Indore Branch of Central India Regional Council
of The Institute of Chartered Accountants of India

NEWSLETTER

April, 2020 ▸ Price ₹ 20

Words of appreciation...

@narendramodi

Our hardworking CA Fraternity helps keep the world of business healthy and they are also contributing to make the nation healthy, making the fight against COVID-19 stronger by the contribution to PM-CARES

@nsitharaman

Thanking all members, students and employees of ICAI for your contribution to #PMCaresFund. #india fightsCorona

@piyushgoyal

Extremely proud & happy to note the contribution by @TheICAI students, members and employees towards the PM-CARES Fund. In this hour of need, the support of my CA FRATERNITY will be of great help as #IndiaFightsCorona

@srisriravishankar

Chartered Accountants, like the judiciary, have an important role to play in our democracy. They have a huge responsibility to keep the financial integrity of individuals & institutions.

One million strong student & member community of ICAI contributed towards welfare of the nation.

Chairman's Communiqué

Dear Members,
Hope you all are safe at your homes and taking necessary precautions.

During this period of nationwide lockdown, we are pleased to announce that our Indore branch has started conducting webinars on our digital platform YouTube channel- ICAI Indore, which is conducting webinars that can be seen live as well as afterwards. Through these webinars we are imparting continuous knowledge to our members on varied topics. I would like to draw attention of our members on few important webinars which if they have missed can be watched at our YouTube channel. The first one is **Ethics ki Pathshala,** series on new Code of Ethics which will be applicable from July 1st, 2020, having eminent speakers like CA Kemisha Soni (Chairperson ESB ICAI), CA Manoj Fadnis (Past President ICAI) & CA Aseem Trivedi. The other webinar worth watching is **Insight for change of CA practice areas** taken by CA Navin Khandelwal. We had also taken various webinars on some very interesting topics other than profession, which was highly appreciated by members. I will once again request all the members to subscribe ICAI Indore YouTube channel for updates on our future webinars.

ICAI have contributed generously to the ICAI COVID-19 Relief Fund to help our country to recover from this sudden outburst & together we had contributed Rs. 21 crore nationwide. I am thankful to all members for their contribution.

CA Examinations has been further postponed till 29th July, 2020.

I would like to thank our IND AS group for preparing comments on the amendments to IFRS 16 (IND AS 116). Members of group include CA Manoj Fadnisji, CA Atishya Khasgiwala is playing an active role in managing the group. Comments on the amendment to IFRS 16 is sent to ASB and same is enclosed in the newsletter.

Banks has started giving branch audit allotment letter on email, I request members to give acceptance and give questionnaires to bank. Webinar on Bank Audit by CA Amarjit Chopra (Past president ICAI), CA Ajay Kumar Jain and CA Nayan Kothari, CA Manoj P. Gupta , CA Samkit Bhandari & CA Ankush Jain is available at ICAI Indore branch you tube channel.

Members may use electronic signature for signing audit report, all reports issued pursuant to any attestation engagement & certificate subject to meeting compliance requirement.

As suggested in my last communication, I request members to join twitter & follow suggested twitter handles to remain updated. I request members to Stay Safe, Stay Home & start operating our offices only after getting approval from local authorities as there is still time for our deadlines.

CA. Harsh Firoda (Chairman)
chairman_indore@icai.org

Comments on the amendments to IFRS 16 (Ind-AS 116)

Prepared by :
Ind-AS group, Indore

Que. 1 : Practical expedient (paragraphs 46A and 46B of the [Draft] amendmentto IFRS 16)

Paragraph 46A of the draft amendment to IFRS 16 proposes, as a practical expedient,that a lessee may elect not to assess whether a covid-19-related rent concession is alease modification. A lessee that makes this election would account for any change inlease payments resulting from the covid-19-related rent concession the same way itwould account for the change applying IFRS 16 if the change were not a leasemodification.

Paragraph 46B of the draft amendment to IFRS 16 proposes that the practical expedientapplies only to rent concessions occurring as a direct consequence of the covid-19pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease thatis substantially the same as, or less than, the consideration for the leaseimmediately preceding the change;

(b) any reduction in lease payments affects only payments originally due in 2020;and

(c) there is no substantive change to other terms and conditions of the lease.

Do you agree that this practical expedient would provide lessees with practical reliefwhile enabling them to continue providing useful information about their leases tousers of financial statements? Why or why not? If you disagree with the proposal,please explain what you propose and why

RESPONSE

Yes. We agree. However, the application should be restricted to only those entities which have complex leases who would experience genuine difficulties in applying the IFRS 16 (Ind AS 116) provisions under the COVID 19 environment.

