



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by Act of Parliament)

BHUBANESWAR BRANCH OF EIRC OF ICAI

e-News Letter

October - 2017

ICAI BHAWAN

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From Chairman's Desk

Dear Professional Colleagues

Greetings

It gives me immense pleasure to get connected with you all once again through this October 2017 edition of Members' e-Newsletter. I extend my thankfulness to my colleagues in Managing Committee of Bhubaneswar Branch who have always supported me and encouraged me to perform.

September & October being the months of tight schedules where majority of the CAs will be busy with Tax Audit, to complete the assignments within the stipulated time schedule and those who are in Industry/Employment are also busy with their work assignments and duties. After busy professional work, we also should find time to relax and enjoy to take life forward in the right direction; with Deepavali festival just around the corner let's have an enjoyable and pleasant time with our families; With these lighter moments and family get together, we can bounce back to our hectic and routine work with lot of zeal and enthusiasm.

Last month, we conducted Two days residential workshop on GST, Seminar on leadership and motivation, Campus placement programme for newly qualified CAs at Bhubaneswar branch of EIRC of ICAI. Other than the above we celebrated Teachers' Day and conducted a programme for Supporting Govt. Initiatives- "Swachhta Hi Sewa" & "Quit India Movement" Under The Theme 'Sankalp Se Siddhi- Attainment Through Resolve' A Cleanliness Drive.

We are Planning to conduct programme for students – How to face CA Exam this current month.

2nd October is celebrated across the country as Gandhi Jayanti which is the birth anniversary of Mahatma Gandhi. I'm reminded a quote from Mahatma Gandhiji i.e. "Live as if you were to die tomorrow. Learn as if you were to live forever." Taking cue from the aforesaid profound statement, I firmly believe that those individuals and organizations will succeed, who have mastered the art of continuous learning and comprehending the rapid changes in the best possible way. Hence, we all must update our professional skills.

With this quote, I would request all our members to participate, come together and derive maximum benefit out of the programmes conducted by our branch. Any type of suggestions, grievances, participation is always welcome from all our members.

Thank you!

With Warm Regards

CA. Rashmi Ranjan Mishra,
Chairman

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IFRS 16: The New Generation Lease Accounting

CA. Abinash Parida (ACA, ACS, NCMP & D-IFRS (ACCA, UK))

Introduction:

The International Accounting Standard Board (IASB) issued IFRS 16 Leases in January 2016. The new standard is going to replace the old IAS 17 and related interpretations from 1st Jan 2019. IFRS 16 laid down principles like recognition, measurement, presentation and disclosure of lease.

At the simplest level, the accounting treatment of leases by lessees will change fundamentally. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases.

Effective date

The new standard takes effect in January 2019. Before then, companies will need to analyse their leases, and make new estimates and calculations that will need to be updated periodically.

What's the New in IFRS 16

1. The distinction between operating and finance leases is eliminated for lessees, and a new lease asset (representing the right to use the leased item for the lease term) and lease liability (representing the obligation to pay rentals) are recognised for all leases.
2. Lessees should initially recognise a right-of-use asset and lease liability based on the discounted payments required under the lease, taking into account the lease term as determined under the new standard. Determining the lease term will require judgment which was often not needed before for an operating lease as this did not change the expense recognition. Initial direct costs and restoration costs are also included.
3. Lessor accounting does not change and lessors continue to reflect the underlying asset subject to the lease arrangement on the balance sheet for leases classified as operating. For financing arrangements or sales, the balance sheet reflects a lease receivable and the lessor's residual interest, if any.

The key elements of the new standard and the effect on financial statements are as follows:

- A 'right-of-use' model replaces the 'risks and rewards' model. Lessees are required to recognise an asset and liability at the inception of a lease.
- All lease liabilities are to be measured with reference to an estimate of the lease term, which includes optional lease periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease.
- Contingent rentals or variable lease payments will need to be included in the measurement of lease assets and liabilities when these depend on an index or a rate or where in substance they are fixed payments. A lessee should reassess variable lease payments that depend on an index or a rate when the lessee remeasures the lease liability for other reasons (for example, because of a reassessment of the lease term) and when there is a change in the cash flows resulting from a change in the reference index or rate (that is, when an adjustment to the lease payments takes effect).
- Lessees should reassess the lease term only upon the occurrence of a significant event or a significant change in circumstances that are within the control of the lessee.



Transition Accounting

Methodology:

1. Full retrospective method: FY 2018, FY 2019
2. Modified retrospective method: FY 2019

The Full Retrospective Approach:

The transition accounting under the full retrospective approach requires entities to retrospectively apply the new standard to each prior reporting period presented as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Under this transition approach, entities need to adjust equity at the beginning of the earliest comparative period presented.

The modified retrospective Approach:

Under this approach, a lessee does not restate comparative information. Consequently, the date of initial application is the first day of the annual reporting period in which a lessee first applies the requirements of the new leases standard. At the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019.

