INCOME TAX BAR ASSOCIATION

2nd Study Circle Meeting
02/07/2016, Saturday

A Lecture by
CA Rinkesh Shah
on

"ICDC – Impact on your practice"

Topics To be covered.....

1. ICDS - Journey so far..
2. List of Notified ICDS
3. Questions to clarify the thoughts (only 13 I took)
4. Reporting requirements under Tax Audit Report Annexure – 3CD
5. Transitional provision
6. Reporting requirements under ITRs

ICDS

Journey so far.....

Journey so far..

- **Jan 1996** – Central Board of Direct Taxes ('CBDT') notified 2 Accounting Standards ('AS') under section 145(2) of the Income-tax Act, 1961 ('Act') [existing tax AS]
- **Dec 2010** – CBDT constituted Accounting Standards Committee to suggest harmonization of ICAI AS with provisions of the Act and suggest AS to be notified under the Act
- **Oct 2012** – - Final report of Committee and 14 draft AS published
  - Comments were invited from public on Draft AS
- **Jul 2014** – - Finance Bill (No 2) 2014 amended section 145 (2) and (3)
  - ICDS substituted for AS
- **Jan 2015** – - CBDT issued drafts of 12 ICDS
  - Draft ICDS kept open for comments and suggestions

CBDT vide Notification No: 32/2015 dated 31 March 2015 notified 10 ICDS w. e. f. 1 April 2015

4 4

List of Notified ICDS

How Many ????????

List of Notified ICDS

Thank God

Only 10.....

List of Notified

ICDS

List of Notified ICDS

ICDS I	Accounting Policies
ICDS II	Valuation of Inventories
ICDS III	Construction Contracts
ICDS IV	Revenue Recognition
ICDS V	Tangible Fixed Assets
ICDS VI	The effects of changes in foreign exchange rates
ICDS VII	Government Grants
ICDS VIII	Securities
ICDS IX	Borrowing Costs
ICDS X:	Provisions, Contingent liabilities and Contingent assets

Questions to clarify the thoughts

How do ICDS as notified by the Central Government get their authority from? How will the adjustments as required by ICDS be carried out?

1. How do ICDS as notified by the Central Government get their authority from? How will the adjustments as required by ICDS be carried out?

The Income Tax Act is a legislation to impose a liability to tax upon a person in respect of its income. The total amount of income for a year is computed and the charge of income tax is created on the total income. With "year" determined as the unit of time for the purpose of assessment, the method of computing the income for the year also became relevant. It may be noted that the charge is established by Section 5 of the Act followed by income being classified under one of the five heads of income.

The Act itself provides the method of computing income for a year in respect of three heads –

(1) Salaries;

(2) Income from house property; and

(3) Capital Gains.

For the other two heads of income –

(1) Profits and gains from business or profession; and

(2) Income from other sources, the computation of income depends on the method of accounting regularly employed by the assessee.

Accordingly, the provisions of sub-section (1) of Section 145 provide that Income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" shall, subject to the provisions of sub-section (2), be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee.

The Central Government has been empowered by the provisions of sub-section (2) of Section 145 to notify the Income Computation and Disclosure Standards for any class of assessees or for any class of income. Accordingly, the CG has vide Notification No. SO 892(E), dated 31-3-2015 notified Ten(10) Income Computation and Disclosure Standards for assessees following mercantile system of accounting.

Thus the following steps are to be performed to determine the income chargeable under the head "Profits and gains of business or profession" or "Income from other sources":

- Determine income as per the method of accounting regularly employed by the assessee.
- Carry out adjustments as required under the ICDS, in case the assessee follows mercantile system of accounting. ICDS applies only to assessees following mercantile basis of accounting.
- Determine income chargeable after giving to the specific provisions of the Income Tax Act (Sections 30 to 43D in case of "Profits and gains of business or profession" and Sections 56 to 59 in case of "Income from other sources").

❖ Specimen for computing taxable income under the ICDS framework:

Particulars	Amount	Amount
Profits and gains of business or profession	XX	
Income from other sources	XX	
Total		**XX**
Add/ (Less): Adjustments as per ICDS	XX	
Adjusted Income as per ICDS *		**XX**
Add/ (Less): Adjustments as per the provisions of the Act	XX	
Total Income		**XX**

*For any non-compliance with ICDS appropriate disclosure should be made.

