*Manish Goyal*

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

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### Ex-officio Member

- CA. Sanjeev Chaudhary
- CA. Atul Kumar Gupta
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- CA. Nitin Kanwar



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“Knowing what business is worth and what determines its value is prerequisite for intelligent decision making” – Warren Buffet

Valuations is the art and not a science. Various Accounting Framework and laws in India have prescribed various methodologies of valuation for various purposes. After the implementation of Insolvency and Bankruptcy Code, it is prescribed fair valuation and liquidation values to be obtained for the companies under IBC as per the internationally accepted valuation guidelines.

The Companies Act, 2013 (Act) had brought the concept of Registered Valuers to regulate the practice of Valuation in India and to standardize the valuation in line with International standards. The Ministry of Corporate Affairs (MCA) has now issued the Companies (Registered Valuers and Valuation) Rules, 2017 (Rules) on 18th October, 2017. Simultaneously, section 247 of the Act has now come into force w.e.f. 18th October 2017.

As per the requirement of Section 247 of the Companies Act, registered valuer would carry out valuation in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities and that the valuer shall have such qualifications and experience. The Registered Valuer shall be appointed by the audit committee or in its absence by the Board of Director of the Company.

The rules have notified that following persons are eligible to be registered valuer: -

- a. Value member of Member of Registered valuers Organisation.
- b. Recommended by the registered valuers organisation
- c. Has passed valuation examination within 3

years preceding the date of application for registration.

- d. Certain other conditions are also prescribed under the rules.

Conditions are prescribed for partnership firm and company for registration as registered valuers.

Certain Regulatory Insights- of the Rules are as follows: -

1. Eligibility of being a registered valuer: - Individual with prescribed qualification and experience are eligible for registration: -

- A. Having post-graduate degree or post-graduate diploma, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least three years of experience in the specified discipline thereafter; or
- B. Having a Bachelor's degree or equivalent, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least five years of experience in the specified discipline thereafter; or
- C. Having membership of a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession with at least three years' experience after such membership and having qualification mentioned at clause (a) or (b).

2. Compliance of Valuation Standards: - The registered valuer is require to comply with the valuation standards as notified/ modified under rule 18. However, till date no such valuation standards are notified/modified by the Central Government. Till that date valuer shall make valuations as per-



- A. internationally accepted valuation standards;
  - B. valuation standards adopted by any registered valuers organisation.
3. Responsibility of Registered Valuers Organisation: - Registered valuers organisation is responsible for informing the authority about the temporary surrender/revived of membership of any members/its membership within 7 days from the approval of application. Every registered valuers organisation is required to provide names and other details of its members on its website regarding surrender/revived memberships.
4. Conducting the Valuation: - A valuer is required to conduct valuation required under Companies Act, as per these rules. These rules can be adopted for valuation under any other law or as required by any other authority for conducting valuation.
5. Transitional Provision: - Any person rendering valuation services, under the Act, on the date of commencement of the rules, may continue to render valuation services without a certificate of registration up to 31 March, 2018. However, if a company has appointed a person for valuation, and the valuation or any part has not been completed before 31 March, 2018, additional time period of three months has been provided.
6. Registered Valuers Organisation: - A company registered under section 8 of the Companies Act, 2013 (or section 25 of the erstwhile Companies Act, 1956), with the sole object of dealing with matters relating to regulation of valuers of an asset class or classes and professional institutes established by an Act of Parliament enacted for the regulation of a profession are eligible to be registered as Registered Valuers Organisations, subject to the certain conditions.
7. Contents of Valuation Report: - The valuer shall

in his report state the following

1. Background information of the asset being valued
2. Purpose of Valuation and Appointing authority
3. Identity of Valuer and any other experts involved in valuation
4. Disclosure of Valuer interest/conflict, if any
5. Date of appointment, valuation date and date of report
6. inspections and/or investigations undertaken;
7. Nature and sources of the information used or relied upon;
8. Procedures adopted in carrying out the valuation and the valuation standards followed
9. Restrictions on use of the report, if any;
10. Major factors that were taken into account during the valuation
11. Conclusion and
12. Caveats, Limitations and Disclaimers to the extent they explain or elucidate the limitations faced by valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.

