



The Institute of Chartered Accountants of India

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NEWS LETTER

JAGRUTHI

THE ANANTAPUR BRANCH OF SIRC OF ICAI

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EDITORIAL



Editor Speaks...

First of all I would like to wish all the members a very happy new financial year 2016-17 and wish you all a very happy telugu new year. I am sure that all the practicing Chartered accountants would have had a very hectic pervious financial year ending assignments and the April month is for bank audits and so, the busy schedule will continue atleast for the first three weeks of April. I wish all the members for their successful completion of audit assignment.

I want to remind you all the following amendments of finance act which will be effective from 01.04.2016.

SERVICE TAX:

Exemption and following services have been with drawn with effect from 01.04.2016.

1. A senior advocate (or) Partnership firm of advocates providing legal service.
2. A person represented on an Arbitral tribunal.
3. Service of transport of passengers with (or) with out accompanied belongings by rope way, cable car (or) Aerial, tramway.
4. The threshold exemption to services provided by a performing artist folk (or) classical art forms of music, dance (or) theatre is being enhanced from [one lakh to 1.5 lakh] charged per event, with effect from 01.04.2016
5. The benefit of quarterly payment of Service Tax is being extended to One Person Company (OPC) and HUF.
6. The facility of payment of service tax on receipt basis is being extended to one person Company (OPC).
7. Interest rates for delay the payments of service tax is kept uniform at 15% and in case of assessee whose value of services is less than 60 lakhs the rate of interest will be 12%.
8. Any service provided by government to business entity will be liable to service

tax excluding exempted business entity. Such transactions would be covered under the reverse charge mechanism.

INCOME TAX:

1. It is a boon for tax defaulters as the finance minister has announced income declaration scheme 2016, In which the domestic tax payers have to pay 30% plus 7.5% surcharge plus 7.5% penalty totaling to 45% on income declared. So, all the members may advise their clients to declare their undisclosed income and avail the benefit revived by the finance minister.
2. Surcharge on income tax for assesses with income exceeding Rs.1,00,00,000/- p.a raised from 12% to 15%.
3. Rebate u/s 87A increased to 5000 where assessee total income is less than 5,00,000/-.
4. Deduction u/s 80GG has been raised to 60,000/- .

REMIND THE DUE DATES IN APRIL:

TDS & TCS:

1. Payment of March month TDS amount deducted should be paid by 30th April 2016 and filing of E- TDS returns by 15th May for Non-Government deductors and 31st May for Government deductors.
2. Due date for filing of service tax half yearly returns (October 15 to march 16) 25th April 2016.

With Best Wishes,

**CA D.ARAVIND RAMA
CHAIRMAN
NEWSLETTER COMMITTEE
ANANTAPUR BRANCH OF SIRC OF ICAI**

CHAIRMAN'S MESSAGE



Dear Professional Colleagues,

Wish you all a HAPPY Financial Year:2016-17.

“If I had Six hours to chop down a tree, I’d spend the first four hours sharpening the axe”. Said Abraham Lincoln and professionals need to follow the same by spending more time in planning for better execution.

You will be in the middle of Bank Audit when the news letter reaches you. I have no doubt that our members will raise to the expectation of the public in conducting the Audit of Bank branches.

I wish to extend my best wishes to all the students appearing in the forth-coming MAY,2016 examinations. This is a very important phase of CA student’s life and accordingly demands full concentration on their studies.

SEMINAR on Finance Budget 2016:

We have conducted 3 Hours CPE Seminar on “Analysis of Finance Budget 2016 on 12.03.2016 at our Branch premises. CA.Dr.A.G.Venugopal Reddy Chairman of the Branch was the speaker on the said topic. CA.S.V.G.Rathna Gupta has inaugurated the seminar. I thank you very much for your whole hearted support in conducting the seminar successfully.

Darwin says that it is neither strongest species nor intelligent species survives. Only the species which learns to adopt survives. We professional people must come out of the old and conventional method of working and adopt to work in the fast changing world.

The success of the branch purely depends on the support we get from the members because we need two hands to clap. We hope that the members will extend their fullest co-operation for the success of the branch.

I would like to conclude my write up with a quote by Swamy Vivekananda.

