

# BHUJ BRANCH OF WIRC OF ICAI

E-NEWSLETTER FOR THE MONTH OF OCTOBER-2020

(FOR PRIVATE CIRCULATION ONLY)

**CA. Jitendra Thacker**

Chairman

9825537937

**CA. Ramesh Pindolia**

Vice Chairman & WICASA

Chairman

9825662808

**CA. Ashish Gadhavi**

Secretary

9925738543

**CA. Purvi Mehta**

Treasurer

9374338587

**CA. Hardik P.Thacker**

Imm.Past Chairman

9825858580

**CA. Rakesh Alshi**

Branch Nominee (WIRC)

**CA Jagrut Anjaria**

Newsletter Advisor

9426788728

Address:-

Hall No. 2,

Katira Complex-2

Sanskar Nagar

Bhuj-Kachchh

Phone:-258580; 9925738543

E-mail:-

bhujbranch.wirc@gmail.com

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## ***CHAIRMAN'S COMMUNICATION***

### **Dear Professional Colleagues**

As India observes Gandhi Jayanti on 2nd October, This year we are going to celebrate 150<sup>th</sup> Mahatma Gandhi Jayanti. I would like to quote Mahatma Gandhi, “Strength does not come from winning. Your struggles develop your strengths. When you go through hardships and decide not to surrender, that is strength.” Revered as father of our nation, Gandhiji, through his ahimsa and nonviolence ideology, shook the world and proved that great things can be accomplished through simple tenets of truth and nonviolence. October is known in India not only to recall and celebrate the ideas and ideals of Mahatma Gandhi, whose birthday falls on 2nd October, but also to strengthen and reinforce his messages of love, peace and non-violence in our society that he had given to the world in the interests of humanity.

We had been quite busy in auditing and return filing season but at the same time we should be cautious about our personal and family life. A healthy work-life balance that results from a well-managed professional life can let us enjoy our life without stress. Let us approach our work with a healthy and positive mindset and a smile, since when we are happy doing things, stress is always a distant reality.

### **The month that was – September 2020**

**-GST Audit helpline started** to serve/guide the members for their queries/issues of GST Audit 2018-19 with help of our Branch Member CA Deep Koradia .

**-Bhuj Branch has organised Virtual CPE Meeting on “Faceless Assessment Scheme 2019 – Analysis of Recent Amendments”** by speakerour Bhuj Branch Member CA Kapil Thacker on 05-09-2020attended by 50+ participants

-Bhuj Branch jointly with Gandhidham and Anand Branches has organised Virtual CPE Meeting on “**Commonly found Non-Compliance / Errors – Form 3CA / 3CB / 3CD Tax Audit Report under Section 44AB of the Income Tax Act, 1961**” by expert speaker CA. Pramod Jain, CCM ICAI on 8th September, 2020 attended by 120+ participants

-Participated by Bhuj Branch in Webinar on “**Honoring the Honest: Faceless Assessment of Direct Taxes**” Organised by Income Tax Department on 18-09-2020 for Kachchh, Morbi, Jamnagar & Surendra Nagar District having speaker from all district. Past chairman of Bhuj Branch CA Pravinbhai C. Doshi was one of the speaker in the webinar.

### **Proud Moment for Bhuj Branch**

WIRC has published **WIRC Reference Manual 2020-21** in month of September -2020. Its proud moment for the Bhuj Branch that our member CA Nitinbhai K. Thacker & CA Vijay R. Thakkar have made **contribution in Publication** and uplifting branch image at WIRC level. We Congratulate CA Nitinbhai K. Thacker & CA Vijay R. Thakkar for their contribution.

### **Celebration of 150<sup>th</sup> Gandhi Jayanti**

As a committed partner in nation building, the ICAI has made sincere efforts to actively participate and support SarvaShikshaAbhiyan (SSA) project of Government initiatives. As per direction of ICAI we are going to celebrate 150<sup>th</sup> Birth Anniversary of Gandhiji by distribution stationary kit (comprising of a folder, notebook, pencil, sharpener, eraser and pen) on 02<sup>nd</sup> October 2020 to the underprivileged students of primary schools. All members are invited to join the celebration.

### **Tax Audit helpline**

All members are busy in completion of Tax audit for the financial year 2019-20 as last date of completion of audit 31-10-2020. Happy to inform you all that our own members CA Nitinbhai K. Thacker (Mob: 9825339394) & CA Jagrutbhai A. Anjaria (Mob: 9426788728) having expertise in field of Tax Audit ready to serve/guide the members for their queries/issues of Tax Audit 2019-20. We can call them between 06.00pm to 07.00pm from 01st October-2020 to 31st October 2020

### **Forthcoming Academic Program for Members (Virtual Mode)**

SINCERELY YOURS

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Considering working seasons of all of us, Branch will organize virtual programs on any specific suggestion from members on relevant topics

**Forthcoming Academic Program for Students**

Branch is planning to start **Reading Room facility** for Students and awaiting confirmation from WIRC.