#### **Valuation Standards: -**

With the changes in economic environments, Insolvency and Bankruptcy Code, fully functional in India, Valuation has become a very important aspect. In the recent judgements of NCLT's the questions have been raised for valuation of stressed assets by Resolution Professionals.

With the increase in need to align the various practices of valuation in India and after the Section 247 of Companies Act, became effective with the Monitoring power to IBBI, the Institute of Chartered Accountants of India at its 375th meeting, has issued 8 valuation standards. The said standards are applicable for all the





valuation reports issued after 1st July 2018

As per the Rule 8 of the Companies (Registered Valuers and Valuation) Rules, 2017, any registered valuers can do the valuation as per the Internationally Accepted Valuation Standards or valuation standards adopted by any registered valuers Organisation. Therefore, the valuation standards issued by the Institute of Chartered Accountants of India is only recommendatory till the time, the same is notified by the Central Government.

The details of Valuation Standards issued by the Institute of Chartered Accountants of India and corresponding International Valuation Standards is presented as below: -

Indian Valuation Standard		International Valuation Standard	
Indian Valuation Standard 101	Definitions		
Indian Valuation Standard 102	Valuation Bases	International Valuation Standard 104	Bases of Values
Indian Valuation Standard 103	Valuation Approach and Methods	International Valuation Standard 105	Valuation Approaches and Methods
Indian Valuation Standard 201	Scope of Work, Analyses and Evaluation	International Valuation Standard 101	Scope of Work
Indian Valuation Standard 202	Valuation Report and Documentation	International Valuation Standard 103	Reporting
Indian Valuation Standard 301	Business Valuation	International Valuation Standard 200	Business and Business Interests
Indian Valuation Standard 302	Intangible Assets	International Valuation Standard 210	Intangible Assets
Indian Valuation Standard 303	Financial Instruments	International Valuation Standard 500	Financial Instruments

Certain aspects of Valuation Standards are as follows: -

**Indian Valuation Standard 101: - Definitions:** - The valuation standards prescribe specific definitions and principles which should be refer by the Valuer during the valuation assignment. However, the terms defined in this standard do not apply in valuation where a valuer is required to use a definition prescribed by any law. Regulations, rules or directions of any government or regulatory authority.

**Indian Valuation Standard 102: - Valuation Bases:** - The objective is to define the important valuation bases which represent the fundamental principle on which professional valuation is based. There is

possibility that different valuation bases may lead to different value of the same business/assets, Indian Valuation Standard provides three valuation bases which are required to be chosen by the Valuer considering the terms and purpose of the valuation engagement viz. - fair value, participant specific value and liquidation value.

**Indian Valuation Standard 103: - Valuation Approaches and Methods:** - This Standard defines approaches and methods for valuing an asset and provides guidance on use of various valuation approaches and methods. This standard provides guidance for three main valuation approaches: -

- A. Market Approach
- B. Income Approach and
- C. Cost Approach.

The standard provides various valuation methods, which can be used under various approaches for conducting the valuation

**Indian Valuation Standard 201: - Scope of Work, Analyses and Evaluation:** - This standard prescribes the basis for determining and documenting the scope/terms of valuation engagement, responsibilities of valuer and the client, extent of analyses and evaluations to be carried out by the valuer. A valuer should follow the requirement of this standard for accepting the assignment of conducting the valuation.

**Indian Valuation Standard 202: - Valuation Report and Documentation:** - This standard provides the minimum content of the valuation report, including the basis for preparation of the valuation report and basis for maintaining sufficient and appropriate documentation. The valuer shall in his report state the following

- a. Background information of the asset being value
- b. Purpose of Valuation and Appointing authority





- c. Identity of Valuer and any other experts involved in valuation
- d. Disclosure of Valuer interest/conflict, if any
- e. Date of appointment, valuation date and date of report
- f. inspections and/or investigations undertaken;
- g. Nature and sources of the information used or relied upon;
- h. Procedures adopted in carrying out the valuation and the valuation standards followed
- i. Valuation methodology used
- j. Restrictions on use of the report, if any;
- k. Major factors that were taken into account during the valuation
- l. Conclusion and
- m. Caveats, Limitations and Disclaimers to the extent they explain or elucidate the limitations faced by valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.