The practical expedient will provide relief to the lessee depending on the size, nature and the number of the leases. In the case of the less complex leases, the relief may not be substantial. Therefore, only those lessees who have complex and number of leases alone should be permitted to select the option. Else, the majority of the entities applying the IFRS 16 (Ind AS 116), should follow the provisions of IFRS 16 (Ind AS 116). This is so as the disadvantages of the proposals should not be overlooked in the anxiousness to provide relief:-

1. Since it is an option and not a mandatory provision, it will lead to distortion in the uniformity and comparison amongst the various entities within the same/ similar industry.
2. The impact of the amendment will be over the remaining period of the lease, which could be substantial in many cases.

Que. 2 Effective date and transition (paragraphs C1A and C20A of the[Draft]amendment to IFRS 16)

Paragraphs C1A and C20A of the draft amendment to IFRS 16 propose that a lesseewould apply the amendment:

(a) for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at the date the amendment is issued; and

(b) retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you propose and why.

RESPONSE

Yes. We agree.

(a) In India, the impact has been experienced from March 2020. The fy 2019-20 has ended on 31st March 2020. The financial statements for this period of the listed companies are to be issued on or before 30th June, 2020. Therefore, those companies which want to apply the option for the fy 2019-20 should be permitted to do so. This will necessitate a quicker decision at appropriate levels.

(b) Once it is decided to grant the option, it is but natural that the cumulative effect is adjusted to the retained earnings.

Strategies for Surviving the Impact of Covid-19 for Real Estate Sector

SUGGESTIVE STRATEGIES

When working life gets resumed after COVID-19 lockdown, it is highly expected that the pricing of real estate inventory will come down. To cope up with this situation, here are some of my recommendations:

1. In case of ready inventory, since there will be financial crunch, the target of developers should be to sell the inventory at earliest. Even if they have to sell it at certain reduced price. Less profit is better than question on survival in this hard time.

2. Many people are of the opinion that real estate will not be making sales or at least not making big transactions. However, it would be a very good opportunity for those who have job security (along with savings & bank loan)to use this opportunity to buy at reduced price. (ex- IT professionals in Jobs, Doctors & Medical staff at hospitals, and others having fixed pay). Thus, it is recommended to target such people.

3. In case of developers, involved in more than one project, it would be advisable to focus presently on sales of project having ready inventory.

4. If no ready inventory is there with the developer, then only those projects should be focussed on which are near completion for sale. New projects & projects having long time near completion should be delayed.

5. In these times, developers must think about user market rather than investor market, because major transactions will probably be done by users. The developers may come up with additional attraction for buyers. (ex- reduced amenities maintenance charges for say 6 months, etc.)

6. In real estate market of M.P., it is still prominent thought that people desire to live in owned houses as compared to flats. *("the thought of having owned land and owned roof),* so for developer colonizer, a suggestion that, the plot buyers (user group) may not be able to get house constructed on their own but definitely they will be willing to buy, if they gey house. So, the colonizer me also provide them with facility of making house (atleast in affordable plot segment) or connect them with their trusted contractors. Ensure that for these times, comfort and satisfaction of user buyer is met.

7. Additional brokerage can also prove to be an assistance in generating sales. Remember, the target should be to offload the inventory even by making compromising to survive this tough time.

8. In cases where the sale/booking is made on goodwill of developer & on just launching of map of the project (such sale/booking amount is used to complete the project), it is very much possible that developers will face liquidity crunch, as the booking after COVID-19 may reduce to a great extend. So, in such cases, financial partnership can be resorted to, which can help in timely completion & sales of the project. *(Important suggestion: this would be highly advisable to make such partnership transparent in terms of financial involvement, responsibilities and division of units)*

