

# Gurugram Branch Chartered Accountants e-Newsletter



## Message from Chairman's Desk



**CA. Dheeraj KS Sharma**  
(Chairman)



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### Respected Professional Colleagues, Warm greetings and Happy Navratri.

I trust you are healthy and safe. You are only as strong as you allow yourself to be. Ultimately it's only the winner who knows that how the success comes. Success can only be achieved after overcoming short races, removing obstacle and upgrading skills. Amid the up and downs in the journey one need to be positive. We must remember the famous proverb; **Nothing can stop a person having positive attitude and nothing can help a person having negative attitude.**

### COVID-19

Pandemic COVID-19 marks an unprecedented time in modern world history that will require the best of humanity to overcome. The new coronavirus (COVID-19) has taken thousands of lives and spread to nearly every country in the world. This crisis threatens everyone's way of life. It is need of time as well **moral duty** of all of us to cooperate with Govt. machineries and people working in the segment of essential supplies.

### E-LEARNING

The Institute of Chartered Accountants of India is focusing on Skills Development of the Members and Students through various trainings and seminars. Under able leadership of our worthy President **CA Atul Kumar Gupta** amid the situation of nationwide lockdown ICAI has taken necessary steps to provide enough content on **ICAI e-learning** hub so that members and students may not fall behind. Gurugram Branch has also taken initiative of arranging webinars. Eminent speakers will be discussing various important issues on **Webinars hosted by Gurugram Branch**, kindly stay tuned with us.

### STUDENTS

Considering the hardship faced by students due to crisis of COVID-19 ICAI has postponed exams for CA students. We are understanding the multiple issues faced by students. Gurugram Branch is arranging **Online Crash Course** for important topics to help a larger section of CA students. These classes will be completely free of cost for all students on PAN India basis. I express thanks for all the faculties extended their cooperation for this selfless effort. I convey my best wishes to all the students for their health, safety and preparation for examination.

### ICAI Partner in Nation Building

The Corona Virus has a negative impact on world economy and adversely affecting people at large. At this moment, the affected people in India will need help to tide over the disease. To provide much-needed relief for the people affected by the viral disease and those who are in distress; **you are requested to donate generously for this noble cause.** Your donation will support immediate and long-term relief and recovery in vulnerable communities during one of the most challenging times we have collectively faced.

I, along with my team, shall strive for continuous efforts to ensure our part to stand with nation in this critical situation and endeavour to carry forward the rich legacy of ICAI as partner in nation building. I am sure you will shower your love and support on managing committee to work better for the profession and the society. With due respect and huge regard I would seek your blessings, guidance and support for future endeavors.

Stay safe, stay healthy. Jai Hind.

**'Be Genuine and Win Hearts'**



**CA. Mohit Singhal**  
**(Secretary)**

### **Dear Professional Colleagues,**

Successful teamwork is built on the foundation of trust. Each member of the team must establish trust, cultivate trust through their actions and words and work towards maintaining it. Each member also needs to be able to trust their team members to make a commitment to the team and work diligently towards achieving the goals set out.

Let me remind my professional friends to renew the Study Group membership as we have entered into April month. Study Group membership forms are available at our site [www.icaigurugram.org](http://www.icaigurugram.org). Members are requested to participate in all the programmes scheduled in the upcoming months. Let us be abreast with all the changes happening in our profession and maintain the quality of our prestigious profession. Let us give a start for the new financial year with greater vigour and commitment. I am sure that with your support and guidance, we can conduct various programmes for the benefit of Members and CA Students maintaining the bench mark set by our predecessors.

Dear Students, Success comes from having dreams that are bigger than our fears. William

### *Message from Secretary's Desk*

Arthur said **"Opportunities are like sunrises, if you wait too long, you can miss them."**

Persistence can change failure into extraordinary achievement. The crucial test to your dedicated study is vested upon you. Be calm, have faith in yourself and be confident. You will come through with flying colours. Keep yourself happy, determined to succeed and enthuse yourself, envision yourself doing well and you will do so. Think of yourself reaching the next level, be it CA IPCC, CA Final or getting a job.

