



Gurugram Branch of NIRC

The Institute of Chartered Accountants of India
[Setup by an Act of Parliament]

HAPPY
Diwali

e-Newsletter | November 2020



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Editorial Message



“

ध्यायतो विषयान्मुंसः सङ्गस्तेषूपजायते।
सङ्गात्संजायते कामः कामात्क्रोधोऽभिजायते॥

(Shrimad Bhagwat Geeta | 2.62)

Respected Professional Colleagues,

Warm greetings.

Trust this communication will find you safe and healthy. Everything begins in the heart and mind. Every great achievement began in the mind of one person. History says that the one who has faith and have practiced controlling their mind and senses attain divine knowledge. Through such knowledge, they quickly attain everlasting supreme peace.

Leadership is all about having a vision and ability to ensure team work. Leaders are not born but they are made through experience, commitment, struggle, will-power and vision. Leadership is an art which does not have limits.

Your branch has hosted remarkable virtual events in the last month. Started with Udbhav : Creative learning series in which distinguished persons including Sh. Arjun Ram Meghwal, Union Minister of State addressed the CA Fraternity. List of such unique VCM ended with Next Generation Tech Conclave in which speakers from 9 cities of 3 countries spoke. You will be delighted to know that during this month one Union Minister, three Senior officials of GOI, two CCM of ICAI, more than twenty speakers from fifteen different cities joined the virtual events of Gurugram Branch. Your support and encouragement motivates us to continue these efforts.

Own building of Gurugram Branch has been a dream of members and students for the past few years and all the Gurugram managing committees and its members have done a lot of hard work to get the dream come true. I am pleased to share that in the gracious presence of respected President of ICAI CA Atul Kumar Gupta and the galaxy of Past Chairmen, the excavation work at Plot No. 05, Sector 05, IMT Manesar, Gurugram has been started on 23 October. Bhumi Poojan will be performed after Diwali and the dream of building of Gurugram Branch is going to be reality soon.

We always strive to make our newsletters more than just newsletters by keeping informative and using them to share knowledge among fraternity. We are always open to any ideas that will help us to improve our efforts to serve the members and students at large. I, along with my entire team express heartfelt gratitude for the love, support & guidance you have been pouring on us.

‘Be Genuine and Win Hearts’

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Importance of Segregation of Duties

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CA. Manoj Mehta, Secretary – Kenya Chapter of ICAI

Roles and responsibilities in an organization are based on nature of industry and mainly on business. Though in reality job titles and organizational structures vary greatly from one organization to another depending on the size and management style.

The segregation of duties is the assignment of various steps in a process to different people. The intent behind doing so is to eliminate instances in which someone could engage in theft or other fraudulent activities by having an excessive amount of control over a process.

The idea is to avoid the possibility that a single person could be responsible for diverse and critical functions in such a way that errors or misappropriations could occur and not be detected in a timely manner and in the normal course of business processes.

The segregation of duties is more difficult to accomplish in a smaller organization, where there are too few people to effectively shift tasks to different people. Another issue with segregation is that shifting tasks among too many people makes the process flow less efficient. When a higher level of efficiency is desired, the usual trade-off is weaker control

because the segregation of duties has been reduced.

The simplest method of controlling risk inherent into various accounting functions is through segregation of duties by carefully allocation of rights in ERP enabled environment. The term Segregation of Duties is already well known in financial accounting systems. Companies in all sizes understand not to combine roles such as receiving cheques (payment on account) and approving write-offs, depositing cash and reconciling bank statements, approving time cards and have custody of pay cheques, etc.

Principally several approaches are optionally viable as partially or entirely different models:

- 1) sequential separation (two signatures principle)
- 2) individual separation or maker checker rule
- 3) spatial separation (separate action in separate locations)
- 4) factorial separation (several factors contribute to completion)



Importance of Segregation of Duties

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Below matrix may serves as an idea for designing segregation of duties in the accounts and finance department. Again, there is not perfect recipe of allocation of rights since it is dependent on size of company, team size, resources skill set, organizational culture and leadership style etc.