Indian Valuation Standard 301: - Business Valuation: - This standard applies for valuation of businesses for wide variety of purposes including acquisitions, mergers, leveraged buyouts, initial public offerings, employee stock ownership plans and other share-based plans, compliance-oriented

engagements, owner disputes, or valuation under Insolvency and Bankruptcy Code etc.

Indian Valuation Standard 302: - Intangible Assets: - This standard provides specific guidelines and principles for valuation of an intangible asset which are not covered by any other standard.

Indian Valuation Standard 303: - Financial Instruments: - This standard establishes principles, suggests methodology and considerations to be followed by a valuer in performing valuation of financial instruments.

Conclusion: -

The much-awaited valuation rules have been issued by the Ministry of Corporate Affairs, to provide the guidance on valuation methodology and Institute of Chartered Accountants of India has come out with the Indian Valuation Standards, however professionals may look forward whether the Indian Valuation Standards are adopted as the Valuation Standard as referred under Rule 18 of Valuation Rules in the best interest of transparency and in line with International practices.

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**CA Anuj Agrawal**

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"Silo" is relatively new term for many of us. Dictionary meaning of the same is "something which is in isolation". As the meaning suggest, there are many instances where an entity is operating in a way where its certain/ specified assets & liabilities are being controlled by some other entity in-spite of running overall separate legal entity.

Under current accounting system there is nothing specific which talks about the separation/ consolidation of that specified Assets & liabilities which are being controlled by some other entity. However after the applicability of Ind-As/ IFRS this concept will prevail to all such structures and accordingly accounting will be done as per the relevant provisions.

Let's first mention the all relevant references related to SILO under Ind-As/ IFRS –

As mentioned in Ind-As 110 – "Consolidated Financial Statements"

**Para B76-** An investor shall consider whether it treats a portion of an investee as a deemed separate entity and, if so, whether it controls the deemed separate entity.

**Para B77-** An investor shall treat a portion of an investee as a deemed separate entity if and only if the following condition is satisfied:

Specified assets of the investee (and related credit enhancements, if any) are the only source of payment for specified liabilities of, or specified other interests

in, the investee. Parties other than those with the specified liability do not have rights or obligations related to the specified assets or to residual cash flows from those assets. In substance, none of the returns from the specified assets can be used by the remaining investee and none of the liabilities of the deemed separate entity are payable from the assets of the remaining investee. Thus, in substance, all the assets, liabilities and equity of that deemed separate entity are ring-fenced from the overall investee. Such a deemed separate entity is often called a 'silo'.

**Para B78 -**When the condition in paragraph B77 is satisfied, an investor shall identify the activities that significantly affect the returns of the deemed separate entity and how those activities are directed in order to assess whether it has power over that portion of the investee. When assessing control of the deemed separate entity, the investor shall also consider whether it has exposure or rights to variable returns from its involvement with that deemed separate entity and the ability to use its power over that portion of the investee to affect the amount of the investor's returns.

**Para B79-** If the investor controls the deemed separate entity, the investor shall consolidate that portion of the investee. In that case, other parties exclude that portion of the investee when assessing control of, and in consolidating, the investee.

Now,

Let's have an idea about the significance of this



concept. There would be some situations where an entity has a control (control as defined under Ind-As 110) over some part (assets & related liabilities) of a legal entity, then as per this new requirement this portion needs to get consolidated into the entity who has control over it unlike in current practice where nothing specific guidance on this matter available and it remains unconsolidated commonly. Reader would appreciate to note that a silo will not be in a form of a separate identical entity and will be solely evaluated based on the control over it by an investor.

Let us have some pointers to understand the concept of SILO and its usefulness as per the objectives of the standard-

1. Standard highlights the word specific assets which will be used to pay its liability meaning the SILO should work in isolation comparing to its overall legal entity. In other words, it would be like ring- fenced activity which operates separately in substance.

Example- There is a large investment fund where it has several other small fund houses. Some of such funds where all their liabilities will be paid only by the assets lying with this fund and nothing will be paid through its large investment fund (main fund). It essentially means that the fund will be required to pay off all its liabilities from its assets which has even defined contractually.