### **Why E-learning**

ICAI's Digital Learning Hub is an integrated Learning Management System (LMS) which brings a new knowledge eco-system with collaborative pedagogical model and participatory learning to improve learner outcomes. The platform brings your professional and academic contents in multiple formats which you can use in self-paced way. It provides a platform for interaction with your peers in knowledge sharing engagements using the best use of technology such as smartphones, tablets to disseminate learning snippets. The content is tailored to suit each niche learner segment say members to earn CPE hours and help a student to understand a concept.

With this, I thank everyone once again for their continuous support and guidance. All feedbacks, suggestions and grievances are always welcome.



The COVID-19 pandemic marks an unprecedented time in modern history that will require the best of humanity to overcome. Little would have we realised the unfolding of epidemic like this, which situation is yet unfolding, and have brought the economic momentum to a much lower trajectory. Situation like this would need support to collaborate with the government initiatives to scale up governmental efforts to help those in distress. At this moment, the affected people in India will need help to tide over the viral disease, and in this scenario, ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support them at this difficult time. Due to the ongoing lockdown, much needed on the ground of social distancing and therefore 'stay home' advisory from the government; some of our fellow countrymen will need extensive support from the government. Further, we need to contribute to the government initiatives to bolster necessary infrastructure and human ware to fight this epidemic.

To provide much-needed relief for the people affected by the viral disease and those who are in distress; ICAI appeals to all its Members and Students to donate generously for this noble cause through the link ([click here](#)).

Donations can be made through Demand Draft, Cheque, RTGS and online mode; offline collections in form of cheques/demand draft should be given in the name of "**ICAI COVID 19 Relief Fund**". All such offline contributions can be made in the ICAI Bank Account having the following details:

**Bank: HDFC Bank**

**Account No.: 50100098409265**

**IFSC No: HDFC0000590**

The collected amount will be given to PRIME MINISTER'S NATIONAL RELIEF FUND. All contributions towards this Fund are exempt from Income Tax under Section 80G. The donors are requested to give their name, membership number /student registration number, address, amount and date of contribution, PAN details (if any) for the offline transfers, so that receipts could be obtained from Prime Minister's National Relief Fund for onward transmission to the donors. The letter/email can be sent to:

**The Additional Secretary M&C-MSS**

**The Institute of Chartered Accountants of India**

**ICAI Bhawan A-29,**

**Sector-62 Noida-201309**

**Email: msshead@icai.in**

Looking forward for your generous contribution in these special circumstances in the interest of mankind.

**(CA. Atul Kumar Gupta)**

**President ICAI**





# Equalization Levy (Budget 2020)

**CA Anshul Kumar Singhal**

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## Equalization Levy: The extended scope as per Finance Act 2020

### A. Background

Equalization levy ('EL') was introduced in Finance Act 2016 as an alternate mechanism of taxation for digital transactions. This was in line with BEPS Action Plan 1 which deals with challenges faced in digital economy.

EL is collected in a manner which is quite similar to withholding tax. EL is charged at the rate of 6% on gross basis and is required to be deducted by payer in India while making payment of consideration for specified services provided by non-resident. For this purpose, 'specified service' means online advertisement, any provision for digital advertising space or any other facility or service for the purpose of online advertisement.

### B. Extension in scope of Equalization Levy by Finance Act 2020

Finance Act 2020 sprung up a surprise with expansion in the scope of EL at the time of passing of Act in the Parliament. With effect from 1 April 2020, EL will also be levied at the rate of 2% on the amount of consideration received or receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it. Key features of the extended scope of EL are:

