

NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

October, 2023 / Vol 06






For use by clients and firm personnel only

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KEY METRICS

Indices

BSE SENSEX	65,828	01.53%	
NSE NIFTY50	19,638	01.99%	
NASDAQ Composite	13,219	05.81%	

Currency

USD/INR	83.03	0.39%	
EURO/INR	87.76	2.10%	
GBP/INR	101.27	3.36%	



Note: The month-on-month movement as on September 30, 2023 is represented in percentages Source: Yahoo Finance, Investing.com

COMPLIANCE ALERT

October, 2023

7th October- TDS/TCS

TCS payment | TDS payment for September, 2023

10th October - GST

GSTR-7 : Summary of TDS and deposited under GST laws | GSTR-8 : Summary of TCS and deposited by e-commerce operators under GST laws for , September 2023

11th October - GST

GSTR-1 : Summary of outward supplies where TO.> Rs.5 crore or have not chosen the QRMP scheme for September, 2023

13th October - GST

GSTR - 1 IFF for QRMP - Summary of outward supplies by taxpayers who opted for QRMP Scheme, July-September, 2023

14th October - TDS/TCS

Issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S for September, 2023

14th October - Company Law

Form ADT-1 should be filed by the company with the registrar of companies within 15 days of the AGM in which the Auditor was appointed or reappointed as the case may be. For example, if the company's AGM is conducted on 30 September 2023, then the company should file Form ADT-1 by 14th October 2023.

15th October - ESIC & PF

Provident Fund (PF) payment for September 2023 | ESIC payment for September, 2023

15th October -TDS/TCS

Quarterly statement of TCS deposited for the Quarter Ending September 30, 2023

15th October - TDS/TCS

Quarterly TCS Certificate in respect of tax collected by any person for the quarter ending June 2023

20th October - GST

GSTR 3B - Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with TO. > Rs.5 Cr. last FY or have not chosen the QRMP scheme for the quarter of Jul-Sept, 23

29th October - Company Law

The due date of filing form AOC-4

31st October -Income Tax

Furnishing Audit Report in Form No 10B/10BB by a fund or trust or institution or any university or any other educational institution or any hospital or other medical institution

31st October -Income Tax

Quarterly statement of TDS deposited for the quarter ending September, 2023

31st October -Income Tax

Audit report under section 44AB for the assessment year 2023-24 in the case of an assessee who is also required to submit a report pertaining to international or specified domestic transactions under section 92E

31st October -Income Tax

Report to be furnished in Form 3CEB in respect of international transaction and specified domestic transaction.



Direct Tax

Notifications/Circulars

CBDT has announced extension of deadlines for filing Form 10B/10BB and Form ITR-7 for the Assessment Year 2023-24.

The CBDT has granted relief to taxpayers by extending certain compliance deadlines under the Income-tax Act, 1961. For the Previous Year 2022-23, the due date for furnishing Audit reports (Form 10B/Form 10BB) for funds, trusts, institutions, universities, educational institutions, hospitals, and medical institutions is extended from September 30, 2023, to October 31, 2023. Additionally, the deadline for filing the Return of Income in Form ITR-7 for Assessment Year 2023-24 is extended from October 31, 2023, to November 30, 2023, for assesses falling under specific provisions of section 139(1) of the Act.

Circular No. 16/2023 dated September 18, 2023]

CBDT has issue a notification regarding the Categorization of Classes of NBFCs into Sections 43B and 43D of Income Tax Act

The Central Government, under the authority of section 43D of the Income-tax Act, 1961, has identified specific classes of non-banking financial companies (NBFCs) for the purpose of this section. The classification of NBFCs into Top Layer, Upper Layer, and Middle Layer is in accordance with the guidelines outlined in the Reserve Bank of India's Circular DOR.CRE.REC.No.60/03.10.001/20

21-22 dated October 22, 2021. This notification is effective upon its publication in the Official Gazette.

Notification No. 79/2023 and Notification No. 80/2023, both dated Sept. 22, 2023

CBDT has announced the Income-tax (Twenty-Third Amendment) Rules, 2023, in accordance with its authority under sections 115BAE(5) and 295 of the Income-tax Act, 1961.

The Income-tax Rules, 1962, have been amended with the introduction of rule 21AHA, outlining the procedure for the exercise of the option under subsection (5) of section 115BAE. This option is relevant for cooperative societies in India for any previous year starting from



April 1, 2024. The exercise of this option requires the submission of Form No. 10-IFA electronically, either through digital signature or electronic verification code. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) is tasked with specifying the filing procedure, data structure, standards for the



the electronic verification code, and ensuring security and archival policies for the furnished Form. Additionally, a new Form No. 10-IFA has been added to Appendix II of the principal rules, serving as the application for exercising the option under section 115BAE(5) of the Income-tax Act, 1961.