**“Take up one idea. Make that one idea your life;
Dream of it, think of it; live on that idea. Let the
brain, the body, muscles, nerves, every part of your body be
full of that idea, and just leave every other idea alone.
This is the way to success”**

**HAPPY BANK AUDIT AND FESTIVAL DAYS
We are with you**

**CA.Dr.A.G.VENUGOPAL REDDY
CHAIRMAN**

THE STATUS OF STATUTORY BANK AUDITS-A REVIEW



CA DR D.HARISCHANDRA RAMA

Contributor is a member of ICAI

From Times Memorial, the concept of audit is a part in our society. This is more common in all the countries. The very meaning of audit is to confirm the transactions/activities which happened are in tune with the accepted principles. The concept of audit has changed in many ways over a period of time more so because of more reforms and the emphasis is on accuracy, correctness, confidentiality, reliability and dependability. The concept of audit is not restricted to financial transactions alone but include non-financial/ monetary transactions affecting the functioning of the society. Such non-monetary audit assignments include social audit, performance audit and so on. Coming to the topic of audit of financial transactions there are many techniques employed by many professionals to achieve the desired goals and more so with regard to bank audits. For the last 10 years many bank employees and managements of many banks have raised the issue of applicability of statutory audit for banks in general and branch audit in particular. The contention of these people who are advocating for the cancellation of the branch audits are as under-

- ✚ Almost all the branches have computerized their transactions in toto and the mechanism is CBS (Core Banking Solutions). Because of CBS the branch accounts are being maintained by central officers and the branches are not doing much accounting work locally. Probably, this is making branch audit as redundant feature. In other words, all the transactions that are happening in the branch are transparent in toto which are being monitored by their controlling offices.
- ✚ The normal issues attended by an auditor during the branch audit which are listed hereunder are taken care of by the central offices. Hence it appears that relevance of branch audit is questioned.
 - ❖ Rates of depreciation, calculation of depreciation, preparation of Fixed Assets schedule.

- ❖ Inter-branch transfer of funds, provision for interest to and by heads office.
- ❖ Primary work like identifying NPAs and making provisions thereon (IRAC norms)
- ❖ Payment of service tax and filing relevant returns.
- ❖ Uploading of TDS returns (24Q, 26Q, 27Q) etc..
- ❖ Concurrent audit is done by external auditors.

✚ In other words, the work of the branch auditor is reduced to the barest minimum where the main work is taken care of by the concerned central offices.

✚ The main complaint by the banks and the management is that the audit of

public sector banks has become an important source of income for many of the auditors where equivalent value addition in terms of audit service to the concerned banks is not ensured.

✚ There is a comparative study between audit of large PSBs and private banks and it is surprised to note that only a few branches are audited in private sector whereas more than 50% branches are audited in public sector banks which shows that fees and expenses is on the very high in PSBs which is not so in case of private banks. Though the Companies Act, 1956 and 2013 require branch audit, this is not complied by many private banks which is a deviation from the statutory provisions.

To conclude, it is required that irrespective of audit expenditure and the control made by their controlling offices, still for a transparent audit job, basically to prevent, to detect and to report on bad loans and frauds based on physical verification of documents and overall functioning of the branch. Hence audit of branches is advisable.

KNOW YOUR ETHICS

Q. Can an auditor write the books of accounts of the auditee?

A. No, Council directions under Clause (4) of Part I of Second Schedule to the Chartered Accountants Act, 1949 prescribes that an auditor is not permitted to write the books of accounts of his auditee clients.

Q. Whether a member of the Institute in Practice is required to maintain the books of accounts?

A. Yes, in exercises of the powers conferred by Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute has issued a Council general Guidelines, 2008 which specify that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he or the firm of Chartered Accountants of which he is a partner fails to maintain and keep in respect of his/its professional practice, irrespective of the volume of transaction, proper books of account including the following.

(i) a Cash Book;

(ii) a Ledger

Q. Whether communication with previous auditor is necessary in case of appointment as statutory auditors by nationalized and other banks?

A. Yes, Clause (8) of Part I of the First Schedule to the Chartered Accountants Act, 1949 is equally applicable in case of nationalized and other banks and also to Government agencies.

full?

A. Yes, as such there is no bar in the Chartered Accountants Act, 1949 or in the Chartered Accountants Regulations, 1988 as well as code of ethics, 2009 for taking the professional fees in advance.