I would like to conclude with the thought,

Men die of boredom, psychological conflict and disease. They do not die of hard work. ~ *David Ogilvy*

Stay Safe. Stay Happy. Stay Updated

Thanks and Regards

CA Jitendra Thacker

Chairman

Date: 01-10-2020

## TCS ON SALE OF GOODS-SECTION 206C(1H)

CA Deep Koradia  
B.Com.,FCA, DISA(ICAI)

Finance Act, 2020 has inserted 2 TCS provisions, i.e. 206C(1G) & 206C (1H), which will be applicable with effect from 01-10-2020. In this article we are going to discuss TCS provision u/s 206C (1H) with respect to collecting of TCS on sale of Goods @ 0.10%. We will discuss its applicability, Scope, Key components, Specific Exclusions, Relief in rate due to Covid-19, Clarifications via Circulars & Press Release, Compliance Requirement & Practical issues.

The section which is inserted is as below:

*"(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:*

**Provided** that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of [section 206CC](#) shall be read as if for the words "five per cent", the words "one per cent" had been substituted:

**Provided further** that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

*Explanation.—For the purposes of this sub-section,—*

*(a) "buyer" means a person who purchases any goods, but does not include,—*

*(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or*

*(B) a local authority as defined in the Explanation to clause (20) of section 10; or*

*(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;*

*(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein."*

### **A. SCOPE OF THE SECTION:**

- Seller who **receives** any amount as consideration for sale of any goods aggregating to 50 Lakh Indian Rupee (INR) or more in a financial year from a buyer, at the time of receipt of such amount is required to collect tax at source (TCS) at the rate 0.1 per cent on the sale consideration exceeding INR 50 Lakh as Income-Tax.
- In case the buyer fails to provide PAN/Aadhar, TCS shall be collected at the rate of 1 per cent.
- The Govt. has reduced TCS Rate to 0.075% for FY 2020-21 due to Covid-19, till 31-03-2021.

### **B. KEY COMPONENTS**

- **SELLER:** A Person whose Sales, Gross Receipts or Turnover exceeds INR 10 Crores in the immediately preceding financial year.
- **BUYER:** Any person who purchase goods except Government, Local Authority and Person importing goods from India.
- **GOODS:** Sale of Any Goods will be covered here, which will also include Capital Goods
- **CONSIDERATION:** Applicable on receipt of sales consideration against sale of goods exceeding Rs. 50 Lakhs from a buyer in a financial year. Sales Consideration = Sale Value + GST
- **RATE:** PAN/Aadhar available: 0.10% (0.075% for FY 2020-21) | Other Cases: 1%
- No Lower deduction benefit available to buyer.

### **C. SPECIFIC EXCLUSIONS**

TCS on sale of goods under section 206(1H) shall not apply:

- Where buyer is required to deduct TDS as per other provisions and such buyer has deducted TDS on required amount.
- On Export of Goods from India to any Country. (Sales to SEZ unit will not be treated as Export)
- On Sale of Service
- On Inter Unit / Branch Transfer
- On Goods that are specifically covered under sub-section (1), (1F) or (1G) of Section 206. (E.g. Sale of Scrap, Alcoholic Liquor, Timber, Minerals, Motor Vehicle, etc.)

### **D. PRACTICAL APPROACH**

- **Applicability:** If Seller's Total T/O of PY exceeds INR. 10 Crores then TCS provisions will be applicable in CY (2020-21). Hence, at every year end, seller needs to check their T/O to know the applicability of these provisions in next year.
- **Whom to Collect:** Seller needs to charge TCS only to those buyer where sale of goods (inclusive of GST) exceeds INR. 50 Lakhs in a FY. If Sales Value during April-Sept 20 exceeds INR. 50 Lakhs then TCS shall be charged from 1<sup>st</sup> invoice/ Receipt from Oct 20 in cases of such buyers.
- **On What Amount:** TCS to be collected on sale value exceeding INR. 50 Lakhs and not on entire sale.
- **How to Collect:** There is no collection mechanism provided in the Act. The Section only prescribes that TCS needs to be paid on receipt basis. However for accounting & Collection purposes Seller may charge TCS on Sale Invoices as separate line item after GST so TCS will be on Value Including GST.
- **When to Pay:** The law prescribes to be paid on receipt basis. There are 2 schools of thoughts with respect to collection and payment of TCS, i.e. **"On Accrual Basis "** Vs **"On Receipt Basis (As law requires)"**. The following Table Shows complete comparison between these 2 methods and seller should take decision after going through all of the aspects.

	<b>TCS Collected and Remitted on</b>	
<b>Parameters</b>	<b>Accrual Basis</b>	<b>Receipt Basis</b>
As per Law?	Law Requires on Receipt Basis, However, This school of thought says since accounting is on accrual Basis, this method is more feasible	Law Requires on Receipt Basis.
Feasible For Accounts & Records?	Since Accounts are maintained on Accrual Basis, this method is much feasible	Specific checks & Balances needed to verify the compliance of the law, Reconciliation Needed between Book's Turnover and Turnover on which TCS has been discharged
Working Capital	As TCS needs to be paid without getting receipts, Working Capital will get blocked	No issue of Working Capital blockage, as once payment is received, only then TCS needs to be discharged
Collection from Buyers	As TCS is already been levied on Invoice itself, and accounted, the collection will be much smoother	No buyer pays over and above the Invoice Value, So once payment is recd, after paying TCS, one needs to raise Dr notes for TCS. Alternatively, one may levy TCS on invoice and pay it only once the payment is received, but maintaining the record of "Dummy TCS ledger" V/s "Actual TCS Liability" is the tedious Task