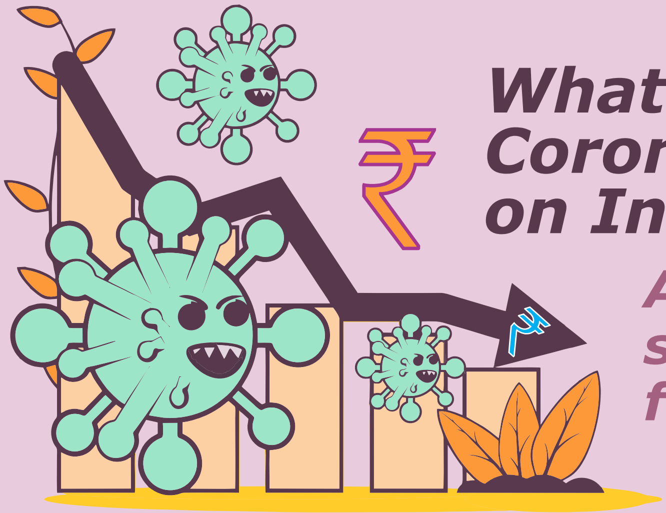
9. Observe closely & be very vigilant for the expenses of the project including for prices of materials used in project & very carefully leverage any such opportunity.

10. Moratorium benefit, which banks have come up with in COVID-19 times has a cost associated with it. Think of other strategies before opting for moratorium. Also, in case of opting moratorium, plan strategy for post moratorium period.

11. Always try to avoid legal battles and find solutions across the table rather than engaging your time, effort, energy and money in long lasting legal battles.

Always remember : Real Estate developers have always fought with the difficult business circumstances and have made a way to come out, it will happen this time too.

CA Prakhar Goyal



What is the impact of Coronavirus on Indian Economy?

An opportunity to shift its trade base from China

Compiled by
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COVID-19 cases in India cross 15000 and death toll crossing more than 500. More than 200 countries and territories are reported with novel coronavirus pandemic. How it will impact the Indian economy? Let us find out!

Coronavirus outbreak was first reported in Wuhan, China on 31 December, 2019. Before reading in detail about the impact, first, let us study about coronavirus.

Coronavirus (CoV) is a large family of viruses that causes illness. It ranges from the common cold to more severe diseases like Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). The novel coronavirus is a new strain of virus that has not been identified in human so far.

WHO is working closely with global experts, governments, and other health organisations to provide advice to the countries about precautionary and preventive measures.

We can't ignore the fact that the outbreak of COVID-19 in China is expected to have a significant impact on the economy globally including economic slowdown, trade, supply chain disruption, commodities, and logistics.

The GDP of China is expected to decelerate by 1-1.25 percentage points over 2020 because of less production. In China, various cities and provinces are in lockdown mode. China accounts for approximately 19.71% of global GDP at purchasing power parity and obviously it will impact the economy globally. Therefore, it is estimated that the global GDP will suffer an impact of around – 0.5%.

In terms of trade, China is the world's largest exporter and second-largest importer. It accounts for 13% of world exports & 11% of world imports. The lockdown will affect around 500 million people in the country that will deeply impact its consumption of goods.

Impact of Coronavirus on the Indian Economy

Up to a large extent, it will impact the Indian industry. **In imports,** the dependence of India on China is huge. Of the top 20 products (at the two-digit of HS Code) that India imports from the world, China accounts for a significant share in most of them.

India's total **electronic imports** account for 45% of China. Around one-third of machinery and almost two-fifths of **organic chemicals** that India purchases from the world come from China? For automotive parts and fertilisers China's share in India's import is more than 25%. Around 65 to 70% of active **pharmaceutical** ingredients and around 90% of certain **mobile phones** come from China to India.

Therefore, we can say that due to the current outbreak of coronavirus in China, the import dependence on China will have a significant impact on the **Indian industry.**

China's share in total imports to India	
Organic Chemicals	37%
Inorganic Chemicals	13%
Medicinal & Pharma Products	36%
Dyes	28%

In terms of export, China is India's 3rd largest export partner and accounts for around 5% share. The impact may result in the following sectors namely organic chemicals, plastics, fish products, cotton, ores, etc.

We also can't ignore that most of the Indian companies are located in the eastern part of China. In China, about 72% of companies in India are located in cities like Shanghai, Beijing, provinces of Guangdong, Jiangsu, and Shandong. In various sectors, these companies work including Industrial manufacturing, manufacturing services, IT and BPO, Logistics, Chemicals, Airlines and tourism.

It has been seen that some sectors of India have been impacted by the outbreak of COVID-19 in China including shipping, pharmaceuticals, automobiles, mobiles, electronics, textiles, etc. Also, a **supply chain** may affect some disruptions associates with industries and markets. **Overall, the impact of coronavirus in the industry is moderate.**

According to CLSA report, pharma, chemicals, and electronics businesses may face supply-chain issues and prices will go up by 10 percent. The report also says that India could also be a beneficiary of positive flows since it appears to be the least-impacted market. Some commodities like metals, upstream and downstream oil companies, could witness the impact of lower global demand impacting commodity prices.