Q. Is there is any ceiling on the number of tax audit assignments that can be taken up by a member in practice?

A. Yes, in exercise of the powers conferred by Clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the council of the Institute has issued Council General Guidelines, 2008 which specify that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts in a financial year, more than the specified number of tax audit assignments under Section 44AB of the Income Tax Act, 1961 (The limit has been relaxed from 45 to 60 w.e.f.2014-15)

Q. Can a Concurrent Auditor of a Bank also undertake the assignment of quarterly review of the same bank?

A. No, the Concurrent audit and the Assignment of quarterly review of the same entity cannot be taken simultaneously as the concurrent audit is a kind of internal audit and the quarterly review is a kind of statutory audit. It is prohibited in terms of the 'Guidance note of Independence of Auditors'.

Q. Can a member holding Certificate of Practice is entitled to own Agricultural land and continue agricultural activity?

A. Yes, member holding certificate of practice can own and hold agricultural land and continue agricultural activity.

Compiled from the institute's journal

"THE CHARTERED ACCOUNTANT"

BY CA DR.D.HARISCHANDRA RAMA

**STEP-WISE PROCEDURES AND GUIDE FOR E-FILING OF FORM 15G 15H BY
DEDUCTORS**



**--S V Raghunath,
B.Com., ACA, D.I.S.A (ICAI).-**

Step-wise Procedures and Guide for e-filing of Form 15G 15H in electronic form by the deductor to the office of the income tax

CBDT vide notification No. 76/2015 dated 29/09/2015 provided for the electronic filing of form 15G and form 15H declarations by person claiming receipt of certain incomes without deduction of tax WEF 01/10/2015.

Later Directorate of income-tax (Systems) vide Notification No. 04/2015 dated 01/12/2015 further specified the procedure , formats and standards facilitating electronic filing of the Form 15G and 15H.

Electronic formats have since been finalized and have been made live. Income Tax Department has also specified Instructions to e-File "Statement of Form 15G/15H which are reproduced here under together with added visuals to help users.

(A) Registration Process:

To electronically file the "Statement of Form 15G/15H", the user should hold a valid Tax Deduction Account Number (TAN) and should be registered at incometax e-filing website in the category as "Tax Deductor & Collector".

For Registration, go to <https://incometaxindiaefiling.gov.in/e-Filing/Registration/RegistrationHome.html> registration page, select "Tax Deductor & Collector" and complete the registration process.

(B) Filing Process:

(1) Download FORM 15G/15H utility from Downloads page -> Forms (Other than ITR) -> FORM 15G/FORM 15H (Consolidated) in zip format

(2) Extract/un-zip the files into a folder and click on the “.bat” file to activate Form 15G/15H as the case may be

(3) Please note that the Form 15G and 15H utilities require the following pre-requisite platforms to run:

(i) Operating systems – Windows 7 or above, latest Linux or Mac OS 10.10(OS X Yosemite)

ii) Java Runtime Environment Version 7 update 6 or above

(4) Filling the form:

(i) The electronic utility have the following menu options

For first time filing, use lower menu bar. The top menu bar can be used to open a saved file, save a draft and generate xml after validation.

(ii) Steps involved:

Step-1: Form 15G/H(Consolidated) -> Fill TAN and select the applicable quarter and financial year for which the declaration is to be given.

Step-2: Basic Details -> Fill 10 alphanumeric Unique Identification No. starting with G (for Form 15G) and starting with H (for Form 15H) followed by 9 digits followed by financial year and TAN, then fill details of the assessee (PAN/name, address etc.). Date on which declaration was received. Number of declarations received. Date when income was paid/credited.

Step-3: Income details -> Fill details of income paid or credited, identification number/account, section under which tax is deductible etc.

(5) File validation and generating XML

After filling the form click on “validate” button on the top menu bar. All validation

errors shall be displayed at the right hand side blue box. correct the errors and after validation test is passed, click on “Generate XML” and save the file.

(6) DSC is Mandatory to file FORM 15G/15H. Generate signature for the zip file using DSC Management Utility
<http://incometaxindiaefiling.gov.in/eFiling/Portal/DownloadUtil/DSC_UTILITY/DSC_UTILITY.zip?0.9978060283317096> which is available under Downloads tab at income tax efilng website

(7) Login at incometax efilng website through TAN registered, Go to e-File -> Upload Form 15G/15H

(8) Upload the “Zip” file along with the signature file.

(C) Filing Status:

To view the status of the uploaded form 15G/15H files, Go to My account -> View Form 15G/15H.