Impact of New Lease Standards

Lessees:

1. The new standard will affect virtually all commonly used financial ratios and performance metrics such as gearing, current ratio, asset turnover, interest cover, EBITDA, EBIT, operating profit, net income, EPS, ROCE, ROE and operating cash flows. These changes may affect loan covenants, credit ratings and borrowing costs, and could result in other behavioral changes. These impacts may compel many organisations to reassess certain 'lease versus buy' decisions.
2. Balance sheets will grow, gearing ratios will increase, and capital ratios will decrease. There will also be a change to both the expense character (rent expenses replaced with depreciation and interest expense) and recognition pattern (acceleration of lease expense relative to the recognition pattern for operating leases today).
3. Entities leasing 'big-ticket' assets – including real estate, manufacturing equipment, aircraft, trains, ships, and technology – are expected to be greatly affected. The impact for entities with numerous small leases, such as tablets and personal computers, small items of office furniture and telephones might be less as the IASB offers an exemption for low value assets (assets with a value of \$5,000 or less when new). Low value assets meeting this exemption do not have to be recognised on the balance sheet.
4. The cost to implement and continue to comply with the new leases standard could be significant for most lessees. Particularly if they do not already have an in-house lease information system.

Lessors:

1. Lessees and lessors may need to consider renegotiating or restructuring existing and future leases.
2. Business and legal structures supporting leases should also be reassessed to evaluate whether these continue to be effective (for example, joint ventures and special purpose entities).
3. Lessor accounting remains largely unchanged from IAS 17 however, lessors are expected to be affected due to the changed needs and behaviors from customers which impacts their business model and lease products.



Notification from different departments during September - 2017

Notification No	Notification Date	Act	Areas	Subject	For Details Please Refer
01/2017-Cus (CVD)	7-Sep-17	Customs	CVD	Seeks to impose definitive Countervailing duty on the imports of "Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products" originating in or exported from China PR.	http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-others2017/cs-cvd-01-2017.pdf;jsessionid=51C74BAFB791E4BCE1CF138D2E10917F
10/2017-Cus (NT/CAA/DRI)	29-Sep-17	Customs	Non-Tariff	Appointment of Common Adjudicating Authority by DGRI.	http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/cscaadri10-2017.pdf
44/2017-Cus (ADD)	12-Sep-17	Customs	Anti-Dumping Duty	Seeks to impose anti-dumping duty concerning imports of "Ammonium Nitrate" originating in exported from Russia, Indonesia, Georgia and Iran.	http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-add2017/44%20of%202017%20cus(ADD)%20hindi.pdf
45/2017-Cus (ADD)	18-Sep-17	Customs	Anti-Dumping Duty	Seeks to impose anti-dumping duty on "New/unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres) having normal rim dia code above 16" used in buses and lorries/trucks", originating in or exported from China PR.	http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-add2017/45%20of%202017-cus(ADD)%20english.pdf
74/2017-Cus	7-Sep-17	Customs	Tariff	Seeks to further amend notification No.50/2017-Customs dated the 30th June, 2017, so as to reduce the BCD on raw sugar [1701] up to a quantity of 3 lakh MT from 50% to 25% subject to the Tariff Rate Quota Allocation Certificate or license, as the case may be, issued by DGFT.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs74-2017.pdf
75/2017-Cus	13-Sep-17	Customs	Tariff	Seeks to exempt goods imported for organising FIFA under 17, world cup, 2017.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs75-2017.pdf
76/2017-Cus	15-Sep-17	Customs	Tariff	Seeks to amend certain customs notifications in pursuance to change made in Budget 2017-18.	http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs76-2017.pdf
84/2017-	7-Sep-17	Customs	Non-	Rate of exchange of conversion	http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-tarr2017/cs76-2017.pdf



Cus (NT)			Tariff	of the foreign currency with effect from 8th September, 2017	ocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt84-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt85-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt86-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt87-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt88-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt89-2017-revised.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt90-2017.pdf http://cbec.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt91-2017.pdf http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt92-2017.pdf http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/notifications/notfns-2017/cs-nt2017/csnt93-2017.pdf
85/2017-Cus (NT)	7-Sep-17	Customs	Non-Tariff	Defining jurisdiction of customs officers for the purpose of audit	
86/2017-Cus (NT)	14-Sep-17	Customs	Non-Tariff	Amendment to notification no 82/2017-Cus (N.T.) dt 24.08.2017 and notification no 85/2017-Cus (N.T.) dt 07.09.2017	
87/2017-Cus (NT)	15-Sep-17	Customs	Non-Tariff	Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver.	
88/2017-Cus (NT)	21-Sep-17	Customs	Non-Tariff	The Customs and Central Excise Duties Drawback Rules, 2017	
89/2017-Cus (NT)	21-Sep-17	Customs	Non-Tariff	All Industry Rates of Duty Drawback Schedule	
90/2017-Cus (NT)	21-Sep-17	Customs	Non-Tariff	Exchange Rates Notification No.90/2017-Custom(NT) dated 21.09.2017	
91/2017-Cus (NT)	26-Sep-17	Customs	Non-Tariff	Customs Valuation (Determination of Value of Imported Goods) Amendment Rules, 2017	
92/2017-Cus (NT)	28-Sep-17	Customs	Non-Tariff	Defining jurisdiction of customs officers for the purpose of appeals.	
93/2017-Cus (NT)	29-Sep-17	Customs	Non-Tariff	Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver- Reg	