Segregation of Duties Control Matrix for Accounts & Finance Department																						
Role Chart	Bank Reconciliation	Receiving and Preparing Customer Order	Approving Credit	Preparing Customer Invoice	AR- Receiving receipts from customer	AR- Remittance allocation to customer	Customer Statements		Signatory for Bank Authorization	Control Accounts Preparation		Payroll Processing		Super user rights in ERP	Posting JV in system (dual approval)		Expenses posting	Expense Approval	AP - Cheque Preparation		Petty Cash	
Bank Reconciliation	X				X	X			X					X					X			
Receiving and Preparing Customer Order		X	X	X	X	X	X															
Approving Credit		X	X	X	X	X	X															
Preparing Customer Invoice		X	X	X	X	X	X															
AR- Receiving receipts from customer		X	X	X	X	X	X															
AR- Remittance allocation to customer	X	X	X	X	X	X	X															
Customer Statements		X	X	X	X	X	X															
								X														
Signatory for Bank Authorization	X							X										X				
Control Accounts Preparation									X													
										X												
Payroll Processing											X											
												X										
Super user rights in ERP	X												X									X
Posting JV in system (dual approval)														X								
															X							
Expenses posting																X						
Expense Approval									X								X					
AP - Cheque Preparation		X																X				
																			X			
Petty Cash	X													X								X

DISCLAIMER

The opinion expressed in each article is the opinion of author and does not necessarily reflect the opinion of Gurugram Branch. Gurugram Branch assumes no liability or responsibility for any inaccurate, delayed or incomplete information, nor for any actions taken in reliance thereon. The information contained about each individual, event or organization has been provided by such individual, event organizers or organization.



CS. Lalit Rajput

LLP in india, start-up provisions and Modified LLP settlement scheme, 2020

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Key Definition(s)

Limited Liability Partnership (LLP) u/s 2(n) of LLP Act 2008:

"Limited Liability Partnership" means a partnership formed and registered under Limited Liability Partnership Act, 2008.

Foreign Limited Liability Partnership (FLLP) u/s 2(m) of LLP Act 2008:

"Foreign Limited Liability Partnership" means a limited liability partnership formed, Incorporated or registered outside India which establishes a place of business within India;

In general terms, LLP is a Corporate entity and governed by the laws and regulation prescribed by the Limited Liability Partnership Act, 2008 (LLP Act, 2008).

"Any two or more persons associating for carrying on a lawful business with a view to profit may set up an LLP."

• Regulatory Authority:

Registrar of Companies (ROC), Ministry of Corporate Affairs (MCA)

LLP FORMATION IN INDIA

1. Check name availability

First, we need to check desired name availability with the MCA (Ministry of Corporate Affairs) and also trademark search to avoid rejection while incorporation.

2. Apply for Digital Signature Certificate (DSC)

Prior to commencement of registration process, we need to apply and get the DSC from government recognized certifying agencies.

3. Name Reservation via MCA User Account

Applicant have to login into their MCA account. LLP-RUN (Limited Liability Partnership-Reserve Unique Name) is required to be filed for the reservation of name of proposed LLP which shall be processed by the Central Registration Centre under Non-STP. Brief objects are required to be entered.

Under RUN Process:

- only two proposed names are required
- Name reserved for 3 months from the date of Approval Letter only
- Main Object – brief details

Note : The LLP name should not be registered by somebody else earlier. If you suggest the two names, we will be able to advise you whether any one of them is available.



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4. Arrange all required documents post name reservation approval.

A. Details in respect of Proposed Designated Partners

Name , DIN, PAN, Aadhaar, Copy of Address proof, Occupation, Qualification Email id, Telephone / Mobile contact number.

B. Details in respect of LLP

- Initial Contribution
- E-mail Id
- Mobile Number
- Registered Office Address
- Contribution

C. Other Documents Required:

- Subscriber Sheet – as prescribed
- Declaration from Designated Partners – as prescribed
- INC -9 : Consent Letters to act as Designated Partners
- Id and address proof of subscriber and Designated Partners
- Latest Passport size photograph of the directors and shareholders

5. Filing Forms with MCA - Fillip:

- Form FiLLip along with the DSC of the Designated Partner and the professional.

- PAN-TAN application not merged and hence to be separately applied for.

6. Issue of certificate of Incorporation:

On verification, the Registrar of Companies (ROC) will issue a Certificate of Incorporation and we can commence our business.

- Privileges for LLP in comparison to a Private Limited company :

1. Exemptions from maintenance of Minutes book, Statutory Registers, and flexible tax rates etc.
2. No, AGM is not required for an LLP. AGM is a once in a year meeting for Shareholders of the Company. As there is no concept of shareholding in an LLP, no AGM is to be held.
3. Board meeting is generally associated with a Board of Directors meeting. There are no directors involved in an LLP, instead designated Partners run the business and are held responsible for compliances. Hence, Board of Partners meeting is suggested in case of an LLP firm.
4. There is no limit on maximum number of partners.

- Audit provisions related to LLP

It should be noted that LLPs / FLLPs whose annual turnover exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to get their accounts



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audited by auditor of the LLP/ FLLP mandatorily.