Once uploaded the status of the statement shall normally be “Uploaded”. The uploaded file shall be processed and validated. Upon validation the status shall be either “Accepted” or “Rejected” which will reflect within 24 hours from the time of upload.

Accepted statements shall be sent to CPC-TDS for further processing. In case if “Rejected”, the rejection reason shall be available and the corrected statement can be uploaded.

(D) List of validations:

List of various validations carried out on the uploaded statements before they are accepted or rejected are as under:

* Schema validations – uploaded xml should comply with the published schema

* Other Business Validations –

* Only one original will be accepted for combination of TAN, Financial Year, Form

and quarter.

* TAN, Filing Type, Quarter and Financial Year entered in XML should match with the TAN, Quarter, Financial Year and Filing Type in upload screen.

* UIN should be unique for the TAN and financial year

* Financial year and TAN in the UIN should match with the TAN and Financial Year for which the statement is being uploaded.

POINTS OF INTEREST

SCHEDULE OF CA- IPCC/FINAL EXAMINATIONS:

CA-FINAL

Group-1				
Paper No	Subject	Date	Day	Timings
1	Financial Reporting	02.05.2016	Monday	2.00pm to 5.00 pm
2	Strategic Financial Management	04.05.2016	Wednesday	2.00pm to 5.00 pm
3	Advanced Auditing and professional ethics	06.05.2016	Friday	2.00pm to 5.00 pm
4	Corporate and Allied laws	08.05.2016	Sunday	2.00pm to 5.00 pm
Group-2				
Paper No	Subject	Date	Day	Timings
5	Advanced Management Accounting	10.05.2016	Tuesday	2.00pm to 5.00 pm
6	Information Systems Control and Audit	12.05.2016	Thursday	2.00pm to 5.00 pm
7	Direct Tax Laws	14.05.2016	Saturday	2.00pm to 5.00 pm
8	Indirect tax laws	16.05.2016	Monday	2.00pm to 5.00 pm

CA-IPCC

Group-1				
Paper No	Subject	Date	Day	Timings
1	Accounting	03.05.2016	Tuesday	2.00pm to 5.00 pm
2	Business Laws, Ethics and Communication	05.05.2016	Thursday	2.00pm to 5.00 pm
3	Cost Accounting nad Finanacial Management	07.05.2016	Saturday	2.00pm to 5.00 pm
4	Taxation	09.05.2016	Monday	2.00pm to 5.00 pm
Group-2				
Paper No	Subject	Date	Day	Timings
5	Advanced Accounting	11.05.2016	Wednesday	2.00pm to 5.00 pm
6	Auditing and Assurance	13.05.2016	Friday	2.00pm to 5.00 pm
7	Information Technology and Strategic Management	15.05.2016	Sunday	2.00pm to 5.00 pm

Examination Centre: SSBN Degrree College,
Anantapur.

ANNOUNCEMENTS FROM ICAI

Dear Sir/ Madam,

We are pleased to inform you that the Indirect Taxes Committee of ICAI thrives to keep the members updated with the changes made in the area of Indirect Taxes through its updated publications which member may subscribe at their choice. The following publications have been published by the Committee:

❓ *Compliances of Service Tax in Banking Sector*

❓ *Central Excise law and procedure for jewellery industry*

With regards

CA. Sharad Singhal
Secretary
Indirect Taxes Committee
The Institute of Chartered Accountants of India
ICAI Bhawan
A-29, Sector - 62, NOIDA (U.P.)
India
Telephone Direct - +91 120 3045 954
Telephone Board - +91 120 3045 900 Ext. 954
Website: <http://www.icaai.org/> ❓s.singhal@icaai.in
<http://www.idtc.icaai.org>
for help please visit:<http://help.icaai.org/>

QUOTATIONS FOR THE MONTH

- ✚ Hope is one of God's greatest gifts to all of us, because it is the magic that inspires us to keep trying, learning, loving and living.
- ✚ Quality is never an accident. It is always the result of high intention, sincere effort, intelligent direction and skillful execution.
- ✚ An umbrella cannot stop the rain but it allows us to stand in the rain. Similarly, confidence may not bring success but it gives us the power to face any challenge.
- ✚ Plain paper has no value but if you write on it, it becomes a document. Life is similar. You have to decide which kind of document you want to make of it.

Note: The opinion of the authors are not the responsibility of the Editorial Board.