<p>Incase of Sales Returns, Discounts etc</p>	<p>On accrual Basis approach, Seller has already charged and paid TCS at the time of raising the invoice. IF there is downward revision in invoice due to Sales Returns / Discounts, then there may not be any room for Reversal Of TCS</p>	<p>On Cash basis / Receipt Basis Approach, TCS needs to be paid only when the payment has been received. So there may not be any issue for Sales Returns Or Discounts</p>
<p>What if advance Received?</p>	<p>Advance Receipts needs to be tracked manually as the law requires payment on receipt basis. (And for the sake of simplicity of not tracking the receipts, one has chosen this method, however, incase of businesses involving advance receipts, that main advantage of accrual system is gone, so better to choose receipt basis system)</p>	<p>TCS is purely tracked on receipt basis in this approach. So, any advances received will always taken care of and no need to have any additional checks &amp; Balances for advance receipts.</p>
<p>Transition from 2020-21 to 2021-22</p>	<p>IF Invoice Raised in 2020-21 with TCS @ 0.075% and payment will be received in 2021-22, then liability will arise @ 0.10% on such receipt, so that thing needs to be addressed. (However, in the next year again for 1st 50 lacs, no need to charge TCS, so any payment received upto 50 lacs from each debtors will not create this issue)</p>	<p>No such issue arise in this method</p>

Hence, One must go through all the parameters before deciding any of the methods so as to ascertain the future consequences. One also must design and workout accounting methodology in advance so as to make them an ease at the time of payment of the TCS and also at the time of making reconciliation during the Audit.

## *Independence for Audit and Review Engagement*

*Recent services with an Audit Client: Section: 522*

*Serving as Director or Officer of an Audit*

*Client: Section: 523*

*Employment with an Audit client: Section: 524*

*Temporary Personnel Assignments:*

*Section: 525*

CA Eva P. Thacker  
B.Com., ACA

### ***Introduction:***

Independence of auditor is a pre- condition for the good corporate governance. In this Globalized world, new threats are emerging and, in this scenario, the independence of auditor is a crucial issue for the smooth functioning and prosperity of the audit functions. Independence though state of mind but it also includes the avoidance of certain facts and circumstances which might affects firm's or member's professional independence.

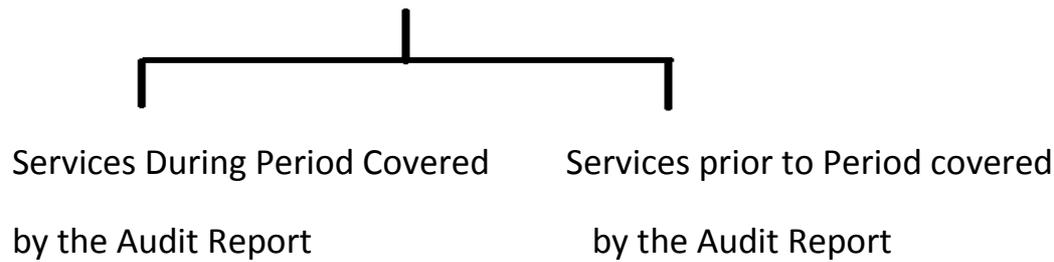
Following sections include requirements and application material relevant to applying the conceptual framework to identify and evaluate various threats and also to apply safeguards to negate the same.

### ❖ *Section 522: Recent Services with an Audit Client*

Acting as an Auditor while recently engaged in other services with an audit client might create self-review threat.

### **Scope of the Section**

Recent Services with an Audit Client



**Cause:** A self-interest, self-review or familiarity threat might be created when an audit team will include a person who has served during or the period prior to the period covered by the audit report with an audit client

For Example, a person shall include:

- Director or officer of the Audit client.
- An employee of the audit client who is in a situation to apply critical impact over the preparation of the client's bookkeeping records or the financial statements on which firm will express an opinion.

A self-review threat might be created when a work performed or decision taken by a person while employed by the client, and is to be evaluated by the same person during current audit assignment.

**Evaluation:** Factors that are relevant in assessing the level of self-review threat created by including the person recently served with audit client in review team includes:

- The position the individual held with the client
- The period of time since the individual left the client
- The role of such individual in the audit team

**Safeguards:** Actions to be taken for mitigating the threats:

- The **work performed** by such a person who was included in the audit team is to be **checked by the appropriate reviewer**.
- A person shall not be assigned to review the functions in which he has self-interest by applying the concept of **maker should not be the checker**.

### ❖ *Section 523: Serving as a director or officer of an audit client*

#### ➤ **Service as director or officer**

#### **Scope of the Section:**

Section 523 comes in to force when a partner or employee of the firm or a network firm serves as a director or officer or company Secretary of an audit client of the firm.

**Cause:** A Self-review or self-interest threat might be created when a person being officer, director or employee of the audit client who is likewise an officer or partner of audit firm included in the audit team for reviewing audit client.