According to CII, GDP could fall below 2% in FY 2021 if policy action is not taken urgently. It is said that the government should take some strong fiscal stimulus to the extent of 1% of GDP to the poor, which would help them financially and also manage consumer demand.

In the third quarter (October-December) growth is slowed down to 2.7% and the impact of COVID-19 will further be seen in the fourth quarter.

FICCI survey showed 53% of Indian businesses have indicated a marked impact of COVID-19 on business operations. And 42% of the respondents said that up to three months could take for normalcy to return.

LET US HAVE A LOOK AT THE SECTOR-WISE IMPACT ON INDIAN INDUSTRY

Chemical Industry : Some chemical plants have been shut down in China. So there will be restrictions on shipments/logistics. It was found that 20% of the production has been impacted due to the disruption in raw material supply. China is a major supplier of Indigo that is required for denim. Business in India is likely to get affected so people securing their supplies. However, it is an opportunity. US and EU will try and diversify their markets. Some of the business can be diverted to India which can also be taken as an advantage.

Shipping Industry: Coronavirus outbreak has impacted the business of cargo movement service providers. As per the sources, per day per vessel has declined by more than 75-80% in dry bulk trade.

Auto Industry: Its impact on Indian companies will vary and depend upon the extent of the business with China. China's business no doubt is affected. However, current levels of the inventory seem to be sufficient for the Indian industry. If the shutdown in China continues then it is expected to result in an 8-10% contraction of Indian auto manufacturing in 2020.

Pharmaceuticals Industry: Despite being one of the top formulations of drug exporters in the world, the pharma industry of India relies heavily on import as of bulk drugs. Due to the coronavirus outbreak, it will also be impacted.

Textiles Industry: Due to coronavirus outbreak, several garments/textile factories in China have halted operations that in turn affecting the exports of fabric, yarn and other raw materials from India.

Solar Power Sector: Indian developers may face some shortfall of raw materials needed in solar panels/cells and limited stocks from China.

Electronics Industry: The major supplier is China in electronics being a final product or raw material used in the electronic industry. India's electronic industry may face supply disruptions, production, reduction impact on product prices due to heavy dependence on electronics component supply directly or indirectly and local manufacturing.

IT Industry: The New Year holidays in China has been extended due to coronavirus outbreak that adversely impacted the revenue and growth of Indian IT companies.

Tourism and Aviation: Due to the coronavirus outbreak, the inflow of tourists from China and from other East Asian regions to India will lose that will impact the tourism sector and revenue.

According to **KPMG**, the lockdown in India will have a sizeable impact on the economy mainly on consumption which is the biggest component of GDP.

Reduction in the urban transaction can lead to a steep fall in the consumption of non-essential goods. It can be severe if disruption causes by the 21+19=40 days lockdown and affect the availability of essential commodities.

Due to weak domestic consumption and consumer sentiment, there can be a delay in investment which further add pressure on the growth. We can't ignore that post-COVID-19, some economies are expected to adopt de-risking strategies and shift their manufacturing bases from China. This can create opportunities for India.According to KPMG, opportunities will largely depend on how quickly the economy recovers and the pace at which the supply chain issues are addressed.

KPMG India Chairman and CEO Arun M Kumar said: ***"Apart from providing robust safety nets for the vulnerable, a focus on ensuring job continuity and job creation will be imperative". "And there is urgent need to mobilise resources to stimulate the economy for increased demand & employment".*** According to the KPMG report "It is expected that the course of economic recovery in India will be smoother and faster than that of many other advanced countries".

An outbreak of COVID-19 impacted the whole world and has been felt across industries. World's second-largest economy China became standstill. Its outbreak is declared as a national emergency by the World Health Organisation. In India the three major contributors to GDP namely private consumption, investment and external trade will all get affected. World and Indian economy are attempting to mitigate the health risks of COVID-19 with the economic risks & necessary measures need will be taken to improve it.

Covid 19 will leave such an impact to India that it will have fair opportunity to established new business relation with US, UK and other developed countries other than China.

India has opportunity to build a more resilient and diverse economy after COVID-19 pandemic. India is expected to benefit as it is expected that businesses will want to de-risk in having too much of a supply chain concentrated in one area and try to diversify and disperse.

After the COVID-19 , India will have the opportunity to build an economy that is more resilient & diversified to the global manufacturers & services as the majority of the businesses world wide have faced disruptions and economic fallout, according to the head of a India-centric American business representative group here.