2. Now, this concept of SILO will be from the point of view of an Investor which requires to evaluate it , if it has a control over this SILO (specified assets/ liabilities) and if answer is yes then the investor has to consolidate the SILO within its financial statements as per the requirement of Ind-As- 110- "Consolidated

financial statements",

3. There are some instances where it is a practice to distribute certain admin. Exp. by a legal entity to its isolated group (i.e. identified SILO) then one can argue that IF this will still be construed as separate entity despite the fact that main legal entity is using some of its assets by allocating admin charges, the answer will be yes , because just allocating some of the expenses will not fail this SILO test and still that portion can be considered for being SILO if this SILO is being controlled by an Investor,

4. Other important thing to note that the SILO activities should be established via contractually agreed document where it has mentioned that there will not be any risk which will be shared by this SILO with its main legal entity. Hence it will be an established fact that the creditor of main legal entity will not have any right over the assets of this SILO,

5. Control assessment will be done based on the guidance given in Ind-As 110 which basically talks about the power to control/ influence those activities which impact entity's (i.e. SILO in our case) profitability/ variable return or in very casual term one can understand that control will be judged by a power to influence profitability of the other entity,

6. There would be a situation where it has mentioned in a contractually agreed document that in case of some contingent event (e.g. specified losses etc) the assets of the SILO can be used to pay off the liabilities of main legal entity then SILO will not be recognized, Even the contingent event to happen is remote then also SILO will not be considered ,however if these kind of contingent events has never triggered then





SILO can be identified,

7. Investor has to make these kind of assessment whether any SILO is there in which control exists, if yes then it is a responsibility of the investor to document the same and consolidate the SILO as per Ind-As- 110,

One can easily visualize that this would be an interesting area to identify and document such type of activities where an Investor can establish power over the SILO (specified assets & liabilities) and if the investor direct/ influence the relevant activities (relevant activities means all such activities which generate/ causes to generate profits/ returns unlike pure administrative roles which do not generate any returns for any entity) then he has to go for consolidation of that part of assets and liabilities (a SILO). These kind of SILO are common in Insurance companies, banking companies where a complete set of activities are being outsourced to another legal

entity but eventually the control is being conferred by Investor only and these activities are being documented where restriction to use assets only to pay off liabilities of that portion of business only.

Readers will appreciate about the main objective of the standard and an approach which one can follow while keeping in mind the basis of origin of such requirements. There could possibly be some specific situations or circumstances where the interpretation of any standard will be different as we should always keep in mind that IND-AS is principle based standards and lot more areas need management judgment in line with the standards relevant interpretation and best practices.

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

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## Introduction

Tax laws broadly impose two types of obligation :  
 a) Tax related b) Procedural related. Some times there are situation of actual and perceived non compliance. If difference in views persist , it result into disputes that need to be resolved. There may be different view and opinion on one subject , therefore it is likely that taxpayer may not be agree on “adjudication order” passed by the tax officer. It is also possible that department may not agree with the adjudication order in some cases. That is why GST Law has provided channel of appeal to both sides. Appeal is statutory right. The Act also provide that if proper officer under the CGST , SGST and UTGST ACT has passed the order, appeal, review or revision against the said order shall lie with the proper officer of the Act .

### Should every appeal be made to both CGST & SGST authorities?

No. As per the CGST & SGST/UTGST officers are empowered to pass orders. As per the Act, an order passed under CGST will also be deemed to apply to SGST. However, if an officer pass order under CGST , any appeal/review/ revision/ rectification against the order will lie only with the officers of CGST. Similarly, for SGST, for any order passed by the SGST officer the appeal/ review/revision/rectification will lie with the proper officer of SGST only.

### Appellate Mechanism

A taxpayer aggrieved by the order of adjudicating authority can file a appeal with Appellate Authority [ AA]. Appeal must be against a order

of adjudicating authority.

Channel of Appeal is shown below;



### Can all decisions be appealed against?

No. Appeals cannot be made for the following decisions taken by a GST officer-

1. An order to transfer the proceedings from one officer to another officer
2. An order to seize or retain books of account and other documents; or
3. An order sanctioning prosecution under the Act; or
4. An order allowing payment of tax and other amount in installments

A person unhappy with any decision or order passed against him under GST by an adjudicating authority can appeal to the First Appellate Authority.

If they are not happy with the decision of the First Appellate Authority they can appeal to the Appellate Tribunal, then to High Court and finally Supreme Court

### First Appeal with Appellate Authority: [Section - 107 of CGST Act,2017]

1. Appeal shall be filed with in three months from the date of communication of said order.
2. Commissioner at his own or request from commissioner of state or UT can review the order and apply to Appellate Authority within 6 months from the date of communication of



the said order.