Criteria	Description
Payable by	Non-resident e-commerce operator
E-commerce operator means	A non-resident who owns, operates or manages digital or electronic facility or platform for online sale of goods or online provision of services or both.
Scope of supply/ services	E-commerce supply or services made or provided or facilitated: 1. to a person resident in India 2. to a non-resident in the specified circumstances 3. to a person who buys such goods or services or both using internet protocol address located in India
E-commerce supply or service means	1. online sale of goods owned by the e-commerce operator; or 2. online provision of services provided by the e-commerce operator; or 3. online sale of goods or provision of services or both facilitated by the e-commerce operator; or 4. any combination of activities listed in clause (i), (ii), or (iii)
Specified circumstances where EL will be levied even if supply or services are consumed by non-resident	1. Sale of advertisement, which targets a customer, who is resident in India or customer who accesses the advertisement through internet protocol address located in India; and 2. Sale of data, collected from a person who is resident in India or from a person who uses internet protocol address located in India
Amount covered	Consideration received or receivable by e-commerce operator for above scope of supply or services
Rate	2% on gross basis
Payment dates	7 <sup>th</sup> July for 1 <sup>st</sup> Quarter 7 <sup>th</sup> October for 2 <sup>nd</sup> Quarter 7 <sup>th</sup> January for 3 <sup>rd</sup> Quarter 31 <sup>st</sup> March for 4 <sup>th</sup> Quarter



# Equalization Levy (Budget 2020)

Exclusions	Where the e-commerce operator has a permanent establishment in India and such e-commerce supply or services is effectively connected such permanent establishment; or Where EL is already leviable under existing scope provided in Section 165 of Finance Act 2016; or Sales/turnover/gross receipts do not exceed INR 2Crores during the previous year.
Statement of EL	Required to be filed in Form 1 by 30 <sup>th</sup> June immediately succeeding the end of previous year.
Applicable from	1 April 2020

### C. Challenges

There would be certain industry specific challenges such as Multinational Enterprises (MNEs) engaged in hospitality sector collect consolidated marketing charges from their group companies. Such MNEs undertake advertising through their own digital platforms as well as through third party digital platforms. It might be a challenge for such MNEs to segregate the collection of advertisement expenses into that collected for own platform and that for third party platforms.

Also, there is an ambiguity as to whether the EL will be applicable on third e-commerce operator receiving consideration from foreign MNEs where the Indian entity of the MNE group has in-turn made the payment to the foreign MNE rather than making direct payment to the third party e-commerce operator.

E.g.: I-Co. (Indian company) makes payment to F-Co. (Foreign company) for utilizing the supply or services provided by E-Co. (non-resident e-commerce operator). E-Co. has entered into a global contract with F-Co and I-Co is not a party to that contract. In such circumstances, a question arises as to whether the E-Co. can be

said to have made the supply or provided the services to I-Co. which is a resident of India. A clarification by Central Board of Direct Taxes (CBDT) in this regard would be quite helpful.

Further, the MNEs will have to put in place robust IT system to track the bookings which have been made using internet protocol address located in India. EL would be required to be paid even on supply or service which is consumed by a non-resident but was booked while being in India and using an internet protocol address located in India.

Moreover, the levy being brought into effect under the provisions of Chapter VIII of Finance Act 2016, such levy will not be considered to be a payment of income-tax. Thus, the foreign e-commerce operator may face a challenge to claim credit of the EL paid in India, against its income tax payable in its own home country.

The implementation of the extended scope of EL can prove be a challenge for the Government because it fastens the liability on non-resident e-commerce operator rather than the payer in India.

MNEs will have to comply with payment of EL in instalments at the prescribed dates and will also be required to file an annual statement of EL. It will surely be an added compliance burden.

### D. Conclusion

Overseas e-commerce operators need to take note of the amendments made in the scope of EL and prepare themselves for the compliance requirements. They need to estimate the earnings from the supply of goods or services which are covered under the extended scope so as to be able to pay advance installments at prescribed dates. The IT systems may also be required to be updated to track the amount of consideration covered under the extended scope of EL.