Notification No. 83/2023 dated September 29, 2023

CBIC issued Circular regarding the Implementation of Ex-Bond Shipping Bill in ICES 1.5

CBIC on September 19, 2023, introduces a new format for Ex-Bond Shipping Bill (SB) in ICES 1.5. The circular allows exporters to declare warehouse codes, linking to the original warehousing bill of entry. It facilitates item-wise details, accommodating exports from multiple warehouses in a single SB. The system debits the exported quantity in the ledger, with provisions for cancellation and amendments. This SB is designed exclusively for warehoused goods, excluding manufacturing operations. No incentives are applicable, and it is considered a free shipping bill.

Circular No. 22/2023-Customs dated September 19, 2023

Judicial Rulings

Extended Time Limit Provided by TOLA isn't Applicable for Sanction of Notice u/s 151 | HC

The Bombay High Court clarified that the Taxation and Other Laws (Relaxation and Amendment of certain provisions) Act, 2020 (TOLA) merely extends time limits under the Income-tax Act, 1961, until March 31, 2021. TOLA doesn't alter the scope of section 151. The Assessing Officer cannot rely on TOLA because the Finance Act, 2021, amended section 151, effective April 1, 2021. Subordinate legislation like TOLA cannot override parliamentary statutes. The AO cannot use TOLA after the Finance Act 2021 is in force. The sanction for specified authority must adhere to the amended section 151(ii), not the previous version, making the impugned order and notice legally flawed and should be annulled.

[2023] 154 taxmann.com 159 (Bombay)
[25-08-2023]

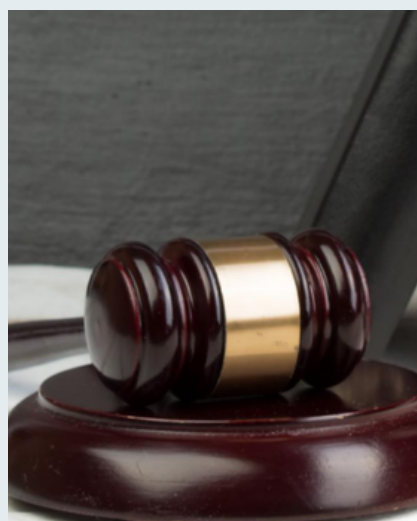
SC upheld eligibility of FTC on dividend income exempt from tax under Oman's domestic law

The Supreme Court of India allowed an Indian resident to use the tax sparing clause in the India-Oman Double Taxation Avoidance Agreement (DTAA). This enabled the individual to claim credit for tax that would have been payable in Oman but was exempted based on Oman's communication. According to the communication, an Indian entity receiving dividend income from its Permanent Establishment in Oman is exempt from income tax in Oman.

The Supreme Court, considering

the entity's history of tax assessment in Oman, concluded that the Indian entity is eligible for exemption not only in Oman but also in India, invoking Article 25(4) of the India-Oman DTAA (tax sparing clause).

[2023] 154 taxmann.com 318 (SC)[15-09-2023]



No reassessment based on bogus purchases revealed during search; there should be failure to disclose material facts: HC

Where assessment was ought to be reopened in case of assessee on ground that a search conducted at DSC Group of Companies revealed bogus purchases made by assessee through unexplained sources, since reasons recorded by AO did not make specific allegations of failure to disclose all material facts by assessee, jurisdictional ingredients for reopening assessment provided in first proviso to section 147 were absent, both in form and substance and, thus, proceedings were bad in law

[2023] 153 taxmann.com 535 (Delhi)[18-07-2023]

HC deleted disallowance as AO invoked Rule 8D without scrutinizing accounts of assessee

Where AO made disallowance of expenditure under section 14A by invoking rule 8D, since AO did not examine even a shred of accounts of assessee before making such disallowance, impugned disallowance made ignoring version of assessee that being a cash rich company, it did not have to deploy any person by way of any special effort which could be treated as expenditure to earn exempted income was unjustified.

[2023] 154 taxmann.com 554 (Delhi)
[26-09-2023]

Brand Name falls within scope of intangible asset; Delhi HC upholds claim of depreciation on it

Section 32(1)(ii) of the Act, along with Explanation 3(b), includes trademarks as assets. Brand names, being a type of trademark, are explicitly covered. The Trademarks Act, 1999, supports this inclusion. Explanation 3(b) broadens the asset definition to encompass commercial rights, and brand names, as holders of commercial rights, qualify as intangible assets depreciable under Section 32(1)(ii) of the Act.