- **Mandatory Compliances for an LLP**

Registered LLPs with the Ministry of Corporate Affairs (MCA) needs to file the following mandatory compliance requirements :

- I. Filing of Annual Return – LLP Form-11
- II. Filing Statement of Account & Solvency - LLP Form-8 (Statement of Statement of the Accounts/ Financial Statements)
- III. Filing of Income Tax Returns

- **Brief Overview of the Mandatory Compliances:**

- i. **Gist of Mandatory ROC Return of LLP**

<u>Sl. No.</u>	<u>E-Form</u>	<u>Due Date</u>
1.	Annual Return (Form 11)	within 60 days of closer of financial year (For F.Y. 2018-19 due date is 30-05-2019)
2.	Statement of Account & Solvency (Form 8)	on or before 30th October every year (For F.Y. 2018-19 due date is 30-10-2019)

- II. **Filing of Income Tax Return**

LLP can file its return of income in ITR 5. it is mandatory for LLP to file return of income electronically under digital signature if its accounts are required to be audited under section 44AB.

<u>Sno</u>	<u>Income Tax Return Particulars</u>	<u>Due Date</u>
1.	Scenario 1 - In case Audit is not required (Those LLPs whose annual turnover does not exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to file their Income Tax. They are not required to get their accounts audited by their Auditor)	31 st July of every year
2.	Scenario 2 - In Case Audit is required (Those LLPs whose annual turnover exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to file their Income Tax. They are required to get their books audited under the Income Tax Act.)	30 th September of every year
3.	Scenario 3 - LLPs Involved in International Transaction (LLPs that entered into an international transaction with associated enterprises or undertook certain Specified Domestic Transactions are required to file Form 3CEB. Form 3CEB must be certified by a Chartered Accountant.)	30 th November of every year



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- **Alternate Minimum Tax:**

Tax payable by LLP cannot be less than 18.5% (increased by Surcharge and HEC) of "adjusted total income" as per section 115JC

⇒ **Start-up India and LLP**

1. DPIIT Recognition

Under the Startup India initiative, LLP'S ARE eligible to get recognition as Startups by DPIIT and Entity should not have been formed by splitting up or reconstructing an already existing business.

2. Benefits available to LLP's as Start-ups.

Sl. No.	Benefits	Remarks
1	Self – certification	<ul style="list-style-type: none">• self-certify compliance for 6 Labour Laws and 3 Environmental Laws through a simple online procedure.• no Labour law inspections will be conducted for a period of 5 years• environment laws - self- certify compliance and only random checks would be carried out
2	Startup Patent Application and IPR Applications	<ul style="list-style-type: none">• Fast-tracking of Startup Patent Applications• Panel of facilitators empanelled by the Controller General of Patents, Designs and Trademarks (CGPDTM), to assist in filing of IP applications• the Central Government shall bear the entire fees of the facilitators for any number of patents, trademarks or designs that a Startup may file
3	Exemption under 80IC	The startup should have been incorporated after 1st April, 2016 Exemption from paying income tax for 3 consecutive financial years out of their first ten years since incorporation.
4	Easier Public Procurement Norms	<ul style="list-style-type: none">• Opportunity to list your product on Government e-Marketplace. This is a great opportunity for startups to work on trial orders with the Government.• Exemption from Prior Experience/Turnover• DPIIT recognised startups have been exempted from submitting Earnest Money Deposit (EMD) or bid security while filling government tenders.



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MODIFIED LLP SETTLEMENT SCHEME, 2020.

One time opportunity for Defaulting LLP's to become Compliant Entities

SL	Basis	Particulars
1	OVERVIEW	<p>MINISTRY OF CORPORATE AFFAIRS (MCA) vide General Circular No. 13/2020 and File No. F. No. 17/61.2016-CL-V-Pt-I issued dated 30th March, 2020, has modified the provisions related to LLP SETTLEMENT SCHEME, 2020.</p> <p>Ministry of Corporate Affairs has further extended the time limit of the scheme till 31st December, 2020 vide General Circular No. 31/2020 dated 28.09.2020.</p> <p>To read extension order: Click here</p>
2	Revised Timeline	Applicable w.e.f. 01.04.2020 and shall remain into Force upto 31.12.2020
3	Previous Scheme	LLP SETTLEMENT SCHEME , 2020 vide General Circular No. 6/2020 dated 04.03.2020 For link : Click here
4	Applicability of the this Scheme	<p>Any Defaulting LLP is permitted to file belated documents, which were due for filing till 31.08.2020 in accordance with the provisions of this Scheme.</p> <p>And after extension order dated 28.09.2020, Now Defaulting LLP's are permitted to file belated documents till 31.12.2020 without any additional fee.</p>
5	Manner of payment of fees and additional fee on filing belated document for seeking immunity under the Scheme	<p>The defaulting LLPs may themselves avail of the scheme for filing documents which have not been filed or registered in time on payment of fee as payable for filing of such document / return.</p> <p><i>Provided that no additional fees shall be payable for filing and belated documents under this scheme.</i></p>



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MODIFIED LLP SETTLEMENT SCHEME, 2020.

