



THE INSTITUTE OF CHARTERED  
ACCOUNTANTS OF INDIA  
(SETUP BY AN ACT OF PARLIAMENT)

MEMBER'S NEWSLETTER  
SILIGURI BRANCH OF EIRC OF ICAI

# THE INSIGHTS FEBRUARY'22



*If you can stay positive in a negative situation, you win.*

# COMMITTEE MEMBERS

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# CHAIRMAN'S MESSAGE



Respected Seniors and Dear Friends,

Well first of all this is my last communication to you all as Chairman of Siliguri Branch of EIRC of ICAI, as by the time you read this, I would have handed over the baton to the new Chairman.

I would like to Congratulate CA. (Dr.) Debashis Mitra on being elected as the President of ICAI for the term 2022-2023. It is a great honour for all of us at that after a gap of nine years we have a President from the Eastern region. We are quite sure that under his leadership the institute flag will always fly high.

I would like to Congratulate CA. Ravi Kumar Patwa on being elected as the chairman of EIRC of ICAI for the term 2022-2023. My best wishes to him and his entire team.

Well the year was very challenging for all of us. We had the effect of covid throughout the year in some degree.

But we all continued with our work with all vigour and energy.

It is not an easy task to being the chairman of one of the most vibrant and active branches of the Country. You are constantly looked at with great expectations. Hopefully I tried my best and gave it all. It was a very humbling experience and one which I will cherish forever.

With the blessings of the almighty and support of all, Siliguri Branch was adjudged as the second best Branch in the medium category at the National level and the best Branch for CSR Activity at EIRC.

A new milestone was added to Siliguri Branch when the 'Bhumi Pujan' of the new Branch Building at Kawakhali, Siliguri was done through the auspicious hands of the Hon'ble President, ICAI, CA (Dr.) Debashis Mitra on 21st February, 2022 in the presence of large number of Dignitaries. I am quite sure that soon we will have a new branch building with all modern amenities and facilities which will be quite beneficial to all the members and students.

Finally I would like to take the opportunity to thank all the Central Council Members, Regional Council Members, Past Chairman's of the Branch, senior Members, Managing Committee Members, Professional Colleagues, students, and the Branch employees for their continued support throughout the year without whom all the laurels would not have been possible.

I also congratulate CA. Avijit Dutta for being elevated to the post of Chairman of Siliguri Branch of EIRC of ICAI. I am quite sure that under his dynamic leadership the Branch will attain greater heights.

**With regards and best wishes to all,**

**CA . Naresh Agarwal**  
**Chairman,**  
**Siliguri Branch of EIRC of ICAI**





# FROM THE CO-EDITOR'S DESK

Dear Readers,

Wishing you all a very Happy Holi!

Trust my final communication for this fiscal finds you in good health.



My heartiest congratulations to the new team of Managing Committee led by CA Avijit Dutta for holding the baton and wish them all the very best. I would also like to thank the outgoing Managing Committee for giving me the opportunity to be part of the Members Newsletter.

The month of February 2022 was very special for our branch as it was adjudged as the second best Branch in the medium category at the National level and the best Branch for CSR Activity at EIRC. Further, the 'Bhumi Pujan' of the new Branch Building at Kawakhali, Siliguri was done through the auspicious hands of the Hon'ble President, ICAI, CA (Dr.) Debashis Mitra in the presence of the full EIRC team.

The month of March has many extended deadlines for various compliances under different statutes falling due in this month. Members may kindly refer to the Compliance Calendar in this newsletter for various due dates.

The Auditing and Assurance Standards Board of the Institute of Chartered Accountants of India had released a Guidance Note on Audit of Banks (2022 Edition) on 10th February 2022, which is available on the ICAI website and accessible through this link

<https://www.icai.org/post/guidance-note-on-audit-of-banks-2022-edition>.

The edition of February 2022 newsletter will bring to you articles on various topics, latest circulars, orders, notifications issued by the Governments on various laws being Income Tax, Goods & Service Tax, etc. which will keep us updated on these areas and help in providing better service and advice to our clients.

I request our members to please come forward and contribute your valuable insight by way of articles on various topics and areas related to our profession. Any suggestions, queries or articles on any matter may be mailed to us at [siliguri@icai.org](mailto:siliguri@icai.org). We will be very glad to publish your thoughts and endeavor our best to ensure that all your suggestions are incorporated and queries are answered.