“Now after the pandemic, I think it just further underscores that there's an opportunity here for India. In the midst of all of the disruption & economic fallout, there's an opportunity to build an economy that is more resilient, that is more diversified and that is more attractive to more global manufacturing and global Services. US India Business Council (USIBC)is consented to working with India on positioning for kind of a post pandemic opportunity to ensure it continues to be the pharmacy to the world & continues to build its economy to provide more opportunity & investment, but also allow India to become more integrated into a global supply chain.

But India will also have to make sure that it takes the steps that it needs to create more efficient opportunities for supply chains to be located in India, whether it's on economic incentives, whether it's on labour.

RESTRUCTURING & RELIEF TO MSME BORROWER'S- AUDITOR'S PRESPECTIVE

CA. Manoj P. Gupta

MSME plays an important role in our economy. They contribute significantly to the Economy in terms of GDP, Exports & Employment generation. Understanding its difficulties, RBI from time to time has come out with host of measures to provide relief to this sector. The key important RBI circulars are as below:

1. Circular No. RBI/2019-20/160 dtd. Feb. 11,2020

The RBI has permitted one-time restructuring of MSME advances. Accordingly, a one-time restructuring of existing loans to MSMEs classified as 'Standard' without a downgrade in the asset classification is allowed , subject to the following conditions:

- The aggregate exposure, of banks and NBFCs to the borrower does not exceed Rs. 25 crore as on January 1, 2020.
- The borrower's account was in default but was a 'Standard Asset' as on January 1, 2020
- The account continues to be classified as a 'Standard Asset' till the date of implementation of the restructuring.
- The restructuring of the borrower account is implemented on or before December 31, 2020.

2. Circular No. RBI/2019-20/186 dtd. March 27,2020

RBI has announced COVID-19 – Regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. In this regard, the detailed instructions are as follows:

·**Rescheduling of Payments – Term Loans and Working Capital Facilities**

I. In respect of term loans all Commercial Banks, Financial Institutions, and NBFCs are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020.

ii. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period.

iii. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

iv. In respect of working capital facilities Banks are permitted to defer the recovery of interest applied during the period from March 1, 2020upto May 31, 2020 .

v. The accumulated accrued interest shall be recovered immediately after the completion of this period.

Easing of Working Capital Financing

I. In respect of working capital facilities borrowers facing stress on account of the economic fallout of the pandemic, Banks may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle.

ii. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19.

3. Circular No. RBI/2019-20/220 dtd. April 17,2020

RBI has issued this circular which aims at alleviating the lingering impact of Covid19 pandemic on the businesses and financial institutions in India, consistent with the globally coordinated action committed by the Basel Committee on Banking Supervision. In this regard, the instructions with regard to asset classification and provisioning are as follow :

- In view of circular mentioned in pt. no. 2 above, the lending institutions are permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 .RBI has stated that these three months , the moratorium period, wherever granted, shall be excluded for the purpose of asset classification under the IRAC norms.

- Similarly in respect of working capital facilities ("CC/OD"), where the circular dated March 27,2020 has permitted the recovery of interest applied during the period from March 1, 2020 upto May 31, 2020 to be deferred . This deferment period, shall be excluded for the determination of out of order status of such CC/OD accounts.
- This will be applicable in those accounts which are classified as standard as on February 29, 2020,

AUDITORS PRESPECTIVE

Statutory Branch Auditors are required to diligently consider the above RBI circulars . They are also required to go through the guidelines issued by Bank's Board issued in the light of these circulars to comment on the compliances made by the Branch in relation to procedural and documentation requirement.

Besides the Auditors may use following broad checks during the course of examination of MSME accounts :

In respect of Restructuring of Accounts

a) The account may be in default but it should be Standard as on January 1st,2020.

b) RBI has permitted the restructuring of accounts of MSME only. Therefore the loan accounts of traders, educational institutions, trusts are not eligible for restructuring.

c) Auditors should verify the MSME registrations of the borrowers

d) The borrower entity is required to be registered under the GST Act. Those MSMEs who are registered under GST Act on the date of implementation of the restructuring shall only be eligible. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit for obtaining registration under GST as on January 1, 2020.

e) Accounts which have been restructured earlier, in terms of the circular dated January 1, 2019, shall be not be eligible for restructuring now.

f) The credit facility should not be over Rs.25.00 crores. This includes fund based &non based limits both. This will also include terms loans granted for vehicle purchase, home loans etc.