## Interest Rates

1. Repo rate (rate at which RBI lends money to commercial bank) reduced by 75 basis point i.e. upto 4.4%.
2. Reverse Repo rate (rate at which RBI borrows money from commercial bank) reduced by 90 basis point I.e. upto 4.0%
3. CRR (percentage of Deposits, banks need to keep with RBI) reduced by 100 basis point to 3%.
4. Further the minimum requirement of daily CRR is reduced from 90% to 80%.
5. Statutory Liquidity Ratio- 2% to 3%.

## Moratorium Period

1. All commercial banks are asked allow a moratorium of 3 months on terms loans outstanding on 1st march 2020.
2. Deferment of payment of Interest for 3 months on all the working capital loans or Limits. Interest will be paid after the end of moratorium period.

Further clarified that Moratorium Period will not result in asset classification downgrade.

## NSFR

Net Stable Funding Ratio implementation is deferred from 1st April to 1st Oct 2020.

## What will be impact?

Amid criticality of situation across the globe due to COVID-19 impact aggregate demand is expected to be weaken and future outlook is uncertain and negative. Above mentioned announcements made by Reserve Bank of India will help banks to pay less to RBI and utilize those funds to strengthen the economic sector of the nation. Further working capital limits, over drafts and loans will also available at ease through banks and other lending institutions.

## FAQ regarding 3 Months Moratorium

**Q1: Will the payment not be deducted from my account for next 3 EMI?**

Ans: The RBI has only permitted banks to allow a moratorium of 3 months. Individual banks will have to allow suspension of EMIs. The borrower will have to request the bank and show that his or her income has been impacted by the coronavirus disruption. This means that unless you have specific approval from your bank, your EMIs will still be deducted from your account.

**Q2: Is this a waiver of EMIs or a deferment of EMIs?**

Ans: This is not a waiver, but a deferment. You will have to pay the EMIs at a later date as decided by the bank. The RBI has told banks to have board approved policies in place regarding moratorium/deferment.

**Q3: Does the moratorium cover both principal and interest?**

Ans: Yes. It does. If announced by your bank, you can forego payment of your entire EMI, including payment and interest.

**Q4. What kind of loans does the moratorium cover?**

The RBI policy statement explicitly mentions term loans, which includes home loans, personal loans, education loans, auto and any loans which have a fixed tenure. The also include consumer durable loans.

**Q5: I have taken a business loan. Can I not pay my EMI?**

Ans: The moratorium has been allowed on retail loans.

**Q6: What has the RBI announced for businesses?**

Ans: The RBI has allowed deferment for interest payments for all working capital loans taken by businesses. The accumulated interest for the period will be paid after the expiry of the deferment period. Moratorium/deferment will not be treated as change in terms and conditions of loan agreements and will not result in asset classification downgrade.



## Lockdown relief to Finance Sector- A change relating to #Indiafightscorona

1. Increase in the threshold for default under the Insolvency and Bankruptcy Code (IBC) to Rs. 1 crore. Currently, the threshold of triggering insolvency cases stands at Rs. 1 lakh.
2. Due date for filing tax returns towards income earned in financial year 2018-19 (assessment year 2019-20) extended to June 30.
3. The interest rate applicable on delayed income tax returns (ITRs) is reduced to 9 percent from the existing 12 percent.
4. Extending tax dispute resolution scheme "Vivad Se Vishwas" by three months, to June 30. Those availing the scheme will not be required to pay 10 percent interest on principal as mandated under

existing rules.

5. Extension in the due date for mandatory linking of Aadhaar with PAN to June 30 as against current due date of March 31.
6. Extension in the deadline for filing GST returns towards the months of February, March and April to June 30.
7. Companies with turnover of less than Rs. 5 crore will not have to pay interest, penalty or late fee for filing delayed returns.
8. Relaxation is given to companies to hold board meetings for next two quarters.
9. 24 \* 7 Custom Clearance till 30th June, 2020
10. All pending form at MCA can be filed without penalty.