**Prohibition:** Section 523 prohibits following persons from being appointed as director or officer of the audit client:

- In case of proprietorship concern: An individual being statutory auditor of an audit client.
- In case of Partnership firm or LLP: A Partner or employee of the firm or network firm.

#### **Disqualifications of auditor– Section 141(3) of the companies Act,2013**

Section 141(3) says that any officer or the employee of the company or a person who is a partner or is in employment, of an officer or the employee of

the company shall not be eligible for appointment as an auditor of the company.

An Officer includes followings:

- Any director
- Manager
- Key managerial personnel
- Or any person who influence the decision of board of directors or any of the director.

**Example:** if Mr. A is an employee or officer of company B, then he can't be an auditor of company B, if Mr. C is either a partner or employee of Mr. A, he is again barred by means of indirect connection with the company.

➤ **Service as company Secretary**

**Scope of the section:**As per section 523 generally, a partner or employee of the firm or a network firm shall not serve as company secretary for an audit client of the firm.

**Exceptions:**

However, in the following circumstances a partner or employee of the firm can act as company secretary for an audit client when:

- This practice is specifically permitted under local law, professional rules or practice.
- Management makes all relevant decision.
- The duties and activities performed are restricted to those of a daily practice and regulatory nature.

### **General administrative Duties of the Company Secretary includes:**

- Personal management
- Maintenance of company records and statutory registers
- Maintenance of minute books
- Preparing and filing annual returns
- Ensuring that the company complies with the regulations and its disclosure requirements
- Providing advice on corporate governance matter

**Cause:** A self-review or Self-interest threat might be created when partner or employee of the firm provides the above services as company secretary as is seen to imply a close association with the entity. Hence it is not possible for a partner or employee of the firm who is being company secretary of the audit client to give independent and unbiased opinion.

However, section 600 also deals with provision of non-assurance services to the audit client which we have already seen in previous month's edition.

### ❖ *Section 524: Employment with an audit client:*

#### **Cause:**

#### **For existing member or partner**

A self-review, familiarity or intimidation threat might be created if any of the following individuals have been an audit team member or partner or the firm or network firm:

- A director or officer of the audit client
- An employee of the audit client who is in a situation to apply critical impact over the preparation of the client's bookkeeping records or the financial statements on which firm will express an opinion.

### **For Former member or partner**

- Independence would be compromised if a former member of an audit team or partner of the firm has joined the audit client as director officer or an employee who is in a situation to apply critical impact over the preparation of the client's bookkeeping records or the financial statements on which firm will express an opinion and a significant connection remains between the firm and the individual, the threat would be so significant no safeguards could reduce the threat to an acceptable level.

A familiarity or intimidation threat might also be created if a former partner of firm or network firm has joined an entity in one of the above discussed positions and the entity subsequently becomes an audit client of the firm.

### **Significant connections**

Factors that might indicates a significant connection remains between the firm or network firm and the individual:

- The individual is entitled to any benefits or payments from firm or network firm that are made in accordance with fixed pre-determined arrangements.
- Any amount owed to the individual is not material to the firm or the network firm.
- The individual does continue to participant or appear to participate in the firm's business or professional activities.

**Evaluation:** Factors that are relevant in evaluating the level of threats created by employment with an audit client include:

- ✓ The position the individual has taken at the client
- ✓ Any involvement the individual will have with the audit team

- ✓ The length of time since the individual was an audit team member or partner of the firm or network firm
- ✓ The former position of the individual within the audit team, firm or network firm, such as for example whether the individual was responsible for maintaining regular contact with the client's management or those charged with governance.

**Safeguards:** Actions that might be safeguards to address such threats include:

- Modifying the audit plan.
- Assigning to the audit team individuals who have sufficient experience relative to the individual who has joined the client.
- Having an appropriate reviewer review the work of the former audit team member.

### **Formation of policies and procedures by firm:**

**Cause:** A self-interest threat is created when a member of the audit team participates in the audit engagement while knowing that audit team member will, or might join the client at some time in future.

**Scope:** A firm or network firm shall have policies and procedure that requires audit team member to notify the firm or network firm when entering employment negotiations with an audit client.

**Conclusion:** Hence if the firm has developed such policies then on receiving such notification, the significance of the threat should be evaluated and, if the threat is not clearly insignificant, safeguards should be considered and applied to eliminate the threat or reduce it to an acceptable level.

**Safeguards:** A self-interest threat created might be addressed by applying the safeguards. Such safeguards include:

- ✓ Removal of the individual from the audit team
- ✓ A review of any significant judgments made by that individual while on the team.

**Restrictions with respect to the audit Client that are public interest entities**

**1. Key Audit partner joins the entity**

**Cause:** A self-interest, familiarity or intimidation threats are created when a key audit partner joins the audit client as:

- A director or officer of the entity
- An employee of the audit client who is in a situation to apply critical impact over the preparation of the client's bookkeeping records or the financial statements on which firm will express an opinion.