g) The account should continue to be Standard till the date of implementation of restructuring.

h) Application for restructuring is to be obtained from the borrower along with the following:
- Latest audited accounts of the Enterprise including its Net worth;
- Details of all liabilities of the enterprise, including the liabilities owed to the State or Central Government and unsecured creditors, if any;
- Nature of stress faced by the enterprise; and suggested remedial actions;

i) Restructuring exercise to be completed before December 2020, which means :
All related documentation, including execution of necessary agreements between lenders and borrower / creation of security charge / perfection of securities are completed by all lenders; and
#the new capital structure and / or changes in the terms & conditions of the existing loans get duly reflected in the books of all the lenders and the borrower.

j) Restructuring is not permitted in cases of frauds , willful defaults, diversion of funds or malfeasance, etc.

k) For MSME borrowers having credit facilities under a Consortium of Banks or Multiple Banking Arrangement (MBA), the consortium leader, or the bank having the largest exposure to the borrower under MBA, as the case may be, shall take lead role if the account is reported as stressed either by the borrower or any of the lenders under this Framework. Lead Lender will also coordinate between the different lenders. Branch shall communicate to lead lender status of account as default/stressed immediately on receipt of early warning signals and requisition for consortium meeting at earliest to explore suitable action under intimation to other members of consortium.

l) Sanction of additional facility is permissible in restructuring.

m) Bank has to assess the financial viability. The parameters may, inter-alia. Include the' Debt Equity Ratio. Debt Service Coverage Ratio, Liquidity or Current Ratio, etc. which would be as per Bank's credit policy.

n) The restructuring exercise is to be judicious and not accommodative.

o) The three months moratorium allowed under COVID 19 Relief Package will be in addition to the restructuring exercise done.

In respect of COVID-19 – Regulatory Measures

a) Moratorium/ deferment can only be allowed in those accounts which were Standard as on February 1st,2020. This is the prime condition. The auditors need to verify this.

b) Request for allowing the moratorium for the payment of term loan installments / deferment of interest on working capital loan to be obtained from the borrower entity. The lending institution cannot do on its own.

c) The request of the borrower entity is to be forwarded to the appropriate authority for its approval.

d) The re schedulement of the installment is to be documented and necessary data inputs to be changed in the core banking solution.

e) As per the RBI circular the installments falling due in the period March 2020 to May 2020 can be shifted across the board by three months after the moratorium period. However interest on working capital for this period is required to be paid in June 2020.

f) In respect of working capital , any change in drawing power' by reducing the margins and/or by reassessing the working capital cycle is should be documented, need based and justified. Approval of appropriate authority is required to be held on record.

g) As per RBI circular the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms. However this will be applicable only on those accounts where moratorium period/deferment is allowed. Accounts where moratorium/ deferment is not requested/ not allowed, theses kind of accounts shall continue to be covered by 90 days norms of asset classification.

h) In respect of accounts in default but standard where asset classification benefit is extended, lending institutions shall make general provisions of not less than 10% of the total outstanding of such accounts, to be phased over two quarters as under:

(I)Quarter ended March 31, 2020 not less than 5%
(ii)Quarter ending June 30, 2020 not less than 5 %

All other provisions required to be maintained by lending institutions, including the provisions for accounts already classified as NPA as on February 29, 2020 as well as subsequent ageing in these accounts, shall continue to be made in the usual manner.

i) The lending institutions shall suitably disclose the following in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2019-20 and 2020-2021:

(I) Respective amounts in SMA/overdue categories, where the moratorium/deferment is extended.

(ii) Respective amount where asset classification benefits is extended.

(iii) Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of circular dated April 17th,2020

(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the circular.

Auditors are required to update themselves with the recent RBI circulars. This will help them in correct assets classification and for preparing a good Long Form Audit Report (LFAR)

New Due date of GST returns filing for the period of Feb., March, April & May 2020.