## Online Crash Course for CA IPCC Students (For June 2020 attempt)

Starting from 11<sup>th</sup> April 2020

Accounting	CA Sandeep Sharma, Delhi
Cost Accounting	CA Kailash Sharma, Faridabad
Financial Management	CA Kailash Sharma, Faridabad
Taxation	CA Abhishek Jain, Delhi
Advanced Accounting	CA Sandeep Sharma, Delhi
Auditing & Assurance	CA Kanika Khetan, Sikar
Corporate & Other Law	CA Ankit Maheshwari, Jaipur
Enterprise Info. System	Er. Manoj Khandelwal, Sikar
Strategic Management	CA Anushri Agarwal, Sikar (AIR-6 in CA Final May 2011)

**20 Hours  
Classes for  
each subject**

**Fees : Nil**

Detailed information shall be shared with registered students in due course.

Registration Link : [Click here](#)





## INSURANCE SCHEME

For Health Workers fighting COVID-19 (in Government Hospitals and Health Care Centres)

Cleaning staff, ward-boys, nurses, para-medics, technicians, doctors and specialists and other health would be covered by a Special insurance Scheme.

Any health professional while treating Covid-19 patients who meets with accident; he/she would be compensated with an amount of Rs. 50 lakh under the scheme.

All government health centres, wellness centres and hospitals of Centre Govt. as well as State Govt. would be covered under this scheme. Approximately 22 lakh health workers would be provided insurance cover to fight this pandemic.

## CASH TRANSFER

Each farmer would receive Rs.2000 in the month of April 2020. (It would cover approx. 8.7 crore farmers and total sum around Rs.16000 crores would be distributed to them)

20.40 crores women account-holders (under Pradhanmantri Jan Dhan Yojna) would be given an ex-gratia of Rs.500 per month for next three months.

## UJJAVALA YOJNA

Free of cost Gas Cylinders would be provided to 8 crore poor families for the next three months. (maximum 3 per connection)

## PF CONTRIBUTION

Central Govt. will pay the EPF contribution both, of the employer and employee (12% each) for the next three months.

Applicability: Establishments that have upto 100 employees and 90% of them earn not more than Rs.15,000 per month.

Provident fund scheme regulations will be amended to allow non refundable advance of 75% of amount or three months wages whichever is lower.

## SENIOR CITIZEN, WIDOWS, DIVYANG

There are around 3 crore people in 'Aged', 'Widows' and 'Divyang' category who are vulnerable due to economic disruption caused by COVID-19.

Government will give them Rs.1000 to tide over difficulties during next three months.

## ANN YOJNA

80 crore individuals, (roughly two-thirds of Indian population) would be covered under this scheme.

Each one of them would be provided double of their current entitlement over next three months. This additionality would be free of cost.

To ensure adequate availability of protein to all the above mentioned individuals (80 crore), one kg per family, of pulses like moong, toor, chana, urad would be provided for next three months free of cost.

## OTHERS

63 Lakh Self Help Group for women would be eligible to get collateral free loans upto Rs.20 Lakh.

Wages for daily worker under MNREGA is increased by Rs.20 w.e.f. 01 April 2020.





# Companies (Auditor's Report) Order, 2020

CA Abhishek Jain

E mail : [abhishek\\_jaipuriya@yahoo.co.in](mailto:abhishek_jaipuriya@yahoo.co.in)



**Applicable from:** Financial Year 2020 -21

**Applicable on:**

The Order applies to all companies except certain categories of companies specifically exempted from the application of the Order.

Exempted companies are;

- A. a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949;
- B. an insurance company as defined under the Insurance Act, 1938;
- C. a company licensed to operate under section 8 of the Act;
- D. a One person Company as defined under clause (62) of section 2 of the Act and a small company as defined under clause (85) of the section 2 of the Act; and
- E. a private limited company, not being a subsidiary or holding company of a public company, having;
  - paid-up capital and reserves and surplus not more than one crore rupees as on the balance sheet date and
  - which does not have total borrowings exceeding one crore rupees from any bank or financial institution at any point of time during the financial year and
  - which does not have a total revenue as disclosed in Schedule III to the Act, (including revenue from discontinuing operations) exceeding ten crores rupees during the financial year as per the financial statements