The Income Tax Return Forms ITR-4, ITR-5, ITR-6 notified for the Assessment Year 2016-17 contain a specific Schedule which requires disclosure of the monetary impact of each ICDS. Further details and disclosure as are required under ICDS shall probably be required to be made in the Tax Audit Report (which may be modified to suit the requirements of ICDS).

The following points are worth mention:

- The notified ICDS apply with effect from assessment year 2016-17, while section 145(2) was amended with effect from assessment year 2015-16. Therefore, for assessment year 2015-16, IT-AS would not apply, since the section provides for ICDS to be followed. Further, since ICDS were not notified till March 2015, ICDS were also not required to be followed for that year. Effectively, for assessment year 2015-16, neither IT-AS nor ICDS would apply. ICDS would apply only with effect from assessment year 2016-17.

- Prior to introduction of ICDS, the taxable profits were computed based on the commercial principles of accountancy subject to express provisions of the Act. Refer **Miss Dhun Dadabhai Kapadia v CIT [(1967) 63 ITR 651 (SC)]** and **CIT v U P State Industrial Development Corporation [(1997) 225 ITR 703 (SC)]**. Going forward, for taxation purposes, profits shall be computed as per commercial accounting principles as modified by the provisions of ICDS. To this extent, therefore, the principles laid down by the various judicial decisions slated above shall lose ground and shall give way to the newly pronounced ICDS, yielding to the authority conferred on the CBDT by the parliament.

- The next question that arises is as to whether the provisions of ICDS shall prevail even if they happen to be contrary to the provisions of the Act. The answer to this is a clear 'no'. The preamble to every ICDS clearly states that in case of conflict between the provisions of the Act and the ICDS, the provisions of the Act shall prevail. The above view finds support in the decision of the **Supreme Court in CIT v. Sirpur Paper Mills [(1999) 237 ITR 41 (SC)].**

What are the consequences of non-complying with ICDS?

2.What are the consequences of non-complying with ICDS?

- The provisions of sub-section (3) of Section 145 provide that:

  *Where the Assessing Officer is not satisfied about the correctness or completeness of the accounts of the assessee, or where the **method of accounting provided in sub-section (1) has not been regularly followed by the assessee, or income has not been computed in accordance with the standards notified under sub-section (2), the Assessing Officer may make an assessment in the manner provided in section 144.***

  Thus the AO is empowered to make a best judgment assessment in case income is not computed in accordance with the ICDS framework. Thus ICDS is mandatorily required to be followed. However, on a reading of Section 145(3), it may be inferred that the requirement is only in respect of computation and not in respect of disclosure. Thus if the assessee does not follow the disclosure requirements of ICDS, the AO is not empowered to make a best judgment assessment. The onus is, however, on the assessee to prove that the income has been computed in accordance with the ICDS framework.

Can a taxpayer opt to change his method of accounting from mercantile to cash basis, in order to prevent the applicability of ICDS?

3.Can a taxpayer opt to change his method of accounting from mercantile to cash basis, in order to prevent the applicability of ICDS?

Under paragraph 5 of ICDS I, an accounting policy shall not be changed without reasonable cause. Under AS 5, such a change was permissible only if the adoption of a different accounting policy was required by statute or for compliance with an accounting standard or if it was considered that the change would result in a more appropriate presentation of the financial statements of the enterprise. Would a change in law amount to reasonable cause? If such a change is made from assessment year 2016-17, the year from which ICDS comes into effect, an assessee would need to demonstrate that such change was actuated by other commercial considerations, and not merely to bypass the provisions of ICDS. A change in law cannot be the basis for change from one method of accounting to another. Furthermore, provisions of Section 145(1) require a method of accounting to be regularly employed by the assessee. The word regularly implies a consistent practice and a change from mercantile to cash basis will constitute a departure from the existing practice followed by the assessee unless the assessee has cogent reasons for the change.

Do ICDS apply to a taxpayer who is offering his income to tax under a presumptive tax scheme, such as section 44AD?

4.Do ICDS apply to a taxpayer who is offering his income to tax under a presumptive tax scheme, such as section 44AD?

- The provisions of Section 44AD(1) of the Income Tax Act reads as under:

"Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession"."

The provisions of Section 44AD begin with a non-obstante clause and accordingly override the provisions of Section 28 to 43C of the Act. Thus, under the presumptive tax scheme, books of account are not relevant, since the income is computed on the basis of the presumptive tax rate laid down under the Act. It therefore does not involve computation of income on the basis of the method of accounting, or on the basis of adjustments to the accounts. Where the income of the assessee is deemed on the basis of presumptive rates provided, the question of computation does not arise.