**Mitigation:** self-interest threats created by joining audit client being public interest entity by key audit partner might be eliminated or reduced if subsequent to the individual ceasing to be a key audit partner:

- ✓ The audit client has issued audited financial statements covering a period of not less than 12 months
- ✓ The individual was not an audit team member with respect to the audit of those financial statements.

**2. Senior or managing partner joins the entity**

**Cause:** An intimidation threat is created when the individual who was the firm's senior or managing partner joins the audit client that is public interest entity as:

- A director or officer of the entity

- An employee of the audit client who is in a situation to apply critical impact over the preparation of the client's bookkeeping records or the financial statements on which firm will express an opinion.

**Mitigation:** An intimidation threat created by joining audit client being public interest entity by senior or managing might be eliminated or reduced:

- If 12 months have been passed since the individual was the senior or managing partner.

### **Exceptions:**

Independence is not compromised if the former key audit partner or senior or managing partner joins the audit client as result of a business combination and if following conditions are satisfied:

- The position was not taken in contemplation of the business combination
- Any benefits or payments due to the former partner from firm or network firm have been settled in full, unless made in accordance with fixed pre-determined arrangements and any amount owed to the partner is not material to the firm.
- The former partner does not continue to participate in the firm's business or professional activities.
- The position held by the former partner with the audit client is discussed with those charged with governance

### ❖ *Section 525: Temporary Personnel Assignments*

**Scope:** As per section 525 lending of staff by firm or network firm to an audit client might create a self-review, advocacy or familiarity threat.

Generally, such type of assistance cannot be given by personnel of firm or network firm to the audit client.

### **Exception:**

However, such assistance may be given only if following conditions are satisfied

- It is provided only for a short period of time
- The personnel are not involved in providing non-assurance services
- The personnel do not assume management responsibilities

In all the circumstances, the audit client should be responsible for directing and supervising the activities of the personnel

### **Safeguards:**

When the significance of such threat is not clearly evaluated, safeguards should be considered and applied when necessary to eliminate the threat or reduced it to an acceptable level. Such safeguards might include:

- Conducting an additional review of the work performed by the loaned personnel
- Not including the loaned personnel as an audit team member
- Not giving the loaned personnel audit responsibility for any function or activity that the personnel performed during the loaned personnel assignment

### **Exception to the safeguards:**

When firms or network firms are firmly adjusted with views and the interests of management, a familiarity or advocacy threats are created to an audit client and the above safeguards are frequently not available.

## SA 550 RELATED PARTIES

CA Hetal D. Bhojani  
B.Com., ACA

Today, I am going to discuss about the Standard on Auditing SA 550 “RELATED PARTIES”. SA 550 deals with the Auditor’s Responsibility for the related party relationships & related party transactions while performing the audit of financial statement. Further it expands on how SA 315, SA330 & SA 240 are to be applied in relation to risk of material misstatement associated with the related party relationships & related party transactions in the financial reporting framework.

There is no higher risk of material misstatement when related party transactions are in the normal course of business. But as the related parties are not independent of each other, there is higher the risk of material misstatement in the financial statement. Therefore, many financial reporting frameworks establish specific accounting and disclosure requirement for related party relationships, transactions and balances to enable the users of the financial statement to understand the nature and actual or potential effects on the Financial Statement.

Even when the applicable financial reporting framework does not establish any such requirement, auditor needs to obtain an understanding of the entity’s related party relationships and transactions sufficient to be able to conclude whether the financial statements, insofar as they are affected by those relationships and transactions: (i) Achieve a true and fair presentation and (ii) are not misleading.

### OBJECTIVES :-

To obtain an understanding of the related party relationships and related party transactions sufficient to be able to:

- (i) Recognize the fraud risk arising from the related party relationships and related party transactions which are relevant to the identification and assessment of risk of material misstatement due to fraud.

- (ii) To conclude that financial statement is affected by such relationships and transactions : (a) achieve a true and fair presentation and (b) are not misleading

In addition to this, if applicable financial reporting framework establishes the requirement of related party relationships and transactions, to obtain sufficient appropriate audit evidence about whether the related party relationships and transactions have been appropriately identified, accounted and disclosed appropriately in the financial statement as per the requirement of financial reporting framework.

### AUDITOR'S DUTIES:-

- (1) Understanding the Entity's Related party relationships and related party transactions. (SA 315) :

While meeting the requirement of SA 315 to identify and assess the risk of material misstatement through understanding the Entity and its environment, Auditor shall also include specific consideration of the misstatement in the financial statements due to fraud or error resulting from the related party relationships and related party transactions.

- (2) If the auditor identifies the fraud risk factors arising from the Related Party relationships and transactions while performing the risk assessment procedures, the auditor shall consider such information of Related Party Relationships and transactions while identifying and assessing the risk of material misstatement due to fraud or error as per the requirement of SA 240.

- (3) Auditor should inquire to the management about:

- (a) The identity of the entity's related party relationships and related party transactions & changes from the prior period.

- (b) Nature of relationships between the entity and Related party.