## Comparison Between CARO 2016 and CARO 2020

### CARO 2016

### CARO 2020

Clause No	Matter	Clause No.	Matter	Nature of Change
i (a)	Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets	i(a)(A)	Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;	No Change
–	–	i(a)(B)	Whether the company is maintaining proper records showing full particulars of intangible assets;	New Sub Clause Added
i (b)	Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	i(b)	Whether these <u>Property, Plant and Equipment</u> have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	No Change (Only change of FA to PPE)
i (c)	Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;	i(c)	Whether the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, if not, provide the details thereof	Clari-fication given for Non-Disclosure of Properties taken on Lease by the Lessee
–	–	i(d)	Whether the company has revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and, if so, whether the revaluation is based on the valuation by a Registered Valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets;	New Sub Clause Added





**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
-	-	i(e)	Whether any proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under, if so, whether the company has appropriately disclosed the details in its financial statements;	New Sub Clause Added
ii	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;	ii(a)	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account;	Auditor has to specifically comment on coverage and procedure adopted. Also Materiality has been defined as 10% or more in each class of Inventory
-	-	ii(b)	Whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details;	New Sub Clause Added
iii	Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,	iii	Whether during the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, if so,-	



**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
–	–	(a)	whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate-	New Sub Clause Added
–	–	A	The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates;	New Sub Clause Added
–	–	B	The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates;	New Sub Clause Added
(a)	Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;	(b)	Whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;	Investment, Guarantee & Security Given has been covered now
(b)	Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;	(c)	In respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;	No Change
(c)	If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	(d)	If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	No Change





**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
-	-	(e)	Whether any loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties, if so, specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans];	New Sub Clause Added
-	-	(f)	Whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013;	New Sub Clause Added
iv	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	iv	In respect of loans, investments, guarantees, and security, whether provisions of sections 185 and 186 of the Companies Act have been complied with, if not, provide the details thereof;	No Change
v	In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	v	In respect of deposits accepted by the company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not;	Reporting on Deemed Deposits covered now





**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
vi	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.	vi	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act and whether such accounts and records have been so made and maintained;	No Change
vii (a)	Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	vii(a)	Whether the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	No Change
vii (b)	Where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned.	vii(b)	Where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned	No Change
-	-	viii	Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, if so, whether the previously unrecorded income has been properly recorded in the books of account during the year;	New Clause Added



### CARO 2016

### CARO 2020

Clause No	Matter	Clause No.	Matter	Nature of Change
viii	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	ix(a)	Whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported in the format given	Word Any Lender has been substituted in place of financial institution, bank, Government or dues to debenture holders
–	–	ix(b)	Whether the company is a declared wilful defaulter by any bank or financial institution or other lender;	New Sub Clause Added
–	–	ix(c)	Whether term loans were applied for the purpose for which the loans were obtained; if not, the amount of loan so diverted and the purpose for which it is used may be reported;	Term Loan removed from Old Clause ix and added here in form of Sub Clause
–	–	ix(d)	Whether funds raised on short term basis have been utilised for long term purposes, if yes, the nature and amount to be indicated;	New Sub Clause Added
–	–	ix(e)	Whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if so, details thereof with nature of such transactions and the amount in each case;	New Sub Clause Added
–	–	ix(f)	Whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if so, give details thereof and also report if the company has defaulted in repayment of such loans raised;	New Sub Clause Added
ix	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	x(a)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) during the year were applied for the purposes for which those are raised, if not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	Term Loan removed from here and covered in Para ix (c)





**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
–	–	x(b)	Whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance;	Shifted from Clause xiv of CARO 2016 to Clause x(b) of CARO 2020
x	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	xi(a)	Whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;	Word by its officers or employees has been removed
–	–	xi(b)	Whether any report under subsection (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;	
–	–	xi(c)	Whether the auditor has considered whistle-blower complaints, if any, received during the year by the company;	New Sub Clause Added
xi	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	–	–	Clause Deleted