[2023] 154 taxmann.com 255 (Delhi)[16-08-2023]



Indirect Tax

Notifications/Circulars

Introduction of Compliance Pertaining To DRC-01C

GSTN has introduced Compliance Pertaining to DRC-01C. The system now compares the ITC available as per GSTR-2B/2BQ with the ITC claimed as per GSTR-3B/3BQ for each return period. If the claimed ITC exceeds the ITC available as per GSTR-2B by predefined limits, as directed by competent authority, the taxpayer shall receive an intimation in the form of Form DRC-01C. Upon receiving the intimation, the taxpayer must file a response using Form DRC-01C Part B. The taxpayer has the option to either provide details of the payment made to settle the difference using Form DRC-03 or provide an explanation for the difference out of the options provided in the form or even choose a combination of both options and file it.

GSTN advisory dated 06/10/2023

Unveiling a System based automatic 'Status Holder' certificates under Foreign Trade Policy 2023

On October 09, 2023, the Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles Shri Piyush Goyal unveiled a significant initiative to issue system based automatic 'Status Holder' certificates under the Foreign Trade Policy (FTP) 2023. Now the exporter will not be required to apply to the office of Directorate General of Foreign Trade (DGFT) for a Status

Certificate and the export recognition will be provided by the IT system based on available Directorate General of Commercial Intelligence and Statistics (DGCIS) merchandise export electronic data and other risk parameters. With the launch of this new system, the



Department of Commerce, Ministry of Commerce and Industry will be recognizing about 20,000 exporters under FTP 2023 as Status Holders which will be a quantum jump from the earlier number of 12,518 exporters. In line with digital India ethos, various e-initiatives have already been implemented where no manual examination or processing is required and various permissions are issued under FTP 2023 based on a risk management and self-declarations of the exporter including 24X7 online issue of Importer Exporter Code number (IEC), issue and renewal of Advance Authorisations..

GSTN Press release Posted On: 09/10/2023

E-Invoice JSON download functionality is now live on the GST Portal

GSTN is pleased to inform you that the e-Invoice JSON download functionality is now live on the GST Portal. To help you to navigate and make the most of this feature, some key steps are as below.

To download the generated and received e-Invoices in JSON format, please follow these steps

- Log in on e-Invoice Portal at <https://einvoice.gst.gov.in>
- On the main portal page, find the "Download E-Invoice JSONs" section. It has two tabs: "Generated" and "Received".
- Navigate to Download E-invoice JSONs Section
- Search for e-Invoice (By IRN)
- View and Download
- Bulk Download (By Period)
- Excel Format e-Invoice List (By Period)
- To get an e-invoice list in Excel format for a specific period
- Downloading History

Additionally, this functionality allows to download all e-invoices reported across all six IRPs (Invoice Registration Portals), i.e. complete data.

Moreover, please note that this functionality is also accessible via GSP (GST Suvidha Providers) through G2B (Government-to-Business) APIs.

GSTN advisory dated 06/10/2023

Judicial Rulings

Bombay HC held section 13(8)b and section 8(2) of IGST constitutionally valid and legal

The Hon'ble Bombay High Court held that provisions of section 13(8)(b) and section 8(2) within the Integrated Goods and Services Tax Act, 2017 ("the IGST Act"). However, it's important to note that these specific sections are applicable only to the IGST Act and cannot be extended to impose taxes on services under the Central Goods and Services Tax Act, 2017 ("the CGST Act") and the Maharashtra Goods and Services Tax Act, 2017.

*[2023] 151 taxmann.com 91 (Bombay)
[06-06-2023]*

GST applicable on promotion incentives of sale of products purchased via distributors: AAAR

The Appellate Authority for Advance Ruling observed that the agreement was established between the appellant and the manufacturer, not with the distributors. The incentive was received directly from the manufacturer and was not specifically tied to invoices for goods purchased from distributors. Consequently, the specified conditions for excluding the incentive as a trade discount from the taxable value were not met since the incentives received were distinct from transactions with distributors. Hence, it was held that the incentives should not be considered as trade discounts and cannot be deducted from the taxable value.

[2023] 151 taxmann.com 351 (AAAR-MAHARASHTRA)[13-06-2023]

GST authorities have power to conduct search and seizure proceedings in against SEZ units: HC

The Gujarat High Court, in its judgment, determined that GST authorities possess the authority to carry out search and seizure actions against assesses functioning within a Special Economic Zone (SEZ). Additionally, the Court imposed costs on the assessee for abusing the due process of law.