- (c) Type & purpose of transactions with these Related Parties.
- (4) Auditor should Obtain understanding as to whether the Management has established effective control for the:
- (a) Identification, accounting for and disclosure about the Related party relationships and related party transactions.
  - (b) Significant Related party relationships and related party transactions have been duly authorized & approved.
  - (c) Transactions with the related parties, if found outside the normal course of business are duly authorized and approve.
- (5) Auditor should maintain 'Professional Scepticism' (SA – 200) for the Related Party information while reviewing records & documents:
- (a) Auditor should remain alert while inspecting records or documents, arrangements or other information that may indicate the existence of related party relationships and related party transactions that management has not previously identified or disclosed to the auditor.
  - (b) If the auditor identifies significant related party transactions outside the entity's normal course of business while performing the audit procedures, auditor should inquire to the management about: (i) the nature of the Transactions & (ii) whether the related parties involved.
- (6) The auditor shall share all the relevant information to the audit engagement team about the Related Party Relationships and Transactions.

To be continued...

**WHO  
MOVED  
MY  
CHEESE?**



An amazing way to deal with change in your work and in your life

- Dr. Spencer Johnson

It is a simple parable that reveals the profound truth. Life lessons are taught by four little characters described in the book. Your task is to find who you are from them and bend your life accordingly.

Abstract by-  
CA Urmi Shah

One fine sunny day in Chicago, several former classmates gathered for lunch, having attended their high school reunion night before. While discussing about everyone's life, Michel told all his friends an interesting story that helped him in his company.

"There lived four little characters in a maze, two were mice named "sniff" and "scurry" and two were little people named "Hem" and "Haw". They went everyday in the maze in the search of cheese for their living.

Two little mice have simple brains and good instincts, searched for good cheese. Two little people have complex brains, filled with many belief and emotions to search for very different kind of cheese with capital C, to their belief to make them happy and successful.

Maze contains delicious cheese and also the dark corners and blind alleys that's leads to nowhere. But who found his way enjoys a better life.

Mice do the simple trial and error method, ran down here and there, and went off in wrong direction, bumped into walls but find their way.

Two little people use their past experience and develop more sophisticated methods to find cheese. Sometimes they found and other times they don't. But all four of them find their own kind of cheese one day at the end of cheese station C.

Sniff and scurry, daily in the morning went to the cheese station C to enjoy the cheese. Little people also rushed for the same. But once they know where the cheese is kept they tend to wake little late, dressed little slower to reach the station. They were not known from where the cheese came or who put it there. They assume it would be always there.

Hem and Haw consider the cheese as their pride. Sometimes they share it with friends and sometime not. Their confidence soon grew into the arrogance of success. They move their home near the station and built a social life around it. They became so comfortable that they didn't notice what was happening around.

Sniff and scurry had notices that supply of cheese was getting smaller. They were prepared for the circumstances and know what to do. The same day Hem and Haw arrived and to their surprise there was no cheese. Hem yelled "Who moved my cheese?"

It was understandable behavior but not the attractive or productive. For Haw, cheese just meant a feeling safe, having lovely family to live in a cottage of cheddar lane. To Hem, cheese was becoming big cheese in charge of others. They couldn't believe this happened with them. They were so discouraged. Hem and Haw stood still like a statue, immobilized.

Haw shut his eyes as tight as he could and cover his ears with the hands to block everything out. He thought cheese was moved all of sudden. They look for sniff and scurry but they were not there. Hem said sniff and scurry were just a mice and didn't know much. Hem said they were little people smarter than mice, more special then why such thing would have happened with them. At least they should get some benefits.

While Hem and Haw decide what to do, sniff and scurry were already on their way to find the new cheese. It took little time but they found the cheese station N, new great supply of cheese. It was the biggest store of cheese mice had ever seen.

Haw after having battle with his mind, decided to go out in maze and find a new cheese. But Hem argued and stopped him by saying he was getting too old, he was comfortable there and not interested in getting lost and being fool. This lead to anger, frustration and nightmares of not having cheese.

Daily they came and sit over the Cheese station C and imagine that someone would put their cheese back. Then it strike to them that

someone hide the cheese behind wall. Next day Hem and Haw bring the tools and started to make hole but they gain nothing.

One day Haw realized and started laughing on himself. He understand yesterday's cheese was never going to come back and it was his fear who kept him of not going out to find a new cheese. But Hem was still in the same bubble and don't want to face the reality. When Haw went for his adventure he drew a cheese and write "If you do not change you become extinct" in order to boost the Hem.

Haw was on his adventure and now he feared the things. When you are afraid that things are going to get worse and you have to do something for it. But it is not good when it keeps you from doing something. Haw didn't feel confident. It seems as his progress was two steps forward and one step but backward, yet he enjoyed back to be in maze and hunting for cheese. He remained himself that if sniff and scurry could move on then he also could.

Everything gets easy when you take control of it. Same happened with Haw. Haw now realized that cheese didn't disappeared overnight, the amount of cheese get smaller day by day and what was left, grown old. He now onwards will be alert and expect change to happen and look for it. He wrote on a wall "**Smell the cheese often so you know when it is getting old**".