Therefore, though there is no specific exclusion under the notification for taxpayers following under presumptive tax schemes from the purview of ICDS, logically, ICDS should not apply to such taxpayers. However, where the presumptive tax scheme involves computation of tax on the basis of gross receipts, turnover, etc., it is possible that the tax authorities may take a view that the ICDS on revenue recognition would apply to compute the gross receipts or turnover in such cases.

Whether the notified ICDS apply to non-residents?

5.Whether the notified ICDS apply to non-residents?

It may be noted that ICDS is applicable to all assessees following mercantile basis of accounting, irrespective of the concept of residence. However, where a non-resident is required to pay tax on gross basis i.e. presumptive basis (e.g. Section 115A), the provisions of ICDS should not apply as per reasoning discussed in above question.

Also, a non-resident may be entitled to the benefit of a double tax avoidance agreement entered into by India with a country under Section 90 of the Income Tax Act. The provisions of Section 90 provide that the provisions of the Income Tax Act or the DTAA, whichever is more beneficial shall apply to the assessee. Hence in case the assessee opts for the provisions of the DTAA, it can be argued that DTAA shall override the provisions of Section 145 of the Income Tax Act and hence ICDS notified thereunder.

In other cases, which do not fall under presumptive basis or DTAA, the non-residents shall be required to comply with the ICDS.

Can an assessee maintain 2 books of accounts – one under the Companies Act on mercantile basis and other under Income Tax Act under cash basis for determining the income chargeable to tax?

6.Can an assessee maintain 2 books of accounts – one under the Companies Act on mercantile basis and other under Income Tax Act under cash basis for determining the income chargeable to tax?

It may be noted that the provisions of Section 145(1) of the Income Tax Act provide that income under the two heads of income shall be computed in accordance with the method of accounting (cash or mercantile) "regularly employed" by the assessee. The phrase **"regularly employed"** would ordinarily mean consistently applied in the books of accounts of the assessee. The books of accounts here should refer to the books for the purpose of its dealings with the outside world which should be utilised as the starting point for computing the profit or loss for taxation purposes. The books of accounts are those maintained in the regular course of business. Thus it is not feasible for the assessee to maintain two separate books of accounts with different system of accounting for taxation purpose.

Can different methods of accounting be followed for different sources of income?

7.Can different methods of accounting be followed for different sources of income?

It is well settled that the method of accounting is vis-à-vis each source of income, since computation of income is first to be done for each source of income, and then aggregated under each head of income. An assessee can choose to follow one method of accounting for some sources of income, and another method of accounting for other sources of income.

In J. K. Bankers vs. CIT 94 ITR 107 (All), the assessee was following mercantile system of accounting in respect of interest on loans in respect of its money lending business, and offered lease rent earned by it to tax on a cash basis under the head "Income from Other Sources". The Allahabad High Court held that an assessee could choose to follow a different method of accounting in respect of its money lending business and in respect of lease rent.

Similarly, in **CIT vs. Smt. Vimla D. Sonwane 212 ITR 489, the Bombay High Court held that** *"The assessee is indeed free even to follow different methods of accounting for income from different sources in an appropriate case".*

Where an assessee follows cash method of accounting for certain sources of income and mercantile system of accounting for others, ICDS would apply only to those sources of income, where mercantile system of accounting is followed and would not apply to those sources of income, where cash method of accounting is followed.

What are the amendments made in the Act to comply with the ICDS provisions?

8.What are the amendments made in the Act to comply with the ICDS provisions?

There have been 3 specific amendments made to the Income-tax Act by the Finance Act 2015, to ensure that the provisions of the Act are in line with the provisions of ICDS. These 3 provisions are:

- The definition of "income" u/s. 2(24) has been amended by insertion of clause (xviii) to include assistance in the form of a subsidy or grant or cash incentive or duty drawback or favour or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee, other than the subsidy or grant or reimbursement, which is taken into account for determination of the actual cost of the asset in accordance with the provisions of explanation 10 to clause (1) of section 43. This is to align it with the provisions of ICDS VII on Government Grants.