CA. Vikram Tongya

Here We Mention the following Due dates, Interest Clouse , Penalty Clouse and other useful Notifications (Covered Notification No. 30/2020 to Notification No. 36/2020) which are very useful for the purpose of GST Return Filling and other GST Compliances.	Turnover in last FY	Interest Charged	February 2020	Marh 2020	April 2020	May 2020**
	Category 1 More than 5 crores	Yes @9* % p.a (after 15 days from due date)	24th June 2020	24th June 2020	24th June 2020	27th June 2020
	Category 2 More than 5 crore but less than 5 crores	N/A	29th June 2020	29th June 2020	30th June 2020	12th July & 14th July 2020 **
	Category 3 less than 1.5 crores	N/A	30th June 2020	3rd July 2020	6th July 2020	12th July & 14th July 2020 ***

* Nil for first 15 days from the due date & than after 9% p. a. till to the new dates than it will levied @18% p.a. from original due date. (See Examples Below)

** There is no concession in rate of interest for filing May,2020 GSTR-3B. In this situation if you will be delay for filing GSTR- B for the month of May 2020 than you will have to pay interest @18% per year for all category of Dealers irrespective of turnover.

*** 12 July 2020 (Last Date) - Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman & Diu & Dadra & Nagar Haveli, Puducherry, Andaman & Nicobar Islands or Lakshadweep.

*** 14 July 2020 (Last Date) - Himachal Pradesh, Punjab, Uttarakhand,Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh,Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.

Interest calculation explanation with an example:

1. Suppose Mr. X having a business whose turnover in last Financial Yaer was more than 5 Crores. His tax liability in February month around of Rs. 1 lack and assumed that he has to file his return before 20th March 2020. He filed his return on the following dates

On or before 4 April 2020	No Interest and No late fees.(Interest is not levied because hepaid entire tax amount with in 15days from due date and penaltyis not levied till new date i.e.24 June,2020.
On or before 24 June 2020	Interest charged @9% p.a. forthe period of 04 April to 24 June,2020 and penalty is notlevied till new date i.e.24June,2020.
On 15 July 2020	Interest @ 18% per annum willbe charged for the period 20 March to 15 July 2020 &Penalty also imposed for 20 March to 15 July 2020.

2. Suppose Mr. X having a business whose turnover in last FY was Less than 5 Crores but more than 1.5 Crores. His tax liability in Feb.month around of Rs. 1 Lack & assumed that he has to file his return before 20th March 2020. He filed his return on the following dates :-

On or before 24 June2020	No Interest and No late fees.
On 15 July 2020	Interest @ 18% p.a. will be charged for the period 20 March to 15 July 2020 and Penalty also imposed for 20 March to 15 July 2020.

B. Due Dates for Filling of GSTR 1 : late fee payable under sec. 47 of the said Act shall stand waived for the months of March, 2020, April, 2020 and May, 2020, and for the qtr. ending 31st March, 2020, for the registered persons who fail to furnish the details of outward supplies for the said periods in FORM GSTR-1 bydue date, but furnishes the said details in FORM GSTR-1, on or before the 30thday of June, 2020.".

In simple words dealer who file monthly return will filed GSTR 1 for the month of March, 2020, April, 2020 and May, 2020 on or before the 30th day of June, 2020 without any penalty.

And another dealer who file quarterly return they will file return for the qtr ending 31st March, 2020 on or before the 30th day of June, 2020 without any penalty.

C. Due Dates for Composition Dealers : "Provided that the said persons shall furnish a statement, containing the details of payment of self-assessed tax in FORM GST CMP-08 of the CGST Rules, 2017, for the quarter ending 31st March,2020, till the 7th day of July, 2020.";

In simple words composition dealer file Quarterly return (CMP 08) for the quarter ending 31st March, 2020, till the 7th day of July, 2020.

"Provided that the said persons shall furnish return in FORM GSTR-4 of the CGST Rules, 2017, for the fy ending 31st March, 2020, till the 15th day of July, 2020.".

GSTR-4 is a GST Return that has to be filed by a composition dealer. Unlike a normal taxpayer who needs to furnish 3 monthly returns, a dealer opting for the composition scheme is required to furnish only 1 return which is GSTR 4 once in a year by 30th of April, following a financial year. In simple words GSTR-4 will file till to the 15th July,2020 instead of 30th of April without any penalty.

CMP-02 filed on or before 30th day of June, 2020 shall furnish the statement in FORM GST ITC-03 in accordance with the provisions of sub-rule (4) of rule 44 upto the 31st day of July, 2020.".

Form GST CMP-02 is an online application form that needs to be filed by any taxpayer who is registered as a normal taxpayer under GST. Such a form needs to be filed at the GST portal before the commencement of the financial year for which the option to pay composition tax is exercised.

ITC 03 is a form that is filed in special circumstances when input tax credit that has been availed has to be reversed who opted for Composition scheme this year.