*[2023] 151 taxmann.com 134 (Gujarat)
[06-06-2023]*



ITC can't be denied to the buyer merely because GST registration of supplier was cancelled retrospectively: HC

In this case, the Hon'ble High Court observed that during the transaction, the supplier's name as a registered taxable person was already recorded by the Government. The petitioner had

made payments for the purchased items, including the applicable tax, through a bank transaction, not in cash. Consequently, it could not be argued that the petitioner had failed to comply with any statutory obligations before engaging in the transactions, as there was no inadequate verification.

Therefore, the Court ruled that the order rejecting the petitioner's Input Tax Credit (ITC) claim should be overturned. The department was directed to reconsider the petitioner's grievance, taking into account any documents that the petitioner intended to present in support of their ITC claim.

*[2023] 151 taxmann.com 270 (Calcutta)
[12-06-2023]*

Interest payable for delayed GST refund disbursement: Jharkhand HC

In the case, the hon'ble Jharkhand High Court has directed processing of refund claim with interest when refund was initially sanctioned but not released citing technical difficulties. Regarding this, petitioner was informed after 30 months that order rejecting refund was issued but not served to petitioner. Department asked the petitioner to file a fresh refund.

The court observed that filing refund claim again would result in loss of interest. So, the court held that the petitioner is entitled for interest after expiry of 60 days from receipt of application for refund at rate of 6% per annum till date of payment of refundable amount. Also, the court directed to process the claim refund along with interest within weeks.

*[2023] 151 taxmann.com 391 (Jharkhand)
[12-06-2023]*

Corporate & Allied Laws

Notifications / Circulars

MCA Extends AGM and EGM Timeline for Virtual Meetings Until September 30, 2024

Extension of Deadline for Virtual Meetings by Ministry of Corporate Affairs

The Ministry of Corporate Affairs has announced an extension for conducting Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) through video conferencing or audio-visual means. This extension will now last until September 30, 2024.

Circular no.09/2023

SEBI extends deadline for demat account holders to provide account nominees, submit PAN, KYC details

Market regulator SEBI extended the deadline for Demat account holders to provide a nomination. SEBI also extended the deadline for physical security holders to submit PAN, nomination and KYC details. The deadline has been extended to December 31, 2023 from September 30.

The market regulator through a circular on March 27, 2023 had mandated demat account holders to either provide a 'choice of nomination' or opt out of nomination altogether. SEBI earlier warned that demat accounts that didn't make a decision will be frozen from September 30, 2023.

It had issued similar instructions to physical security holders in listed companies to furnish their PAN, nomination, contact details, bank account details and specimen signature for their corresponding folio numbers through a circular on March 16, 2023.

"Submission of 'choice of nomination' for trading accounts has been made voluntary as a step towards ease of doing business", SEBI said in its press release.

Furthermore, SEBI also instructed stock exchanges, depositories, RTA(Registrar and Transfer Agents) and listed companies to "take necessary steps to implement the provisions of this circular", and to "monitor the compliance of this circular".

Notification No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/42



MCA Extends the Tenure of the Company Law Committee by another one year till September 16, 2024

Earlier, the Ministry of Corporate Affairs vide an order dated 18.09.2019 constituted the Company Law Committee to examine and recommend on various provisions and issues pertaining to the implementation of the Companies Act, 2013 and the LLP Act, 2008. As per the order dated 05.09.2022, the tenure of the Company Law Committee was set to expire on 16.09.2023. However, the MCA has now extended the tenure by one year till 16.09.2024.

F.No.2/1/2018-CL-V dated September 13, 2023

SEBI mandates prior approval for change in control of the intermediary in matter of schemes of arrangement

Earlier, SEBI specified the procedure for seeking prior approval for change in control of certain intermediaries including Merchant Bankers and Bankers to an Issue. Now, SEBI has mandated the prior approval from board for change in control of market intermediaries in matter of Schemes of arrangement. Accordingly, the application for approval of the proposed change in control of the intermediary must be filed with SEBI prior to filing the application with NCLT.

CIRCULAR NO. SEBI/HO/CFD/PoD-2/P/CIR/2023/141

SEBI mandates listing of subsequent issuances of outstanding non-convertible debt securities

SEBI has notified an amendment to the SEBI (LODR) Regulations, 2015. A new regulation 62A has been inserted. The regulation states that a listed entity whose subsequent issues of unlisted non-convertible debt securities made on or before 31.12.2023 are outstanding may list such securities on a stock exchange. Further, a listed entity whose non-convertible debt securities are listed must list all such securities proposed to be issued on or after 01.01.2024 on the stock exchanges.

SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/42

Policies & Schemes

ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND (AHIDF)

Background

The recently announced Prime Minister's AtmaNirbhar Bharat Abhiyan stimulus package mentioned about setting up of Rs.15000 crore Animal Husbandry Infrastructure Development Fund (AHIDF). The Animal Husbandry Infrastructure Development Fund (AHIDF) has been approved for incentivizing investments by individual entrepreneurs, private companies, MSME, Farmers Producers Organizations (FPOs) and Section 8 companies to establish:

- (i) Dairy processing and value addition infrastructure,
- (ii) Meat processing and value addition infrastructure,
- (iii) Animal feed plant,
- (iv) Breed improvement technology and breed multiplication farm
- (v) Animal Waste to Wealth Management (Agri Waste Management) and
- (vi) Setting up of Veterinary Vaccine and Drugs Manufacturing facilities

Eligibility

Following are the eligible entities for availing benefits under the AHIDF Scheme:

- a. Farmer Producer Organization (FPO)
- b. Private companies
- c. Individual entrepreneurs
- d. Section 8 companies
- e. Micro Small and Medium Enterprises

Implementing Agency

Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying.

Activities eligible for availing benefits under AHIDF

- Dairy processing
- Value added dairy product manufacturing
- Meat Processing and value added facilities
- Animal Feed manufacturing units and strengthening of existing
- Breed Improvement Technology and Breed Multiplication Farm
- Setting up of Veterinary Vaccine and Drugs Production facilities
- Animal Waste to Wealth Management (Agri-waste management)

Interest Subvention

- Interest subvention: 3% for all Eligible Entities.
- The Department of Animal Husbandry and Dairying will directly transfer interest subvention to the Scheduled Bank. Initially, the Department pays upfront for the first year based on the bank's request. From the 2nd year, interest subvention is released based on the non-NPA borrower's entitlement claimed by the bank annually.
- No interest subvention is given to defaulting beneficiaries. If an account becomes NPA, no interest subvention is provided even if the beneficiary returns to a standard category. The bank can take action as per its guidelines.

Loan Amount and Beneficiary Contribution:

- Under the AHIDF project, eligible beneficiaries can get a loan for up to 90% of the project cost from Scheduled Banks or the National Cooperative Development Corporation. Micro and Small units may contribute 10%, Medium Enterprises up to 15%, and other enterprises up to 25% or more.
- If there's a cost increase during project implementation due to reasons like natural disasters, technical issues, or changes in specifications, the loan amount can be increased within a reasonable time, not exceeding two years from project approval.
- Loans for land, working capital, old machinery, and personal vehicle use won't receive interest subvention.
- Proposals sanctioned by banks but not submitted on the portal can still benefit from the scheme if they were approved before or after the scheme's notification date. However, interest subvention is calculated on the interest accrued post the scheme's notification date or the loan sanction date, whichever is later (after 24.06.2020).



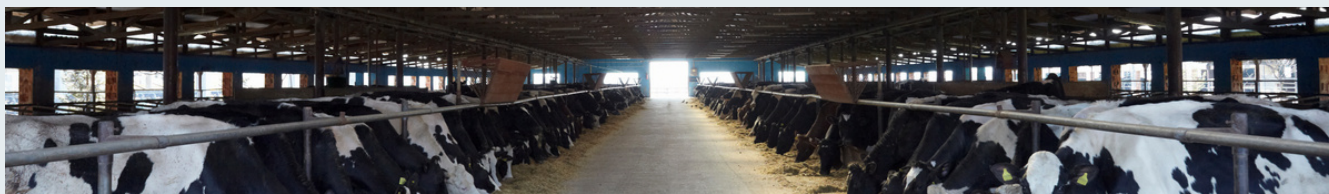
Documents Required

Detailed Project including component wise cost break up, total cost, recurring cost, net income etc. and viability of project

- Supporting documents [Proof of Address, Copy of PAN/TIN /Aadhaar card, MSME certificate (if applicable), proof of land holding (ownership or lease, conversion), education certificate, photocopies of training certificate, income proof, bank statement for last six months relevant for the project.
- Change of Land use.
- Site Plan of the project.
- List of Machinery and Equipment.
- Layout plan (both Civil and Machinery) of the processing facility certified by the registered architect.
- All Statutory clearances like Clearances from the Local administration, Trade Licenses, Consent of Establishment, Consent to Operate from State Pollution Control Board, FSSAI License required for the project
- Roadmap to ensure the Quality management of the product, product promotion and market development.