- The provisions of the proviso to section 36(1)(iii) have been modified to delete the words "for extension of existing business or profession", after the words "in respect of capital borrowed for acquisition of an asset", to bring the section in line with ICDS IX on Borrowing Costs, whereby interest in respect of borrowings for all assets acquired, from the date of borrowing till the date of first put to use of the asset, is **to be capitalised.**

- A second proviso has been inserted to section 36(1) (vii), to provide that where a debt has been taken into account in computing the income of an assessee for any year on the basis of ICDS without recording such debt in the books of accounts, then such debt would be **deemed to have been written off** in the year in which it becomes irrecoverable. This is to facilitate the claim for deduction of bad debts, where the debt has been recognised as income in accordance with ICDS, but has not been recognised in the books of accounts in accordance with AS.

Whether ICDS would have any impact on the financial statements of the assessee?

9.Whether ICDS would have any impact on the financial statements of the assessee?

The assessee is required to maintain the books of accounts in accordance with the Companies Act/ Accounting Standards. ICDS merely provides a computation mechanism for computing the taxable income. Accordingly, ICDS does not impact the preparation of the financial statements. However, the assessee is required to maintain a parallel set of books given the substantial set of differences between the Accounting Standards being followed in the financial statements and the ICDS and to the extent that the provision for tax shall be determined upon computation in accordance with ICDS, the same is required to be incorporated in the financial statements. Thus, provision for tax and deferred tax will be the only two items in the financial statements which shall be impacted.

What is the impact of ICDS on taxable profits under MAT?

10.What is the impact of ICDS on taxable profits under MAT?

As per the provisions of Section 115JB, the net profit as shown in the profit and loss account as adopted and laid before the company in the annual general meeting in accordance with the provisions the Companies Act shall be used as the starting point for computing the book profits for determining the Minimum Alternate Tax (MAT).

However, the normal tax shall be computed in accordance with profit and loss account as per the financial statements and further adjusted for items specified in the ICDS.

Accordingly, since computation of MAT does not take into account the provisions of ICDS, the mismatch between MAT and normal computation is likely to be widened further. For instance, as per the Accounting Standards on Construction Contracts, where it is probable that the total contract costs will exceed the total contract revenue, the expected loss should be recognised as an expense immediately. Accordingly, the book profit for MAT as is determined in accordance with the profits as per financial statements shall be significantly lower. However, as per the provisions of ICDS, contract revenue and contract costs are required to be recognised as revenue or expenses respectively mandatorily with reference to the stage of completion of the contracting activity at the reporting date. In the absence of any specific provision being carved out by the ICDS provisions for estimated losses in respect of onerous contracts, the same shall be required to be recognised on a proportionate basis with reference to the stage of completion. Accordingly, **normal tax determined in accordance with the profits adjusted for the provisions of ICDS shall be higher than MAT.**

Also, accelerated income recognition may also result in duplicate levy of tax (i.e. normal tax in year of recognition as per ICDS and MAT in the year of recognition in books): -

Year	Contract	Interest Income	Total Income Computation		Remarks
			Taxable Income (ICDS)	Book Profit	
1. (<25% work)	Foreseeable loss of Rs. 50,000	40,000	40,000	(10,000)	Foreseeable loss of Contract is not allowed as deduction in Year 1
2.	Contract concludes on Loss of Rs.50,000	40,000	(10,000)	40,000	Actual Loss of Rs. 50,000 of contract will be allowed as deduction in normal computation whereas MAT will apply

In this context, one wonders whether a recent **Telangana & Andhra Pradesh High Court decision** would be of assistance. In the **case of Nagarjuna Fertilizers & Chemicals Limited 373 ITR 252**, the High Court held that where an item of income was taxed in an earlier year but was recorded in the books of account of the current year, on the principle that the same income could not be taxed twice, such income had to be excluded from the book profits of the current year.

What in case of conflict between SC / HC rulings and ICDS?

11.What in case of conflict between SC / HC rulings and ICDS?

As a judicial forum, the Assessing Officers (AOs) are bound not only by the law as legislated by the legislature, but by the judge made law as well. Being a part of the judicial hierarchy the AOs are bound by the interpretation of provisions as is laid down by the judicial courts as well. The AOs are expected to decide the issues in accordance with the provisions of the statute and also rely on the law laid down by the Hon'ble Supreme Court. Accordingly, to the extent the SC/ HC rulings contain an interpretation of the provisions of the Act, the same should prevail over ICDS.