Programmes to be held during October - 2017

Students

I. HOW TO FACE CA EXAM

9th Oct 2017



Glimpses





Statutory Compliance Calendar October 2017

Event Date	Act	Applicable Form	Obligation
03-Oct-17	Goods and Services Tax	Form GSTR-1	Return of Outward Supplies for July by Regular & Casual Suppliers. (Turnover exceeding 100 cr.)
05-Oct-17	Goods and Services Tax	Form GSTR-1	Return of Outward Supplies for Aug by Regular & Casual Suppliers.
07-Oct-17	Income Tax	Form No.27C (TCS)	Submission of Forms received in Sep to IT Commissioner
07-Oct-17	Income Tax	Challan No.ITNS-281	Payment of TDS/TCS deducted/collected in Sep
10-Oct-17	Goods and Services Tax	Form GSTR-1	Return of Outward Supplies for July by Regular & Casual Suppliers.(Turnover upto 100 cr.)
10-Oct-17	Goods and Services Tax	Form GSTR-2	Return of Inward Supplies for Aug by Regular & Casual Suppliers.
10-Oct-17	Goods and Services Tax	Form GSTR-1	Return of Outward Supplies for July by Regular & Casual Suppliers.
13-Oct-17	Goods and Services Tax	Form GSTR-6	Return of Input Service Distributor for July
13-Oct-17	Goods and Services Tax	Form GSTR-6	Return of Input Service Distributor for July
15-Oct-17	Income Tax	Form 27EQ	TCS Returns by ALL Collectors.
15-Oct-17	Provident Fund	Electronic Challan cum Return (ECR)	E-Payment of PF for Sep
15-Oct-17	ESI	ESI Challan	Payment of ESI of Sep
15-Oct-17	Income Tax	Form 16B	Issue of TDS certificate in case of payment /credit made in Aug for purchase of property u/s 194IA.
15-Oct-17	Income Tax	Form No.15CC	Statement by Banks etc. in respect of foreign remittances during the quarter
15-Oct-17	Goods and Services Tax	Form GSTR-3	Payment of GST and filing of Return for Inward & Outward Supplies for Aug by Regular & Casual Suppliers.
20-Oct-17	Goods and Services Tax	Form GSTR-3B	Payment of GST and filing of Return for Inward & Outward Supplies for Sep. by Regular & Casual Suppliers.
30-Oct-17	Income Tax	Form 27D	Issue of Quarterly TCS Certificates by ALL Collectors
30-Oct-17	Income Tax	Form No.26QB	Payment of TDS for Purchase of Property for Sep



31-Oct-17	Goods and Services Tax	Form GSTR-2	Return of Inward Supplies for July by Regular & Casual Suppliers.
31-Oct-17	Income Tax	Form 3CD, 3CA/3CB	E-Filing Tax Audit Report
31-Oct-17	Income Tax	Form 29B	E-Filing MAT Audit report
31-Oct-17	Income Tax	Form No. ITR- 3,4	Filing of I.T. Returns by Individuals ,HUFs (Audit applicable)
31-Oct-17	Income Tax	Form No ITR-5	Filing of I.T. Return by Firms,AOPs, BOIs (Audit applicable)
31-Oct-17	Income Tax	Form No ITR-6	Filing of I.T. Returns by Companies
31-Oct-17	Income Tax	Form No ITR-7	Filing of I.T. Return for Trusts, Political party etc. (Audit applicable)
31-Oct-17	Income Tax	Return No.24Q, 26Q, & 27Q	TDS returns for Sep Quarter by All deductors
31-Oct-17	Income Tax	Form 61	E-filing of information of declarations in Form 60 received upto 30th Sep.
31-Oct-17	Goods and Services Tax	Form TRAN-1	Filing and /or revising Form for claiming pre-GST ITC
31-Oct-17	Goods and Services Tax	Form GSTR-2	Return of Inward Supplies for July by Regular & Casual Suppliers.
31-Oct-17	Income Tax	Form 3CD, 3CA/3CB	E-Filing Tax Audit Report
31-Oct-17	Income Tax	Form 29B	E-Filing MAT Audit report
31-Oct-17	Income Tax	Form No. ITR- 3,4	Filing of I.T. Returns by Individuals ,HUFs (Audit applicable)
31-Oct-17	Income Tax	Form No ITR-5	Filing of I.T. Return by Firms,AOPs, BOIs (Audit applicable)
31-Oct-17	Income Tax	Form No ITR-6	Filing of I.T. Returns by Companies
31-Oct-17	Income Tax	Form No ITR-7	Filing of I.T. Return for Trusts, Political party etc. (Audit applicable)