DPR Guidelines:

1. The EEs shall prepare the detailed viable project report seeking loan under the AHIDF along with self-contained proposal.
2. Every project report must include the proposal for establishment of quality management unit for milk, meat and animal feed, packaging unit and also the product promotion.
3. The project report should also include the future market generation, employment opportunity, procurement of raw materials and any other information related to project
4. The Detailed projects should be prepared based on:
 - Identification of suitable site
 - Necessary engineering and socio-economic investigations and surveys,
 - Planning and designing of the facilities
 - Model studies wherever required.
 - The DPR should also contain following documents: Change in Land Use (CLU), Clearance from Local Authority, Details Dossier, Plan of Action; Time-Line for Implementation of Project, List Of Vaccines to be Produced.



S.No.	Indicative List of Statutory Clearances
1	• Local Authority Clearances as per the State Requirements
2	• No objection from the Land Authority on the lease hold or ownership of the land
3	• Consent to Establish (CTE) and Consent to Operate(CTO) from the State Pollution Control Board
4	• Trade Licenses
5	• Food Safety and Standard Authority of India
6	• Water and Air Acts
7	• State Electricity Board
8	• Any other Statutory clearances required from the respective state to establish dairy, meat processing and animal feed plant.

Professionals Desk

Audit of A Foreign Currency Business

A foreign currency business operates in an extremely unpredictable business environment that is dependent on economic and political conditions in different countries. This fluid nature of the business environment complicates the process of managing, monitoring and evaluating a foreign currency business. Nonetheless, the audit procedure provides a framework for investigating and scrutinizing the business's transactions, records and financial disclosures.

Prepare Audit Program

Develop an audit program to outline the terms of engagement, focus areas, and date of the exhaustive audit. Spell out the audit procedures for testing and verifying the accuracy of foreign exchange transactions, currency exchange rates, and their respective records. Specify the methods and technology applications you will use to examine the firm's foreign exchange transactions, quality controls, and financial disclosures. For example, your audit of a computerized foreign currency firm may involve the use of computer-aided audit techniques and other technologically embedded audit programs. An audit program makes it possible for you to schedule activities, determine risks and identify sensitive areas of the audit.

Recording of Foreign currency transactions

A foreign currency transaction should be recorded initially at the rate of exchange at the date of the transaction.

At each subsequent balance sheet date:

- foreign currency monetary amounts should be reported using the closing rate.
- non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction.
- non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined.



Verify Forex Transactions

Review the processed transactions for foreign exchange operations, investments and financing. Sample the intra-day and daily fluctuations of foreign exchange rates between the dollar and other international currencies. Pay particular attention to cash currency in trade, electronic transactions, foreign currency reserves, debtors' and creditors' balances, accruals, prepayments, and fixed assets. Be sure to investigate the risk and hedging to controls, such

as futures and options, the business employs to overcome the challenges of unpredictable changes between the value of the dollar and international currencies. Scrutinize the materiality of financial disclosures and compare the schedules assets against the firm's asset registers.

Inspect Business Records

Check the company's organizational structure along with the articles of association to authenticate the authority and completeness of its business registration documents. This allows you to establish whether or not the scope of the company's foreign currency business agrees in principle with its licensed activities. Identify the fiscal year of the business and confirm it with the management. Inspect the records of foreign currency transactions and tally the dates client names and figures to the details in vouchers and source documents. Compare current trends of forex transactions with those of the previous years to determine their reasonableness.

Common Mistakes Companies Make When Reporting Foreign Financial Accounts

Companies often make a variety of mistakes when reporting their foreign financial accounts, which can result in serious consequences. These may include failing to report all foreign accounts, assets, or income on the required forms, misreporting the value of foreign accounts, assets, or income, or failing to comply with local tax laws and reporting requirements.

Foreign Exchange Accounting Best Practices

6 best practices for foreign exchange accounting are::

1. Training: Adequately train your accountants responsible for preparing and approving FX transactions and global financial statements. Ensure that these financial accountants and managers complete continuing professional education courses covering the topic.
2. Accounting standards and rules: Follow GAAP accounting standards and SEC requirements if they apply to your U.S.-based company operating globally or paying overseas suppliers and independent contractors and receiving international revenue in other currencies.
3. U.S. dollar (USD) invoicing: Decide whether to require customer payments in U.S. dollars to eliminate foreign currency risk.
4. Forward contracts: Consider using and accounting for forward contracts to hedge foreign exchange risk. You may have other choices like using forward options.
5. FX software: Use the best FX and accounting software tools available for recording transactions, translating financial statements, and managing foreign currencies.
6. View and understand your global cash flows in real-time.



Foreign Currency Translation Vs Foreign Currency Transaction

- Foreign Currency transaction refers to the operations conducted by the business entity in a currency that is different from its functional currency. In contrast, the foreign currency translation refers to converting the foreign currency transaction into the functional currency as the same is done in the currency other than its functional currency.
- The risks arising in both cases are different. For translation, the risk involved depends on the exchange rate's influence on converting financial statements from one currency to another. In contrast, for the transaction, the risk involved depends on the exchange rate influence on the time lag between the beginning of the contact to order fulfilment and payment.

