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Bring back provision for audit of GST annual returns: ICAI to Govt

Accounting rule maker Institute of Chartered Accountants of India (ICAI) has asked the government to bring back the audit and certification provisions relating to Goods and Services Tax (GST) annual returns, saying that doing away with audit will disrupt compliance. GST authorities last August dropped the provision for mandatory audit of annual returns for businesses with sales of ₹2 crore and above, and introduced self-certification of a reconciliation statement for those with ₹5 crore sales and more, replacing the certification needed by a chartered or cost accountant. This self-certified statement is for reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement. Self-certification puts the responsibility on taxpayers to furnish true and accurate details in their annual return. The idea was to encourage voluntary compliance and to improve the ease of doing business. The change is applicable for FY21 and beyond. In a proposal to the finance ministry, ICAI suggested that amendments made to Central GST Act through the Finance Act last year should be withdrawn and the requirement of getting annual accounts audited and reconciliation statement certified by a chartered accountant be reinstated in law because GST audit by a chartered accountant ensures taxpayer compliance and helps in plugging revenue leakages. "Doing away with audit will lead to large scale disruption of compliance resulting in demand notices and the taxpayers will be burdened with tax, interest and penalties that could have been avoided had there been a system of audit to identify the lapses in time. Litigation would also increase due to errors that would be left unresolved until departmental audit is conducted," ICAI cautioned in its proposal. Doing away with audit will lead to large-scale disruption of compliance, resulting in demand notices and the taxpayers will be burdened with tax, interest and penalties that could be avoided if there's a system of audit to identify the lapses in time, ICAI said Listen to this article Accounting rule maker Institute of Chartered Accountants of India (ICAI) has asked the government to bring back the audit and certification provisions

relating to Goods and Services Tax (GST) annual returns, saying that doing away with audit will disrupt compliance. GST authorities last August dropped the provision for mandatory audit of annual returns for businesses with sales of ₹2 crore and above, and introduced self-certification of a reconciliation statement for those with ₹5 crore sales and more, replacing the certification needed by a chartered or cost accountant. This self-certified statement is for reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement. Self-certification puts the responsibility on taxpayers to furnish true and accurate details in their annual return. The idea was to encourage voluntary compliance and to improve the ease of doing business. The change is applicable for FY21 and beyond. In a proposal to the finance ministry, ICAI suggested that amendments made to Central GST Act through the Finance Act last year should be withdrawn and the requirement of getting annual accounts audited and reconciliation statement certified by a chartered accountant be reinstated in law because GST audit by a chartered accountant ensures taxpayer compliance and helps in plugging revenue leakages. "Doing away with audit will lead to large scale disruption of compliance resulting in demand notices and the taxpayers will be burdened with tax, interest and penalties that could have been avoided had there been a system of audit to identify the lapses in time. Litigation would also increase due to errors that would be left unresolved until departmental audit is conducted," ICAI cautioned in its proposal. The accounting rule maker also said that revenue is recognized differently in accounting and GST law. While financial statements are prepared on 'accrual system', GST follows a vastly different 'time of supply' based system of tax payment. Even the financial statements are prepared differently on the basis of applicable standards depending upon the nature of the entity. "Thus, it is essential that the reconciliation statement be certified by a chartered accountant who is proficient in both accounting aspects as well as GST law," ICAI told the ministry. Mint has seen a copy of the suggestions. An email sent to the finance ministry seeking comments for the story remained unanswered at the time of publishing. After the introduction of GST, tax authorities gradually reduced the return filing requirements and offered an amnesty scheme for defaulters to make good their compliance track record. At the same time, tax credit-related provisions have been gradually tightened to check tax evasion.

(Pooja Mohanty /S.Y.B.Com./B/02)

The Convenience of Digital payment

Digital transactions have been on the rise ever since the lockdown has started in the year 2020. This is because the lifestyle of people has changed. Most of us are avoiding touching certain surfaces, including currency notes, for fear of being infected with Covid-19 and its variants. To deal with this, lot of people now prefer

digital payment apps such as Google Pay or Payment for making quick transfers for every small and petty payments. Digital payment is a way to reduce social contact and counter any concern of the novel coronavirus spreading via currency notes. Digital payment is a type of cashless payment where payment is made through digital nodes, no hard cash or physical form of cash is used in digital payment. It is interesting to note that with the advent of Mobile Apps, these channels are being preferred even over the facility of net banking. Some of the prevalent banking apps or payment apps that are being used nowadays are Google pay, Phone pe, Amazon, Paytm, Bhim UPI, Bharat Pay bill payment system (BBPS) and etc. Very recently, even the communications giant WhatsApp has also started its money transfer facility. But not many are aware that you can do small quick money transfers even through net banking, using some bank's quick transfer facility, without going through the trouble of adding the details of the beneficiary or enduring a waiting period. Therefore, observing the trend, it will not be wrong to say that Digital payments through whatever available modes, is the future and is here to stay.

(Divya Salvi/ F.Y.B.Com (B&I) /05)

RBI floats discussion paper on governance in commercial banks

Among other things, the discussion paper bats for greater power to the bank boards, separation of ownership from management and setting up of proper risk management strategy. The objective of the discussion paper is to align the current regulatory framework with global best practices while being mindful of the context of domestic financial system, the RBI said. Among the major issues that the paper highlights is to empower the Board of Directors to set the culture and values of the organization; recognize and manage conflicts of interest; set the appetite for risk and manage risks within the appetite; improve the supervisory oversight of senior management. The paper also talks on empowering the assurance functions through various interventions; achieve clear division of responsibilities between the Board and the management; and Encourage the separation of ownership from management. The paper talks about improving the quality of governance in financial intermediaries is an important determinant of efficiency in allocation of resources, protection of depositors'

interest and maintaining financial stability. In this endeavor, the paper has been drafted to encourage stakeholder feedback.

(Diksha Tambe/S.Y.B.M.S/27)

3 Indians in list of women self-made billionaires

Radha Vembu is 49 and lives in Chennai. India has three women self-made billionaires now, a Hurun report said, adding that Nykaa's Falguni Nayar strode into the top 10 richest list toppling Kiran Mazumdar Shaw. Apart from these two billionaires, India has a third self-made woman with a massive \$3.9 billion wealth. Radha Vembu of Zoho Corporation occupies the third spot. The 49-year-old billionaire is the product manager of Zoho Mail. She has a majority stake in the tech company that makes web-based business tools. Zoho is headquartered in Chennai and as of 2021, it has 12 offices operating in nine countries around the world. Vembu has a degree in industrial management from the Indian Institute of Technology (IIT) Madras. Zoho was cofounded by her brother Sridhar Vembu, who started the business initially as AdventNet in 1996. She lives in Chennai and is married. Radha Vembu keeps a low profile and is not active on social media. Vembu has also seen the biggest rise, a Hurun report says, and has placed her at number 2 for the ones who saw most growth.

Falguni Nayar, the richest Indian self-made woman has a massive \$7.6 billion wealth. She is the newest entrant in the self-made women billionaires list, according to a compilation released by the Hurun Research Institute. India has tripled the number of self-made women billionaires over the last decade, the report added.

(Sandhiya Vishwakarma/FYBMS/34)