3. Before filing the first appeal by the appellant, the following payment need to be paid;
4. Amount of tax, interest, fee and penalty as agreed by appellant from the impugned order.
5. A sum equal to 10% of the remaining amount of tax in dispute.
6. The AA will dispose of the appeal within period of one year from the date of filing.

Form of Appeal to Appellate Authority----> GST APL-01

Form of Appeal to Appellate Authority----> GST APL - 03 [ in case of Review or revision order]

### Power of Revisionary Authority [ Section 108 of CGST Act,2017]

1. Revisionary authority at his own motion or request from commissioner of state or UT can call for examine the order passed under this act or under SGST or UTGST by any officer subordinate to him if the same is erroneous, improper or prejudicial to the interest of revenue. This may also on the observation of CAG also. RA can pass order which he may think proper including addition , deletion and annulling the order.
2. Revisionary authority can not exercise his power in the following cases;
  - a. Where the order has been in any four type of appeals as mentioned above
  - b. If the period of six months has been expired or three year have been expired after passing the order sought to be revised .
  - c. The order has already been taken in revision.
  - d. The order has already been passed.

Provided that RA may passed an order sub section -1, where any point has not been taken in appeal.

### Appeal to Appellate Tribunal [ Section 112 of CGST Act, 2017]

1. Any person aggrieved by order of Appellate Authority or Revisionary Authority of CGST, SGST or UTGST Act file appeal to Appellate Tribunal within 3 months from the date of order communicated.
2. Appellate Tribunal can refuse to accept the appeal if the amount under appeal does not exceed Rs. 50000. Amount of appeal may be of Tax, input credit or the amount of any fees or penalty.
3. Appellate tribunal may accept the appeal within three months after the expiry of initial three months under point no.1.
4. On receipt of the notice that appeal has been filed under this section, the party against whom the appeal has been filed , may move an memorandum of cross objection within 45 days from the date of receipt of notice, against any part of the order . Such memorandum shall be disposed by Appellate Tribunal as it was appeal in due course.
5. No appeal shall be filed unless the appellant has ;
  - Paid tax, interest ,fees and penalty in full from the impugned order as admitted by him.
  - Paid 25% of the remaining amount in dispute of the impugned order.
6. Appearance by Authorized Representative means the following person ;



- a. His relative or regular employees
- b. Advocate entitle to practice
- c. Chartered Accountant, cost accountant or company secretary who hold certificate of practice.
- d. Retired officer of commercial tax department of any state or UT who has not worked below the post of Grade-B Gazetted officer for not less than two years.

### Form of Appeal to Appellate Tribunal- GST APL -05

### Form of Appeal to Appellate Tribunal- GST APL -06 [in Case of Cross objection]

### Form of Appeal to Appellate Tribunal- GST APL -07[ Appeal of AT by Department]

### Appeal to High Court [ Section-117 of CGST Act,2017]

1. Appeal to the High Court shall be filed within 180 days from the date of order of the appellate tribunal has been received by the aggrieved person. HC can accept the appeal even after the said period if satisfied that there was reasonable cause for not filing the appeal.
2. Appeal filed in High Court shall be heard by bench of not less than two judges.

### Form of Appeal to Appellate Tribunal- GST APL -08

### Appeal to the Supreme Court [ Section -118 of the CGST Act,2017 ]

Appeal to the Supreme Court Shall lie ;

- A. Against the order of Appellate tribunal [ National or Regional Bench]
- B. Against the of order of High Court

### Steps of appeals under GST

Appeal level	Orders passed by....	Appeal to	Sections
1st	Adjudicating Authority	First Appellate Authority	107
2nd	First Appellate Authority	Appellate Tribunal	112
3rd	Appellate Tribunal	High Court	117
4th	High Court	Supreme	118

### ----- Disclaimer :

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





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## A. Introduction

COSO, the Committee of Sponsoring Organizations of the Treadway Commission was established in 1985 to combat corporate fraud. It developed a model for evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control. It is sponsored by five organizations, namely:

- The Institute of Internal Auditors (IIA)
- American Institute of Certified Public Accountants (AICPA)
- American Accounting Association (AAA)
- Institute of Management Accountants (IMA)
- Financial Executives International (FEI)

## B. COSO Cube

The COSO cube depicts the below:

- The three categories of objectives are represented by the columns.
- The five components are represented by the rows.
- The organizational structure, which represents the overall entity, divisions, subsidiaries, operating units, or functions, including business processes such as sales, purchasing, production and marketing and to which internal control relates, are depicted by the third dimension of the cube.