Haw now on his new pathway had imagined all the possible fears that scared him to death. He paused and laughed at himself realizing that his fears were the only thing that was making the things worse. So he just moved on in the new direction and lately he started to feel good about it even though when he didn't find any cheese. Haw does find the new cheese and also saved it for Hem. But when Hem was offered the cheese, he denied it saying "I want my own cheese back and I am not going to change until I get what I want". Sure Haw was disappointed and left. By the time Haw missed his friend but he loved that he was discovering new places without letting his fear stop him and that what makes him stronger.

Haw hadn't found any cheese but he knew that when you change what you believe, you change what you do. His new beliefs encouraged new behavior in a positive way. He again imagined himself finding new cheese and savoring it that leads to find a little bits of cheese.

He came a long way and he trusted that what all he had written on wall in his journey would served as mark trail for Hem. Haw soon find the new cheese at Cheese station N. He was so amazed as that was the greatest supply of cheese he had ever seen. He wondered whether he was imagining all this until he find his old friend sniff and scurry. Both welcomed Haw. He enjoyed every bit of cheese and toast to the new change.

While enjoying new cheese he reflected on what he had learned, what led him change. He smiled and thought the fear of starving to death. But he realized he started to change as soon as he learned to laugh at himself and by knowing what he had been doing wrong. He also learn from sniff and scurry to keep the life simple and not to overanalyze the situation. Notice the little change and better be prepared for the bigger change that might be coming.

Haw thought that he might go back and helped Hem but he realize that Hem had to find his own way beyond his comfort and fears. No one else could do it for him. Moreover he had also left trail for Hem on the way.

Haw knows the fact that he had come so far and can be slipped back any time. So he often went out in the maze to explore the new areas to stay in touch with what was happening around him.”

After the story ends, every friend discuss that how they were holding the situation in life and who they were in the story.

### Conclusion:

I hope till the end you find who you are and what you need to do.

Make yourself comfortable to try the things out of your comfort.

Change is inevitable. The earlier you try to adapt the change, the easier your life will be.

My teaching from this book is that never get stuck at one thing in life. If one thing goes wrong there are millions of things to explore. It's just the fear that build in my mind is making the situation worse.

Things are always simple, but it's we who make it so much difficult by overanalyzing it. Such a great thought have created huge impact on me and changed my way of thinking.

Let's not the idea go waste, all the readers should imply in their life too.

Well, what's your part of story? Feel free to share it with me on [icaiurmi21@gmail.com](mailto:icaiurmi21@gmail.com).

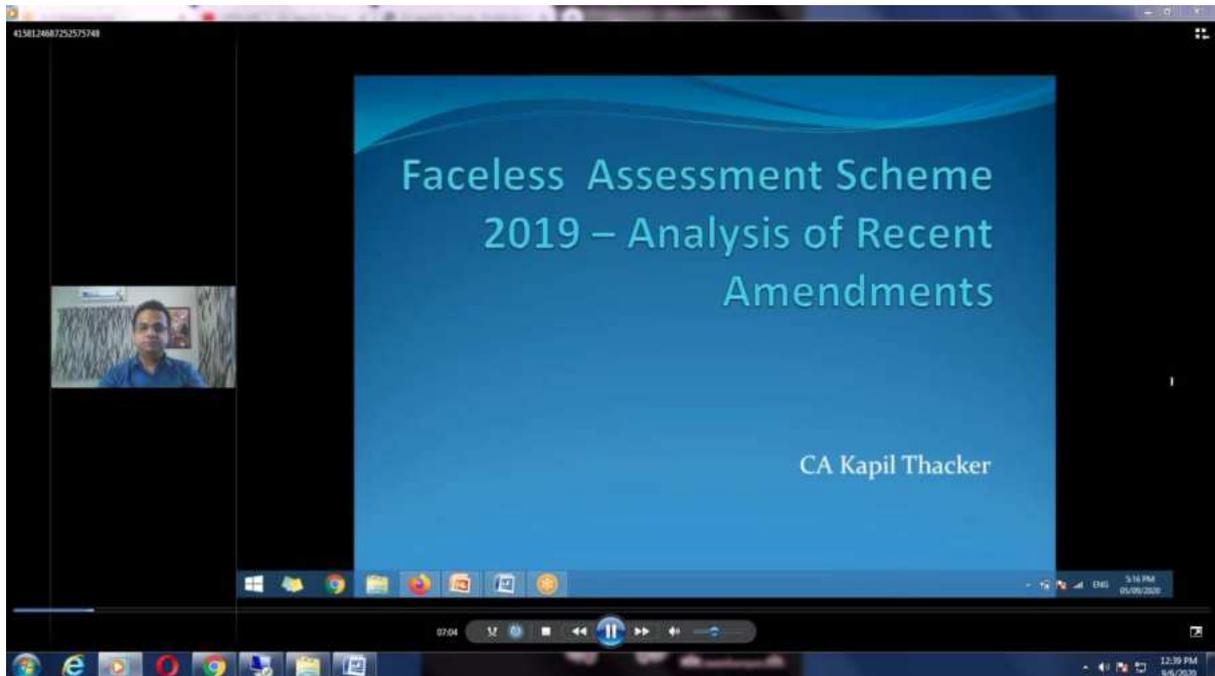
**Contributed by CA Deep Koradia**  
**B.Com., FCA, DISA(ICAI)**