One time opportunity for Defaulting LLP's to become Compliant Entities

<u>Sno.</u>	<u>Basis</u>	<u>Particulars</u>
6	Immunity from prosecution in respect of document(s) filed under the scheme	The defaulting LLP, which have filed their belated documents till 31.12.2020 and made good the default shall not be subjected to prosecution by the Registrar of such defaults.
7	The Scheme shall not apply	This Scheme shall not apply to LLPs which has made an application in Form 24 to the Registrar, for striking off its name from the register as per provisions of Rule 37(1) of the LLP Rules, 2009.
8	Post scheme actions	After 31.12.2020, the Registrar shall take necessary action under the LLP Act, 2008 against the LLPs which have not availed this Scheme and are in default in filing of documents as required under the provisions of LLP Act, 2008 in a timely manner
9	Link of the circular	Click here
10	List available Forms at Source / Link	Click here
11	FAQ's on CFSS 2020 and Modified LLP Settlement Scheme, 2020	Click here

Ministry of Corporate Affairs (MCA) has taken preventive steps via issued guidelines and relaxation in Corporate Filings norms due to COVID-19 Outbreak. The Aim behind Modified LLP Settlement Scheme, 2020 is to provide a clean slate to all those law-abiding companies, giving them extended time and a certain level of financial relief with regard to compliances considering the current global situation.

Program hosted by Gurugram Branch in October 2020

Date: 03 October 2020 | **Topic:** Direct Tax Conclave

Chief Guest: Ms. Jyoti Kumari, IRS, Pr. Commissioner of Income Tax, Gurugram

Guest of Honour: CA. Harish K. Choudhary, Immd. Past Chairman, NIRC of ICAI

Speakers: CA (Dr) Girish Ahuja and CA Abhishek Jain

Date: 04 October 2020 | **Topic:** Companies Act : Burning issues in present scenario

Chief Guest: Shri C R Patil, Member of Parliament

Guest of Honour: CA Shashank Agrawal, Chairman NIRC & CA Balkishan Agarwal, RCM, WIRC

Speakers: CA Anil Sharma (Member, NFRA) and CA. Narinder Kumar, Gurugram

Date: 05 October 2020 | **Topic:** Mentoring SMP & Empowering SME

Chief Guest: Shri Arjun Ram Meghwal, Union Minister of State

Guest of Honour: CA Satish Kr. Gupta, Chairman, Committee for Members in Practice

Speakers: CA. Sunil Patodia, CA. Umesh Sharma, CA. Shahnawaz Khan,
CA. Mukesh Mohan Gupta, CA. Anuruddh Tiwari & CA. Ravi Gwalani

Date: 10 October 2020 | **Topic:** Family & Business Succession Planning - Key Aspects

Speakers: Advocate Sanjay Jhanwar & CA. Nikhil Totuka

Date: 11 October 2020 | **Topic:** Ind AS

Speakers: CA. Alok Kumar Garg & CA. Chandni Gupta

Date: 15 October 2020 | **Topic:** Arbitration Matters

Speakers: CA. Dr. Rajkumar Adukia, CA. Bhavya Bansal Goyal, Adv. Krusch Antony &
CA. Vipin Aggarwal

Date: 16 October 2020 | **Topic:** Important Income Tax Matters

Speakers: CA. Nitin Kanwar & CA. Kirti Joshi

Date: 17 October 2020 | **Topic:** IndAS 115

Speaker: CA. Praveen Kaushik

Date: 18 October 2020 | **Topic:** US CPA for Indian CAs - Opportunities with MNC's & Big 4
in India and abroad | **Speaker:** Mr. Varun Jain

Date: 23 October 2020 | **Topic:** Next Generation Technology

Chief Guest: CA. Saurabh M Deshmukh Director, Ministry of Communication, Govt. of India

Guest of Honour: CA. Jay Chhaira, Chairman, SSEB (BOS-Operations)

Guest Speakers: CA. Nirlep Bhatt, CA. Nakul Saraf, CA. Shiv Bhardwaj, CA. Raveendra S Kore,
CA. Manoj Mehta & CA. Manisha Biyani



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