What is Foreign Exchange Risk?

Foreign exchange risk, also known as exchange rate risk, is the risk of financial impact due to exchange rate fluctuations. In simpler terms, foreign exchange risk is the risk that a business' financial performance or financial position will be impacted by changes in the exchange rates between currencies.

Types of Foreign Exchange Risk

1. Transaction risk
2. Economic risk
3. Translation risk

Transaction risk

Transaction risk is the risk faced by a company when making financial transactions between jurisdictions. The risk is the change in the exchange rate before transaction settlement. Essentially, the time delay between transaction and

settlement is the source of transaction risk. Transaction risk can be mitigated using forward contracts and options.

Economic risk

Economic risk, also known as forecast risk, is the risk that a company's market value is impacted by unavoidable exposure to exchange rate fluctuations. Such a type of risk is usually created by macroeconomic conditions such as geopolitical instability and/or government regulations.



Translation risk

Translation risk, also known as translation exposure, refers to the risk faced by a company headquartered domestically but conducting business in a foreign jurisdiction, and of which the company's financial performance is denoted in its domestic currency. Translation risk is higher when a company holds a greater portion of its assets, liabilities, or equities in a foreign currency.

CFO's Eye

RBI Declares Rs 2,000 Notes Worthless After September 30, 2023: Exchange Details and Withdrawal History

The Reserve Bank of India (RBI) has clarified that the Rs 2,000 denomination banknote will lose its value after September 30, 2023. Despite being legal tender, the notes will essentially become worthless if not exchanged in any bank. Reports suggesting a possible extension of the deadline to October end were refuted by the RBI. Until September 30, individuals can exchange the Rs 2,000 notes at 19 regional offices of the RBI or any nearby bank branches, with a limit of Rs 20,000 at a time. The RBI had earlier announced the withdrawal of the Rs 2,000 notes from circulation, with about 93% having already returned to the banking system by August 31, 2023. The notes were introduced in November 2016 after the demonetization of Rs 500 and Rs 1,000 banknotes. After September 30, the Rs 2,000 notes can only be exchanged with the RBI, and non-account holders can exchange up to Rs 20,000 at a time at any bank branch, subject to KYC details and legal deposit norms.

Key Highlights and Discussions from the 202nd SEBI Board Meeting on Securities Market Trends

SEBI Had Its 202nd Meeting in Mumbai And They Discuss About Various Topics Including Technology Trends and SEBI's approach to proactively planning for the same going forward flexibility in the framework for Large Corporates (LCs) for

meeting incremental financing needs through issuance of debt securities. With the view to facilitate ease of compliance and ease of doing business, the Board also decided to retain the requirement that compliance with the framework will be met over a contiguous block of three years. Further, it has been decided to dispense with the requirement on LCs for filing statement. The proposal for transfer of unclaimed amounts lying in escrow account for more than seven years to the IPEF for debt listed entities other than companies under LODR Regulations was approved by the SEBI Board in its meeting held on September 30, 2022. Similarly, the proposal to transfer the unclaimed or unpaid amounts to investors in REITS and InvITs to IPEF was approved by the SEBI Board in its meeting held on December 20, 2022.

SEBI to curb influencers to help investors get accurate, unbiased info

SEBI is proposing regulations for financial influencers, or influencers, to enhance accountability and investor protection. The measures require influencers to register with SEBI, adhere to guidelines, and ban unregistered ones from promotional collaborations with mutual funds and stockbrokers. The move addresses concerns about potential risks associated with biased or misleading advice. Influencers registered with SEBI must display their details and follow disclosure practices. Experts view the regulation positively, emphasizing the need for a balanced approach between

regulation and innovation. Additionally, SEBI proposes a closed ecosystem for fee collection by registered Investment Advisers and Research Analysts to enhance investor security.

SEBI may set up panel to clear the 'promoter' tag muddle

SEBI is contemplating the establishment of a committee, possibly under AIBI, to address concerns related to the classification of promoters in companies gearing up for IPOs. Recent SEBI directives require founders with a stake of 10% or more to identify as promoters during the IPO filing, deviating from previous practices. This shift, mandating a 20% locked-in promoters' contribution for 18 months post-listing, could impact companies with lower founder holdings due to equity dilution to private equity players. Industry insiders suggest SEBI needs to clarify its stance, possibly defining a promoter as someone holding 10% or more, and consider exemptions for institutional investors from promoter identification. The absence of regulations on minimum promoter holding is causing uncertainty and concerns among private equity investors.