Sr No	Notification No	Category	Date	Description	Keyword / Reference / Comment	Link
1	65/2020	Central Tax	01-09-2020	Seeks to amend notification no. 35/2020-Central Tax dt. 03.04.2020 to extend due date of compliance under Section 171 which falls during the period from "20.03.2020 to 29.11.2020" till 30.11.2020	Time Limit For any Action by Authority between 20-Mar-20 to 29-11-20 extended to 30-11-2020	<a href="#">Click Here</a>
2	66/2020	Central Tax	21-09-2020	Seeks to give one time extension for the time limit provided under Section 31(7) of the CGST Act 2017 till 31.10.2020 .	Time limit for issue of invoices within 6 months for Goods Sent on approval basis has been increased to 31-10-2020 if falls between 20-03-20 to 30-10-2020	<a href="#">Click Here</a>
3	67/2020	Central Tax	21-09-2020	Seeks to grant waiver / reduction in late fee for not furnishing FORM GSTR-4 for 2017-18 and 2018-19, subject to the condition that the returns are filled between 22.09.2020 to 31.10.2020.	Waiver / reduction in late fee for GSTR-4 for FY 17-18 & 18-19 if filled till 31-10-2020	<a href="#">Click Here</a>
4	67/2020 - CORRIGENDUM	Central Tax	21-09-2020	Seeks to grant waiver / reduction in late fee for not furnishing FORM GSTR-4 for 2017-18 and 2018-19, subject to the condition that the returns are filled between 22.09.2020 to 31.10.2020.	FY 2019-20 Included by mistake, now rectified	<a href="#">Click Here</a>
5	68/2020	Central Tax	21-09-2020	Seeks to grant waiver / reduction in late fee for not furnishing FORM GSTR-10, subject to the condition that the returns are filled between 22.09.2020 to 31.12.2020.	Late fee Capped @ 250+250 for Pending GSTR10 if filled before 31-12-2020	<a href="#">Click Here</a>

6	68/2020 - CORRIGENDUM	Central Tax	21-09- 2020	Seeks to grant waiver / reduction in late fee for not furnishing FORM GSTR-10, subject to the condition that the returns are filled between 22.09.2020 to 31.12.2020.	Typo error (without changing in any interpretation)	<a href="#">Click Here</a>
7	69/2020	Central Tax	30-09- 2020	Seeks to amend notification no. 41/2020- Central Tax dt. 05.05.2020 to extend due date of return under Section 44 till 31.10.2020	FY 2018-19's Annual Return has been extended till 31-10- 2020	<a href="#">Click Here</a>
8	70/2020	Central Tax	30-09- 2020	Seeks to amend notification no. 13/2020- Central Tax dt. 21.03.2020.	- Invoicing is applicable if For "Any of the previous FY from 17-18, if TO Exceeds 500 cr - Invoicing is now also applicable for Exports	<a href="#">Click Here</a>
9	71/2020	Central Tax	30-09- 2020	Seeks to amend notification 14/2020- Central Tax to extend the date of implementation of the Dynamic QR Code for B2C invoices till 01.12.2020.	Dynamic QR Code for Invoices is to be applicable from 01- 12-2020 for B2C Supplies	<a href="#">Click Here</a>
10	72/2020	Central Tax	30-09- 2020	Seeks to make the Eleventh amendment (2020) to the CGST Rules.	Amendment in Rules with respect to Changes in QR Code for E Invoicing	<a href="#">Click Here</a>
11	72/2020	Central Tax	30-09- 2020	Seeks to make the Eleventh amendment (2020) to the CGST Rules.	Typo error "Quick Reference" to "Quick Response"	<a href="#">Click Here</a>
12	73/2020	Central Tax	01-10- 2020	Seeks to notify a special procedure for taxpayers for issuance of e-Invoices in the period 01.10.2020 - 31.10.2020	Invoice Reference Number (IRN) To be obtained within 30 days as a relaxation measure if invoice prepared between 01-10-20 to 31-10-20	<a href="#">Click Here</a>
13	04/2020	Central Tax Rate	30-09- 2020	Extension of CGST exemption on services by way of transportation of goods by air or by sea from customs station of	Exemption of Services by Transportation of Goods By Air OR By SEA From CFS to	<a href="#">Click Here</a>

				clearance in India to a place outside India, by one year i.e. upto 30.09.2021.	outside india extended for one more year, i.e 30-09-2021	
14	04/2020	Integrated Tax Rate	30-09-2020	Extension of IGST exemption on services by way of transportation of goods by air or by sea from customs station of clearance in India to a place outside India, by one year i.e. upto 30.09.2021.	Exemption of Services by Transportation of Goods By Air OR By SEA From CFS to outside india extended for one more year, i.e 30-09-2021	<a href="#">Click Here</a>

VIRTUAL CPE ON FACELESS ASSESSMENT SCHEME 2019-ANALYSIS OF RECENT AMENDMENTS



Virtual CPE on Commonly found Non-Compliance / Errors – Form 3CA / 3CB / 3CD Tax Audit Report under Section 44AB of the Income Tax Act, 1961





WEBINAR ON FACELESS ASSESSMENT BY THE INCOME TAX DEPARTMENT

