



The Chamber of Tax Consultants

Estd. 1926
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Mumbai | Delhi

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Parag Ved

Hon. Jt. Secretaries
Vijay Bhatt | Mehul Sheth

Vice President
Haresh Kenia

Hon Treasurer Imm. Past President
Neha Gada Ketan Vajani

19th July, 2022

To,
Shri Rajesh Verma, IAS
Secretary
Ministry of Corporate Affairs
Government of India
Dr. Rajendra Prasad Road
Shastri Bhawan
New Delhi 110001

Dear Sir,

Sub: - Recent amendment in Schedule III of the Companies Act, 2013 ("the Act") and consequent updation required in e-form AOC 4, AOC 4 NBFC (Ind As) and XBRL Taxonomy

The Chamber of Tax Consultants, established in 1926, is one of the oldest non-profit organizations of tax practitioners, having Advocates, Chartered Accountants and Tax Practitioners as its members spread across Pan India. Many senior tax professionals who regularly appear before ITAT, High Courts and the Supreme Court are its Past Presidents. It has from time to time made various representations to different Government Authorities drawing their attention to pressing issues.

In exercise of the powers conferred by sub-section (1) of section 467 of the Act, the Ministry of Corporate Affairs (MCA) vide notification dated March 24, 2021 amended the Schedule III of the Act with effect from 01st Day of April 2021, i.e., the financials for FY 2021-22 onwards are required to be prepared as per the revised Schedule III. This is a welcome step from MCA. However, there are some practical difficulties in filing of these financial statements prepared as per revised Schedule III with ROC which are explained in below.

The Schedule III is divided in 3 (three) Divisions - Division I, II and III and different categories of companies are required to state their financial statements as per the revised guidelines of the applicable Divisions. These financial statements are to be filed with ROC in the below e-forms:

- Financials as per Division I – filed in e-form AOC-4 & AOC-4 (CFS)
- Financials as per Division II – filed in e-form AOC-4 (XBRL)
- Financials as per Division III – filed in e-form AOC-4 NBFC (Ind AS) & AOC-4 CFS NBFC (Ind AS)



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Owing to the above amendment in these Divisions of Schedule III, there are lot of changes in presentation of financial figures and also in grouping of various heads. However, these changes are not captured in e-form AOC 4, AOC-4 (CFS) through which financials prepared as per Division I of Schedule III are filed with ROC, and also the e-form AOC-4 NBFC (Ind AS) & AOC-4 CFS NBFC (Ind AS) through which financials prepared as per Division III of Schedule III are filed with ROC, as the versions of these forms are still not updated by the MCA post amendment in Schedule III.

The following table summarises inconsistency/contradiction between the said amendment in Schedule III - Division I and e-form AOC 4 which require updation:

Sr. No.	Amendment in Schedule III, Division I	Relevant point in e-form AOC 4	Inconsistency/Contradiction
1.	The Schedule III requires mandatory rounding off of figures while preparing the Balance Sheet and Statement of Profit and Loss account depending upon Total Income of the Company, as the word "may" in 4 th para has been changed to "shall".	Page 1 of the e-form, "Note" states that Figures appearing in the e-Form should be entered in Absolute Rupees only. Figures should not be rounded off in any other unit like hundreds, thousands, lakhs, millions or crores	As Schedule III requires rounding off of figures in Balance Sheet and Statement of Profit and Loss A/c, the e-form requires Companies to report actual figures, thereby creating confusion for the Companies as to whether to prepare the financials as per Schedule III or as per the requirements given in e-form AOC-4.
2.	Usage of words "Property, Plant and Equipment"	Part B, Point I, in Balance sheet and in non-current asset, the words "Fixed Asset" is appearing	The amendment requires Balance Sheet to mention Property, Plant and Equipment, however the e-form still states Fixed Asset.
3.	Security Deposit must be separately mentioned in other non-current asset	In Part B, II (C) & (D), security deposit is appearing in long term loans and advances	The amendment deleted security deposit from long term deposit and the same to be reported separately under Non-Current Assets. Therefore, inconsistency between the note in balance sheet and e-form



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4.	Trade receivable – In ageing schedule bifurcation between disputed and undisputed is to be given along with time period bifurcation of less than 6 months, 6 months to 1 year, 1 year to 2 years, 2 years to 3 years, more than 3 years	In Part B, II (E), bifurcation is done only between trade receivables exceeding 6 months and within 6 months	More detailed disclosure is required as per the amended Schedule III whereas the e-form requires figures categorised between exceeding 6 months and within 6 months only.
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The following table summarises inconsistency/contradiction between the said amendment in Schedule III - Division III and e-form AOC 4 NBFC (Ind As) which require updation:

Sr. No.	Amendment in Schedule III, Division III	Relevant point in e-form AOC 4 NBFC (IND AS)	Inconsistency/Contradiction
1.	The Schedule III requires mandatory rounding off of figures while preparing the Balance Sheet and Statement of Profit and Loss account depending upon Total Income of the Company.	Page 1 of the e-form, “Note” states that Figures appearing in the e-Form should be entered in Absolute Rupees only. Figures should not be rounded off in any other unit like hundreds, thousands, lakhs, millions or crores	As Schedule III requires rounding off of figures in Balance Sheet and Statement of Profit and Loss A/c, the e-form requires Companies to report actual figures, thereby creating confusion for the Companies as to whether to prepare the financials as per Schedule III or as per the requirements given in e-form AOC-4 NBFC (Ind As)
2.	The Schedule III requires disclosure of changes in Equity “Share capital due to prior period errors” & “Restated balance at the beginning of the current reporting period” in Equity	In e form AOC 4 NBFC (Ind As), in Part B, Point II(A) “Statement of Changes in Equity”, only “Balance at the beginning” “Changes in Equity share Capital during the	Since, the Schedule III now requires disclosure of “Share capital due to prior period errors” & “Restated balance at the beginning of the current reporting period”, the same is not appearing in the current version of e-form AOC 4 NBFC (Ind As)



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	Share capital Note under Statement of Changes in Equity	year" & Balance at the end" is appearing	
3.	Trade receivable – In ageing schedule bifurcation between disputed and undisputed is to be given along with time period bifurcation of less than 6 months, 6 months to 1 year, 1 year to 2 years, 2 years to 3 years, more than 3 years	In Part B, II (C), details sought are only of current reporting period and previous reporting.	More detailed disclosure is required as per the amended Schedule III whereas the e-form requires details of current reporting period and previous reporting only with no bifurcation of time period required.

The contradictions enlisted in above table are in case of financial statements prepared as per Division I & III to be filed in e-form AOC-4 and AOC 4 NBFC (Ind As) respectively. With regard to the financial statements prepared as per Division II, the filing with ROC is done in e-form AOC-4 (XBRL) and hence that will require amendment in the XBRL taxonomy.

Each and every company and all stakeholders shall face practical difficulties in filling the financial statements in the said e-forms if the version of these e-forms remain unchanged. Hence MCA is requested to kindly update the AOC 4, AOC 4 NBFC (Ind As) and XBRL Taxonomy in line with the above said amendment in Schedule III of the Act so as to enable smooth filing of the financial statements prepared as per amended Schedule III.

Thanking you,

Yours Sincerely,

For **THE CHAMBER OF TAX CONSULTANTS**

Sd/-

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Parag Ved
President

Mahendra Sanghvi
Chairman
Law & Representation Committee