D. Due Dates for Compliances : Where, any time limit for completion or compliance of any action, by anyauthority or by any person, has been specified in, or prescribed or notified under the said Act, which falls during the period from the 20th day of March, 2020 to the 29th day of June, 2020, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended upto the 30th day of June, 2020.

In simple words if any compliance (Like Notice, Intimation, Hearing Etc.) fall in between 20th day of March, 2020 to the 29th day of June,2020, the last date of that compliance shall be extended to 30th day of June, 2020.

E. Due Dates for E Way Bill : where an e-way bill has been generated under rule 138 of the CGST Rules, 2017 and its period of validity expires during theperiod 20th day of March, 2020 to 15th day of April, 2020, the validity periodof such e-way bill shall be deemed to have been extended till the 30th day ofApril, 2020.In simple words e-way bill which will expire between 20th day of March, 2020 to 15th day of April, 2020 shall be extended 30th day of April, 2020.

F. Compliances Related to Availability of Input Tax Credit : February, March, April, May, June, July and August, 2020 & the return inFORM GSTR-3B for the tax period Sept., 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months inaccordance with the condition above.".

It means that condition for availing credit according GSTR 2 A plus 10% will not follow in the month of February, March, April, May, June, July and August, 2020 returns. You may take credit according to invoicing with you not according to GSTR 2A.But in the month of Sept. 2020 ITC taken in GSTR 3 B will be checked on cumulative basis and will be adjusted accordingly.

Live Webinars during lockdown (April-2020)

No.	DATE	TOPIC	SPEAKER
1	April 15th	NPA in Bank Audit	CA Manoj P. Gupta
2	April 16th	Empanelment process of independent director with Roles & responsibilities	CA Pratik Tripathi
3	April 17th	Critical issues under capital gains	CA Pankaj Shah
4	April 17th	Post Budget changes under Income Tax & Recent changes due to COVID 19	CA Manish Dafria
5	April 19th	Bank Audit LFAR	CA Nayan Kothari
6	April 19th	Important decisions and Advance Rulings under GST	CA Ramandeep Singh
7	April 20th	Eye Care in Lockdown	Dr Vivek Bhandri
8	April 21st	Office Productivity, Tools and Technology	CA Uppalapati S.Kumar
9	April 21st	Overview of Revised Code of Ethics Part A & Its applicabilty	CA Kemisha Soni
10	April 22nd	Force majeure clause in Contract act and its relevance with COVID-19	CA Manoj Munshi
11	April 22nd	Recent changes under GST, Faceless assessment Income tax act	CA Navneet Garg & CA Abhay sharma
12	April 23rd	Bank Audit 4C's- Covid 19, Computer, Complaince, Care (series)	CA. Atul P. Gupta
13	April 23rd	Overview of professional ethics (part B)	CA. Aseem Trivedi
14	April 24th	Bank Audit 4C's- Covid 19, Computer, Complaince, Care (series)	CA. Atul P. Gupta
15	April 24th	Professional ethics Disciplinary	CA. Manoj Fadnis
16	April 25th	Bank Audit 4C's- Covid 19, Computer, Complaince, Care (series)	CA. Atul P. Gupta
17	April 25th	The Trophy of the Catastrophe : Rebuild, Reset, Reformat and bounce back to Normal	CA. Swapnil Kothari
18	April 26th	Interest rate and currency risk management	CA. Dhaval Shah
19	April 27th	GST Audit and Annual Return	CA Rajender Arora
20	April 28th	Overview on FEMA and Recent Changes in FDI	CA Murali Krishna
21	April 28th	Decoding Rule 42 @ GST	CA Sunil Jain
22	April 29th	An Insight for change for CA Practice Areas	CA Navin Khandelwal
23	April 29th	Live Question Answer Session on GST	CA Sunil G. Khandelwal, CA Sunil Jain, CA Kirti Joshi CA Krishan Garg
24	April 30th	Real Income concept & Deeming Fiction Under IT Act	Adv. Kapil Goel

Suggestions for practising CAs-

Do the maximum work from home, avoid human interface and do maximum work on line.

Reduce office overheads viz- open office Thrice a week rest days work from home. Reduce staff, delegate tasks to staff to work from home or clients place.

Concentrate practice in selected fields of your interest and choice- don't indulge yourself in every kind of job, utilise spare time in doing yoga- pranayam- meditation and self study- professional as well as spiritual.

CA Rajesh Selot
Past CIRC Chairman

Helping hands of CAs towards humanity

CA Saurabh Jhawar doing Covid-19 rescue work

CA Saloni Sarda doing Covid-19 rescue work

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