For instance, various judicial rulings have propounded the real income theory. **The Delhi High Court, in the case of CIT vs. Vashisht Chay Vyapar 330 ITR 440** has held, based on the real income theory, that interest accrued on nonperforming assets of non-banking financial companies cannot be taxed until such time as such interest is actually received. Would the contrary provisions of ICDS IV on revenue recognition change the position? It would appear that the ruling will still continue to hold good even after the introduction of ICDS.

However, there could be earlier judicial rulings which are based on the relevant provisions of the accounting standards, and where the court has interpreted the law on the basis of such accounting standards. These judicial rulings would now have to be considered as being subject to the requirements of ICDS, as the method of accounting is now subject to modification by the provisions of ICDS.

In case any of the provisions of ICDS is contrary to the Income Tax Rules, which one would prevail?

12.In case any of the provisions of ICDS is contrary to the Income Tax Rules, which one would prevail?

The Income Tax rules are a form of delegated legislation, while ICDS is in the form of a notification, which then becomes a part of the legislation. Accordingly, it appears that the provisions of ICDS should prevail in such cases.

Whether ICDS applies to real estate developers?

13.Whether ICDS applies to real estate developers?

Whether ICDS-III "Construction Contracts" applies to real estate developers?

- Scope of ICDS-III "Construction Contracts" provides as follows:

"This Income Computation and Disclosure Standard should be applied in determination of income for a construction contract of a contractor".

The wording of scope of ICDS-III is similar to the way Accounting Standard-7 (2002) is worded:

"This Standard should be applied in accounting for construction contracts in the financial statements of contractors."

The above scope as outlined in the AS-7 (Revised) can be distinguished from its earlier version issued in 1985:

"This Statement deals with accounting for construction contracts in the financial statements of enterprises undertaking such contracts (hereafter referred to as 'contractors'). The Statement also applies to enterprises undertaking construction activities of the type dealt with in this Statement not as contractors but on their own account as a venture of commercial nature where the enterprise has entered into agreements for sale."

It can be inferred from the above that ICDS-III's application shall be confined only to construction contractors.

- It may be noted that the Committee Report on Tax Accounting Standards (TAS) recommended that TAS covering the following areas may also be considered for notification under the Act:

(i) Share Based Payments

(ii) Revenue recognition by Real Estate Developers

(iii) Service concession arrangements (e.g. Build operate Transfer agreements)

(iv) Exploration for and evaluation of mineral resources

The Committee noted that there are certainareas on which the ICAI is yet to issue any accounting standards but where guidance on computation of income under the Act is required to reduce litigation and provide certainty. "**Revenue recognition by Real Estate Developers**" was one of such areas.

- **Supreme Court in the case of M/s Larsen and Toubro Limited (2014 (1) SCC 708)** has held a real estate transaction when flats are sold under construction as works contract for MVAT.

After considering the aforesaid decision, **Gujarat High Court in the case of Mangala Properties** allowed deduction u/s 80-IB to the developer, who had entered in a JDA with a land owner and specifically stated:

"While construing the provisions of the Income Tax Act, the ordinary meaning of the expression "works contract" is required to be taken into and resort cannot be had to the meaning of the said expression as envisaged under the relevant Sales Tax Act which are enacted in the context of the provisions of Article 366(29A)(b) of the Constitution."

- Thus considering the above, it is possible to conclude that ICDS-III will not apply to real estate developers.

Effect of ICDS in Tax Audit Report

(ICDS 1 –Accounting Policy)

Clause 13:

(a) Method of accounting employed in the previous year

(b) Whether there had been any change in the method of accounting employed vis-a-vis the method employed in the immediately preceding previous year.

(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss.

(d) Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed under section 145 and the effect thereof on the profit or loss.

(ICDS 2 –Valuation of Inventories)

Clause 14:

(a) Method of valuation of closing stock employed in the previous year.

(b) In case of deviation from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss, please furnish

Serial no	Particulars	Increase in profit	Decrease in profit

(ICDS 3 – Construction Contract)

Clause 12:

Whether the profit and loss account includes any profits and gains assessable on presumptive basis, if yes, indicate the amount and the relevant section (**44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB, Chapter XII-G, First Schedule** or any other relevant section.)

Clause 16:

Amounts not credited to the profit and loss account, being, -

(c) escalation claims accepted during the previous year;

(ICDS 4 – Revenue Recognition)

Clause 16:

Amounts not credited to the profit and loss account, being –

(a) the items falling within the scope of section 28;

(b) the Performa credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax where such credits, drawbacks or refunds are admitted as due by the authorities concerned;

(c) escalation claims accepted during the previous year;

(d) any other item of income;

(e) capital receipt, if any. (.....cont.....)