### CARO 2016

### CARO 2020

Clause No	Matter	Clause No.	Matter	Nature of Change
xii (a)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability;	xii(a)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability;	No Change
xii (b)	Whether the Nidhi Company is maintaining ten per cent. un-encumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	xii(b)	Whether the Nidhi Company is maintaining ten per cent. unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	No Change
–	–	xii(c)	Whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof;	New Sub Clause Added
xiii	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	xiii	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards;	No Change
xiv	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	–	–	Shifted to Clause x(b) of CARO 2020 from Clause xiv of CARO 2016
–	–	xiv(a)	Whether the company has an internal audit system commensurate with the size and nature of its business;	New Clause Added
–	–	xiv(b)	Whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor;	New Clause Added





**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
xv	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	xv	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act have been complied with;	No Change
xvi	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	xvi(a)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained;	No Change
-	-	xvi(b)	Whether the company has conducted any Non-Banking Financial of Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934;	
-	-	xvi(c)	Whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil such criteria;	
-	-	xvi(d)	Whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group;	New Sub Clause Added
-	-	xvii	Whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses;	New Clause Added
-	-	xviii	Whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors;	New Clause Added



**CARO 2016**

**CARO 2020**

Clause No	Matter	Clause No.	Matter	Nature of Change
–	–	xix	On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;	
–	–	xx(a)	Whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;	New Clause Added
–	–	xx(b)	Whether any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;	New Clause Added
–	–	xxi	Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualification or adverse remarks.	New Clause Added





# Together we will defeat COVID-19

## Necessary actions taken by Gurugram Branch to fight against COVID-19

**2<sup>nd</sup> March:** Ensured compulsory hand sanitization for every visitor to branch premise (including staff, committee members and students). Also issued safety guidelines to be strictly followed at branch.

**5<sup>th</sup> March:** Cancelled all programs which were scheduled in the month of March.

**13<sup>th</sup> March:** Suspended all ADV, ITT, MCS, OP & ITT classes, reading room facility and allowed branch staff to work from home.

**20<sup>th</sup> March:** Issued awareness advisory among members to take safety measurements against COVID-19 and support Janta Curfew.

**23<sup>rd</sup> March:** Issued official advisory to members to close the office and ensure work from home.

***Despite of interruption due to COVID-19, Gurugram Branch has ensured that every announcement/update is communicated to members/students well on time through e-mail and SMS.***

### HOW IT SPREADS



PERSONAL CONTACT



AIR BY COUGH OR SNEEZE



MASS GATHERING



CONTAMINATED OBJECTS



Wash your hands frequently with soap



Monitor your temperature twice daily



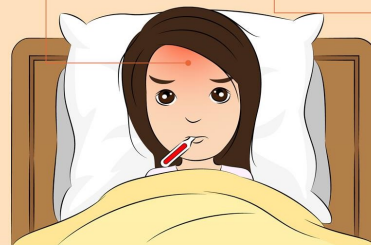
**AVOID** touching your face with your hands



Keep your home and surroundings clean and well-ventilated

### Be socially responsible

- 1 Cover your mouth with tissue paper when sneezing or coughing
- 2 Wear a mask if you are sick and see a doctor promptly
- 3 If you are sick, **AVOID** crowded places and stay at home
- 4 Comply with **Home Quarantine Orders** and **Leaves of Absence** and stay at your designated locations





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🖋️ Highlight

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## COVID -19: Important Announcement

The ICAI (Institute) has been closely watching the situation arising out of spread of Novel Coronavirus COVID-19 and the current stage is where the lockout has resulted in closure of offices and bare minimum articleship training work being made feasible through online means. We are all aware that until further orders, such restrictions are going to continue till 14th April 2020.