Systems & forensics

Unmasking Fraudsters: Lessons from FBI Agent Joseph L. Ford

Joseph L. Ford, a seasoned former FBI agent and Certified Fraud Examiner, commenced his illustrious career in fraud investigation with a seemingly whimsical case in the early 1980s. This particular investigation unfolded when a vendor sought to perpetrate fraud against the U.S. Dept. of Defense by manipulating invoices—an endeavor that, although appearing rudimentary by contemporary standards, provided Ford with profound insights into the intricate world of fraud. In this peculiar case, the fraudsters employed correction fluid to alter invoice amounts before skillfully typing in inflated figures, ultimately aiming to siphon additional funds from the government. Despite the apparent simplicity of their modus operandi, this audacious scheme proved highly effective, resulting in the illicit accumulation of tens of thousands of dollars. However, the fraudsters' oversight in neglecting to modify the invoice numbers became their undoing, triggering suspicions at the Dept. of Defense and subsequently prompting a thorough investigation by the FBI.

It was this early encounter that sparked Joseph L. Ford's enduring fascination with the psychology of fraudsters, the intricacies of their deceptive techniques, and the art of apprehending them. This initial foray into fraud investigation laid the foundation for a remarkable career trajectory, propelling Ford to eventually attain the position of the third-ranking agent at the FBI.

Joseph L. Ford's journey stands as a beacon of inspiration for budding fraud examiners, underscoring the significance of comprehending the mindset of fraudsters and emphasizing the enduring value of persistence in the pursuit of justice. His career not only exemplifies the potential for personal and professional growth in the realm of fraud investigation but also underscores the broader societal impact that dedicated individuals can achieve in safeguarding the integrity of financial systems.

[ACFE FRAUD MAGAZINE](#)

The Evolution of Risk Management in the Digital Age

In today's digital age, risk management has evolved due to the increasing complexity and interconnectivity of business operations. Organizations have shifted from managing risk solely within their boundaries to considering risks across the entire ecosystem, especially the supply chain. The interconnected nature of modern business has raised the stakes for risk management.

For example, the grounding of the Ever Given megaship in the Suez Canal in 2021 highlighted the potential consequences of interconnected risk, as it had a significant international impact due to supply chain disruptions. Technology, particularly cloud computing, has both facilitated and complicated risk management. While the cloud enhances connectivity and productivity, it also introduces cybersecurity risks, often involving third-party services.

This evolution prompts questions about the relevance of Integrated Risk Management (IRM), which traditionally focused on breaking down departmental silos within organizations. In the current landscape, risk professionals need to collaborate with external stakeholders and embrace a transformative approach to risk management that considers the entire supply chain and embeds risk management into processes. This approach is particularly crucial in sectors like healthcare, where patient safety depends on various vendors and technologies.

The key takeaway is that risk management in the digital age is no longer confined to the organization's walls; it encompasses the entire interconnected ecosystem and requires a proactive, transformative approach to effectively mitigate and manage risks.

[ISACA JOURNAL COLUMN](#)



Glossary

AY

Assessment Year

FTC

Federal Trade
Commission

SEZ

Special Economic
Zone

CBDT

Central Board of Direct
Taxes

CBIC

Central Board of
Indirect Taxes

LODR

Listing Obligations and
Disclosure
Requirements

AIBI

Association of Investment
Bankers of India

EPCG

Export Promotion Capital
Goods Scheme

FOB

Free on Board

FY

Financial year

GTA

Goods Transport Agency

ICAI

Institute of Chartered
Accountants of India

IPEF

Indo-Pacific Economic
Framework

Ind AS

Indian Accounting
Standard

INR

Indian National Rupee

InvITs

Infrastructure Investment
Fund

IPO

Initial Public Offering

ISSB

International Sustainability
Standard Board

ITAT

Income Tax Appellate
Tribunal

ITC

Input Tax Credit

ITD

Income Tax
Department

ITR

Income Tax Return

KMP

Key Managerial Personnel

LLP

Limited Liability Partnership

MCA

Ministry of Corporate
Affairs

PAN

Personal Account Number

QRMP

Quarterly Returns with
Monthly Payments

RCM

Reverse Charge Mechanism

REITs

Real Estate Investment
Trust

AHIDF

Animal Husbandry Infrastructure
Development Fund

SEBI

Securities and Exchange
board of India

SGST

State Goods and Service Tax

TCS

Tax Collected at Source

TDS

Tax Deducted at Source

GLOSSARY

are followed by a phonetic
aid usually come from
following rules are taken
phonetic spelling system.
syllable) is long;
that of knee; ri;

4. A st
bi

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