## C. Objectives and Components of COSO Framework

There are three objectives of COSO Framework:

- Effectiveness & efficiency of operations;
- Compliance with applicable laws & regulations;
- &
- Reliability of financial reporting.

There are five components of COSO Framework:

1. **Control Environment:** Sets the tone of an organization and serves as a foundation for all other components.
2. **Risk Assessment:** Identifies and analyzes risks to achieve objectives. Determines how risk should be managed.
3. **Control Activities:** Encompass policies and practices along with process level procedures that ensure management's directives are carried out.
4. **Information & Communication:** Captures and exchanges relevant information to use as a basis for decision making. Also, effectively



communicates roles and responsibilities for maintaining internal controls.

5. **Monitoring:** The ongoing assessment of internal control quality to assure controls are operating as intended.

These components work to establish the foundation for sound internal control within the company through directed leadership, shared values and a culture that emphasizes accountability for control.

#### D. Integration with The Companies Act, 2013

The Companies Act 2013 brings a new era of Corporate Governance and transparency in the Indian Corporate sector, with requirements of these norms warranting organizations to provide assurance to the Board of Directors and Audit Committee on adequacy of internal controls, effective risk management processes, Anti-fraud controls and effective legal framework.

- Section 134 of the Companies Act 2013 requires that the Directors' Responsibility Statement shall state whether directors have laid down internal financial controls to be followed by company and whether such controls are adequate and operating effectively.

- Section 143(3) of the Companies Act 2013 requires the auditors of the companies to report as whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- As per Section 177 of the Act, the audit committee may call for comments of auditor about internal control system before their submission to board and may discuss any related issues with internal auditor, external auditor or management.

#### E. COSO and SOX

- Sec 404 of Sarbanes Oxley Act, 2002 requires management to file an "Annual Internal Control Report" which includes a statement identifying the framework used by management as criteria for evaluating the effectiveness of internal control. If the company doesn't adopt an internal control framework, there is no criteria against which the company or the independent auditor can measure effectiveness. SEC does not mandate a specific framework but has identified the COSO framework as satisfying the requirements.

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**GURUGRAM BRANCH OF NORTHERN INDIA REGIONAL  
COUNCIL  
OF  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Setup by an Act of Parliament)

NOTICE

NOTICE IS HEREBY GIVEN THAT 8TH ANNUAL GENERAL MEETING OF THE MEMBERS OF GURUGRAM BRANCH OF NORTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA, WILL BE HELD ON FRIDAY, THE 13TH JULY 2018 AT 10.00 AM, AT THE BRANCH PREMISES, PLOT NO 60 A, 3RD FLOOR, SECTOR 18, GURUGRAM TO TRANSACT THE FOLLOWING BUSINESS :-

1. TO RECEIVE, CONSIDER AND ADOPT THE AUDITED BALANCE SHEET OF THE BRANCH AS AT 31<sup>ST</sup> MARCH, 2018 AND THE INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON THAT DATE TOGETHER WITH THE REPORTS OF THE AUDITORS THEREON.
2. TO TRANSACT ANY OTHER BUSINESS WITH THE PERMISSION OF THE CHAIR

NOTE: AUDIT REPORT ALONG WITH AUDITED FINANCIAL IS SENT ALONG WITH THE NOTICE

FOR GURUGRAM BRANCH OF NIRC OF ICAI

*Manish Goyal*

**CA Manish Goyal**  
Secretary  
Gurugram Branch of NIRC of ICAI  
[manishhsr@gmail.com](mailto:manishhsr@gmail.com)  
99108-12727

DATE: - 16/6/2018

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Plot No. 60 A, 3<sup>rd</sup> Floor, Sector 18, Gurugram  
Phone: 0124-4268867, Email: Gurugram@icai.org



### Respected Members,

It gives us immense pleasure to inform you that Gurugram Branch of NIRC of ICAI is going to host "Certification Course on Forensic Accounting and Fraud Detection" starting from 12th August 2018 to 1st September 2018 at Gurugram, conducted by ICAI.