Those who are already registered and undergoing articled training, are hereby informed that the period of absence arising out of said lockdown due to COVID -19 pandemic shall not be counted for the purposes of deduction of any leaves, meaning thereby that such period shall be counted as being on articleship training for the period aforesaid. Accordingly, the students who are already undergoing articled training and are appearing for May 2020 and subsequent examinations need not worry on this count for loss of any period not served during the above lockdown.

Further, to ease out situation at both the ends, matters related to timing and manner of payment of stipend in the intervening period arising out of the lockdown ,may be mutually decided between the principal and the article assistant.

(Rakesh Sehgal)  
Acting Secretary, ICAI



## **Exemption from Completion of Management and Communication Skills Course (MCS Course) & Advanced Information Technology Training (Adv.ITT) to appear in Final June 2020 Examination**

The Council at its meeting held on 20th March,2020 invoked the powers under Regulation 205 of The Chartered Accountants Regulations, 1988 and decided to pass the resolution to grant one-time relaxation to the such category of students who are not able to complete MCS Course and Adv.IT **Training before appearing in June, 2020 Final Examination:**

be allowed to appear in May, 2020 Final Examination and complete the aforesated training along with passing of AICITSS (Adv.IT exam) conducted by the Examination Department before the declaration of June, 2020 Final Examination result.

Announcement

## **Exemption from Completion of Orientation Course (OC) and Information Technology Training (ITT) before admission in Practical Training on or before 30th April, 2020.**

The Council at its meeting held on 20th March,2020 invoked the powers under Regulation 205 of The Chartered Accountants Regulations, 1988 and decided to pass the resolution to grant one-time relaxation to the following category of students:

- who were to take admission in Practical Training on or before 30th April, 2020 but are not able to admit in Practical Training due to non-completion of Orientation Course and IT Training.

be allowed to take admission in Practical Training on or before 30th April, 2020 and complete Orientation Course and IT Training on or before 31st August, 2020 and thereafter be allowed to appear in Final examination to be held in November,2022.

(Rakesh Sehgal)

Acting Secretary, ICAI





## POSTPONEMENT OF CHARTERED ACCOUNTANT EXAMINATIONS, JUNE 2020

### **FOUNDATION COURSE EXAMINATION – Under NEW SCHEME**

[As per syllabus contained in the scheme notified by the Council under Regulation 25 F (3) of the Chartered Accountants Regulations, 1988.]

**27th, 29th June 2020, 1st & 3rd July 2020**

### **INTERMEDIATE (IPC) COURSE EXAMINATION – Under OLD SCHEME**

[As per syllabus contained in the scheme notified by the Council under Regulation 28 E (3) of the Chartered Accountants Regulations, 1988]

Group-I : 20th, 22nd, 24th & 26th June 2020

Group-II: 28th, 30th June 2020 & 2nd July 2020

### **INTERMEDIATE COURSE EXAMINATION – Under NEW SCHEME**

[As per syllabus contained in the scheme notified by the Council under Regulation 28 G (4) of the Chartered Accountants Regulations, 1988.]

Group-I : 20th, 22nd, 24th & 26th June 2020

Group-II: 28th, 30th June 2020, 2nd & 4th July 2020

### **FINAL COURSE EXAMINATION - Under OLD SCHEME**

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (ii) of the Chartered Accountants Regulations, 1988.]

Group -I : 19th , 21st, 23rd & 25th June 2020

Group -II: 27th, 29th June 2020, 1st & 3rd July 2020

### **FINAL COURSE EXAMINATION - Under NEW SCHEME**

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (iv) of the Chartered Accountants Regulations, 1988.]

Group -I: 19th , 21st, 23rd & 25th June 2020

Group -II: 27th, 29th June 2020, 1st & 3rd July 2020







## 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– [gurgaon@icai.org](mailto:gurgaon@icai.org); [dheerajks@sankalp.co](mailto:dheerajks@sankalp.co)

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 [gurgaon@icai.org](mailto:gurgaon@icai.org) with the subject line (Article Newsletter).

## **Gurugram Branch Managing Committee for the Session 2020-2021**

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