Clause 36:

In the case of a domestic company, details of tax on distributed profits under section 115-O in the following form :-

(a) total amount of distributed profits;

(b) amount of reduction as referred to in section 115-O(1A)(i);

(c) amount of reduction as referred to in section 115-O(1A)(ii);

(d) total tax paid thereon;

(e) dates of payment with amounts.

(ICDS 5 – Tangible Fixed Assets)

Clause 18:

Particulars of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form :-

(a) Description of asset/block of assets.

(b) Rate of depreciation.

(c) Actual cost of written down value, as the case may be.

(.....cont)

(d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of –

i) Central Value Added Tax credits claimed and allowed under the Central Excise Rules, 1944, in respect of assets acquired on or after 1st March, 1994,

ii) change in rate of exchange of currency, and

iii) Subsidy or grant or reimbursement, by whatever name called.

(e) Depreciation allowable.

(f) Written down value at the end of the year.

(ICDS 6 – Effects of Changes in Foreign Exchange Rates)

Clause 18:

Particulars of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form :-

(d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of –

ii) change in rate of exchange of currency.

(ICDS 7 – Government Grants)

Clause 16:

Amounts not credited to the profit and loss account, being, -

(b) the Performa credits, drawbacks, refund of duty of customs or excise or service tax, or refund of sales tax or value added tax where such credits, drawbacks or refunds are admitted as due by the authorities concerned;

(e) capital receipt, if any.

Clause 18:

Particulars of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form :-

(d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of respect of assets acquired on or after 1st March,1994,

ii) Subsidy or grant or reimbursement, by whatever name called.

(ICDS 8 – Securities)

Clause 15:

Give the following particulars of the capital asset converted into stock-in trade: -

(a) Description of capital asset;

(b) Date of acquisition;

(c) Cost of acquisition;

(d) Amount at which the asset is converted into stock-in-trade.

Clause 28:

- Whether during the previous year the assessee has received any property, being share of a company not being a company in which the public are substantially interested, without consideration or for inadequate consideration as referred to in section 56(2)(viia), if yes, please furnish the details of the same.

Clause 29:

- Whether during the previous year the assessee received any consideration for issue of shares which exceeds the fair market value of the shares as referred to in section 56(2)(viib), if yes, please furnish the details of the same.

(ICDS 9 – Borrowing Cost)

Clause 18:

Particulars of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form :-

(c) Actual cost of written down value, as the case may be. **(To Determine considering the impact of borrowing costs)**

(ICDS 10 – Provisions Contingent Liabilities & Assets)

Clause 21:

(a) Please furnish the details of amounts debited to the profit and loss account.

(g) particulars of any liability of a contingent nature;

Transitional provisions of ICDS

Transitional provisions

ICDS NO	Description
I	**Accounting Policies** All Contracts or transaction existing on the 1st day of April,2015 Shall be dealt with in accordance with the provision off this standard after taking into account the income, expenses or loss, if any, **recognised in respect of the said contract or transaction for the Previous year ending on or before the 31st march,2015**
II	**Valuation of Inventories** Interest and other borrowing costs, which do not meet the criteria for recognition of interest as a component of the cost, but included in the cost of the Opening inventory as on the first day of April,2015 shall be taken in to account for determining cost of such inventory for valuation as on the close of previous year beginning on or after first day april,2015 if such inventory continue to remain part of inventory as on the close of the previous year beginning on or after 1st day of April,2015

Transitional provisions

ICDS NO	Description
III	**Construction contracts** Contracts revenue and contract costs associated with the construction contract, which commenced on or before the 31st day of march,2015 but not completed by the said date, shall be recognised as revenue and cost respectively in accordance with the provision of this standard. The amount of contract revenue , contract costs or expected loss, if any recognised for the said contract for any previous year commencing on or before the 1st day of Aoril,2014 shall be taken into account for recognising revenue and cost of the said contract for the previous year commencing on the 1st day of April,2015 and subsequent previous years.

