

Tax Audit Reporting issues and MAT complication with companies following Ind As (Including NBFCs).

Webinar -The Chamber of Tax Consultants
6th September 2019

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Coverage (only for Ind AS companies)

- Tax audit issues
- MAT issues
- NBFC- first time adoption

Tax Audit

Challenges & confusions – Case 1

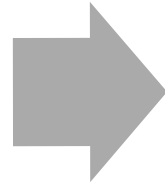
13 (d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)
-ICDS II- Valuation of inventories



Borrowing cost in regard to real estate development where Revenue recognition method is 'Over time' & consequently interest is not capitalized in respect of work in progress of unsold inventory (IFRS Interpretation committee – agenda March 2019). Whether this will be disclosed under ICDS II

Challenges & confusions – Case 2

16. Amounts not credited to the profit and loss account, being –
(d) Any other item of income



Income received by Employee welfare trust including ESOP treated as 'extension of entity' and income routed through Other Equity

Challenges & confusions – Case 3

16. Where any land or building or both is transferred during the previous year for a consideration less than value adopted or assessed or assessable by any authority of the State Government referred to in section 43CA or 50C, please furnish details of property, consideration received or accrued and value adopted or assessed or assessable

-Details of property

Consideration received/accrued

Value adopted or assessed



Reporting in year of:

- binding arrangement,
- registration,
- year in which revenue recognised

Challenges & confusions – Case 4

29A-(a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (ix) of sub-section (2) of section 56? (Yes/No)



Advance forfeited to be reported in year of notice or when credited to P/L or when opposite party accepts forfeiture

Challenges & confusions – Case 5

29B (a) Whether any amount is to be included as income chargeable under the head 'income from other sources' as referred to in clause (x) of sub-section (2) of section 56? (Yes/No)



Shares received by ESOP Trust from the promoters or shareholders and accounted in accordance with Ind AS 102

Challenges & confusions – Case 6

36A (a) Whether the assessee has received any amount in the nature of dividend as referred to in sub-clause(e) of clause (22) of section 2? (Yes/No.)



If as a result of Ind AS transition, there is increase in Other Equity, whether that will be treated as accumulated profits & consequently any loans covered by section 2(22)(e) will have to be reported- example EIR on credit impaired asset which was earlier accounted on realisation basis

MAT

Challenges & confusions – Case 1

Form 29B, Part C- read with Section 115JB
(2A)- 1/5th of the transition amount



ECL provision on transition
date whether 1/5th
allowable (CBDT
clarification) and in the year
of release, will it have to be
ignored u/s 115JB
(2)(explanation I (i))

NBFC

Challenges & confusions – Case 1

13 (d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)

-ICDS IV- Revenue Recognition



Loan origination cost (including commission etc) which is adjusted to determine Effective rate of Interest will be recomputed treating origination cost as business expenses of the year

Challenges & confusions – Case 2

13 (d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation and disclosure standards notified under section 145(2)

-ICDS IV- Revenue Recognition

Read with Section 43D



Income accrued on Stage II (impaired assets) and forming part of transitional amount (credited to Other Equity). Whether such credit is required to be reported?

Clause 16(d) or 13(d).



Thank You