**Registration Link for Certification Course :** [\(Click Here\)](#)

### Participation Fees:

Members are requested to get enrolled at the earliest as the seats are limited.

### Introduction

Forensic Accounting is the specialty practice area that describes engagements which result from actual or anticipated frauds, disputes or litigations. Forensic Accounting, Fraud Detection & Prevention specialization is in increasing demand considering increasing incidents of cyber-crimes and frauds. It is the practice of utilizing accounting, auditing, CAATs/ Data Mining Tools, and investigative skills to detect frauds/ mistakes. The Government bodies , PSU's , Insurance sector, Banks, Investigating agencies as well as many medium-sized and boutique firms have specialist forensic accounting departments engaging Forensic Auditors.

### Course Duration

Seven full days with a prerequisite to undergo E-Learning of 17 hours and 30 minutes minimum. (One can learn sitting at Home/ Office)

### CPE Hours

Total 20: 15 CPE Hours shall be granted to all the participants those who have attain 90% of attendance in the Classes. Remaining 5 CPE Hours shall be given after successful passing the Assessment Test

### Course Fees

Rs. 23,600/- (20000+ 18%GST) per delegate payable Online. E-learning is included in the FAFD Fees, there is no need to pay Rs. 590/- separately.

### Registration

Please make the payment and register to the course by providing payment and contact details at the following link: [Click Here to Register](#)

### Course Scheme

- Course Classes duration is Seven days with a prerequisite to undergo E-Learning of 17 hours and 30 minutes. (One can learn, sitting at Home/Office).
- 2 Module tests. One for E Learning on First day of class and one on 7th day. (20 Marks each)
- Every Participant will have to submit of one Research paper (min. 10 pages) with PPT, two forensic audit reports within two weeks after completion of the Course (60 Marks).
- A final assessment test of 100 Marks which will be held on quarterly basis.
- The fees for the course is Rs.23600/- (20000+ 18%GST) per participant and registration is allowed only through online mode.
- 15 CPE Hours shall be granted to all the participants those who have attain 90% of attendance in the Classes. Remaining 5 CPE Hours shall be given after successful passing the Assessment Test.

### Passing Requirement

- 40 Marks for two Module Tests + 40 Marks for two Forensic Audit Report + 20 Marks for Research Paper & PPT (TOTAL- 100 Marks).
- Candidates have to secure 50% marks in their Module Test and Project Work (i.e. 50 Marks in total out of 100) to get eligible for appearing in the Assessment Test. Hence passing of the Module Tests and the Project Work is the precondition for appearing in the FAFD Assessment Test.
- 100 marks for FAFD Assessment Test.
- The minimum marks required for passing FAFD Assessment Test is 50% i.e. 50 marks out of 100.
- The Minimum Attendance Criteria is 90%.
- In case the candidate is securing marks less than 50% in Project Work and Module Test (together) due to which he / she is not able to get eligible to appear for FAFD Assessment Test then the Candidate may be allowed to re-submit the Project only (i.e. two Forensic Audit Report + Research Paper & PPT) with the re-submission fee (Fee shall be announced soon). The Topic may be same or a new Topic can be requested by the Candidate.





Seminar on “Ind AS – Overview, Challenges and Impact Analysis”



Topic : “Ind AS – Overview, Challenges and Impact Analysis”

Audience : Members

Speaker : CA. Alok Garg

Date & Day : 9th June 2018, Saturday







**4th International Yoga Day on 21st June 2018**  
**Audience : Members & CA Students**







## Seminar on "RERA and GST Implications on Real Estate Sector"



**Topic :** "RERA and GST Implications on Real Estate Sector"

**Audience :** CA Members

**Lead By :** CA Ashish Chaudhary & CA. Gaurav Agarwal

**Date & Day :** 23rd June 2018, Saturday







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

And

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

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

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

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

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





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

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

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

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

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

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

### Other applicable Conditions:

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



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

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

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## Feedback & Suggestions

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

You may please send feedback at-

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

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

## Gurugram Branch Managing Committee for the Session 2018-19

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