Transitional provisions

ICDS NO	Description
IV	**Revenue Recognition** The Transition Provision **ICDS** on construction contract shall mutatis mutandis to the recognition of revenue and the associated costs for a service transaction undertaken on or before the 31st day of March,2015 but not completed b y the said date. Revenue for a transaction ,other than a service transaction referred in earlier para , undertaken on or before the 31st march 2015 but not completed by the said date shall be recognised in accordance with the provision of this standard for the previous year commencing on the 1st day of April,2015 and subsequent previous year. The amount of revenue, if any, recognised for the said transaction for any previous year commencing on or before the 1st day of April,2014 shall be taken into account for recognising Revenue for the said transaction for the previous year commencing on the 1st day of April.2015 and subsequent previous year.

Transitional provisions

ICDS NO	Description
V	**Tangible Fixed Assets** The actual cost of tangible fixed Assets, acquisition or before the 31st day of March,2015 but not completed by the said date, shall be recognised in accordance with the provision of this standard The amount of actual cost, if any, recognised for the said assets for any previous year commencing on or before the 1st day of April,2014 shall be taken in to account for recognising actual cost of the said asset for the previous year commencing on the 1st day of April,2015 and subsequent previous years.

Transitional provisions

ICDS NO	Description
VI	**Effects of changes in foreign exchange rates** All Foreign currency transaction undertaken on or after 1st day of April,2015 shall be recognised in accordance with the provisions of this standard. Exchange differences arising in respect of monetary items or non-monetary items, on the settlement thereof during the previous year commencing on the 1st day April,2015 or on conversion thereof at the last day of the previous year commencing on the 1st day of April,2015, shall be recognised in accordance with the provision of this standard after taking into account the amount recognised on the last day of the previous year ending on the 31st March,2015 for an item , if any ,which is carried forward from said previous year.

Transitional provisions

	The financial statements of foreign operations for the previous year commencing on the 1st day of April, 2015 shall be translated using the principals and procedures specified in the standard after taking into account the amount recognised on the last day of the previous year ending on 31st march 2015 for an item ,if any, which is carried forward from said previous year. All forward exchange contracts existing on the 1st day of April ,2015 or entered on or after 1st day April , 2015 shall be dealt with in accordance with the provisions of this standard after taking into account the income or expenses, if any, recognised in respect of said contracts for the previous year ending on or before the 31st March ,2015

Transitional provisions

ICDS NO	Description
VII	**Government Grants** All the government grants which meet the recognition criteria of Para 4 on or after 1st day of April ,2015 shall be recognised for the previous year commencing on or after 1st day of April,2015 in accordance with the provision of this standard after taking into account the amount , of any , of the said government grant recognised for any previous year ending on or before 31st day of March ,2015

Transitional provisions

ICDS NO	Description
IIX	**Borrowing Cost** All the borrowing costs incurred on or after 1st day of April ,2015 shall be capitalised for the previous year commencing on or after 1st day of April, 2015 in accordance with the provision of this standard after taking into account the amount of borrowing costs capitalised , if any, for the same borrowing for any previous year ending on or before 31st day of March,2015
IX	**Provision , contingent liabilities and contingent assets** All the provison or assets and related income shall be recognised for the previous year commencing on or after 1st day of April , 2015 in accordance with the provision of this standard after taking into account the amount recognised , if any , for the same for any previous year ending on or before 31st day of March,2015.

PART A-OTHER INFORMATION (Optional in case not liable for audit under section 44AB)

PART A-oI

Other information (optional in a case not liable for audit section 44AB)

1	Method of accounting employed in the previous year	1	Mercantile
2	Is there any changes in method of accounting	2	No
3	Effect on the profit because of deviation if any ,as per Income computation Disclosure Standards notified under section 145(2)[column(iii) of schedule ICDS]	3	

SCHEDULE-ICDS

A schedule has been introduced (schedule ICDS) to report the impact of recently notified ICDS on profits. A total of "schedule ICDS" will be reflected in "other information of Part A".

Schedule ICDS - Effect of Income Computation Disclosure Standards on Profit

Sl. No	ICDS	Amount
(i)	(ii)	(iii)
I	Accounting Policies	
II	Valuation of Inventories	
III	Construction Contracts	
IV	Revenue Recognition	
V	Tangible Fixed Assets	
VI	Changes in Foreign Exchange Rates	
VII	Government Grants	
VIII	Securities	
IX	Borrowing Cost	
X	Provision ,Contingent Liabilities and Contingent Assets	
XI	Total Net effects (I+II+III+IV+V+VI+VII+VIII+IX+X)	