Yesterday is not ours to recover, but tomorrow is ours to win or lose.

Take care. Be safe. !

**With Warm Regards**

**CA. Manish Agarwal**

**(Co-Editor)**

**Siliguri Branch of EIRC, ICAI**

**Edition: FEBRUARY '2022**

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## DO'S & DON'TS



**Q. Whether an auditor is required to provide to the client or to main auditor of the Head Office of the same enterprise access to his audit working papers?**

A. No, working papers are the property of an auditor. An auditor is not required to provide the client access to his audit working papers. The main auditors of an enterprise do not have right of access to the audit working papers of the branch auditors. The auditor may at his discretion, in cases considered appropriate by him, make portions of, or extracts from his working papers available to the client.

**Q. Whether Joint Auditors can demand the working papers of one another?**

A. No, the working papers are the property of an auditor. Therefore, no Joint Auditor can demand the working papers of the other auditor.

**Q. Whether a joint auditor will be responsible for the work done by another joint auditor?**

A. The Council direction under Paragraph 2.15.1.2(ii) under Clause (2) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, appearing in Volume II of the Code of Ethics prescribes that in respect of audit work divided among the joint auditors, each joint auditor is responsible only for the work allocated to him including proper execution of the audit procedures. However, on the other hand, all the joint auditors are jointly and severally responsible for the work which is not *inter-se* divided among the auditors.

**Q. Whether a member in practice can permit his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast?**

A. No, as per Clause (3) of Part-I of Second Schedule to the Chartered Accountants Act, 1949, a member in practice will be deemed to be guilty of professional misconduct if he permits his name or the name of his firm to be used in connection with an estimate of earnings contingent upon future transaction in a manner which may lead to the belief that he vouches for the accuracy of the forecast. As per opinion of the Council, a Chartered Accountant can participate in the preparation of profit or financial forecasts and can review them, provided he indicates clearly in his report the sources of information, the basis of forecasts and also the major assumptions made in arriving at the forecasts and so long as he does not vouch for the accuracy of the forecasts. The member has to comply with SAE 3400 while drafting the report for such engagements.

**Q. Can a member in practice express his opinion on financial statements of any business or enterprises in which he, his relative, his firm or a partner in his firm has a substantial interest?**

A. No, as per Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, a Chartered Accountant in practice shall be deemed to be guilty of professional misconduct, if he expresses his opinion on financial statements of any business or any enterprise in which he, his firm or a partner in his firm has substantial interest. 'Substantial interest' here has the same meaning as contained in the resolution passed by the Council in pursuance to Regulation 190A of the Chartered Accountants Regulations, 1988.

However, in case of a company, under Section 141(3)(d)(i) of the Companies Act, 2013, a member cannot accept audit even if he or his partner holds a single share.



Further, in case of a company, under Section 141(3)(d)(i) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the relative of an auditor cannot hold security or interest in the company of face value in excess of one lac rupees.

In case of entities other than companies, the criteria laid down for relatives in Regulation 190A of the Chartered Accountants Regulations, 1988 may be referred.

**Q. Whether the Chartered Accountant who is appointed as a liquidator of a company can do the audit of that company?**

A. No, Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949 and Regulations framed there under may be referred.

**Q. Whether the Chartered Accountant will be guilty of professional misconduct, if he:**

(i) accepts the auditorship of a college, if he is working as a part-time lecturer in the college.

(ii) accepts the auditorship of a trust where his partner is either an employee or a trustee of the trust.

A. Yes, the Chartered Accountant will be guilty of professional misconduct in both the above referred circumstances.

**Q. Can a Chartered Accountant accept the assignment of audit of a company in which he is a director?**

A. No, in cases where the member is a director of a company the financial statements of which are to be audited and/or opinion is to be expressed, he should not undertake such job and/or express opinion on the financial statements of that company.

**Q. Whether a member can accept audit of a company where the relative of the member is a director in the company?**

A. No, since a member is not eligible for appointment as an auditor of a company as per Section 141 (3) (f) of Companies Act, 2013, if his relative is a director, or is in the employment of the Company as a director, or key managerial person.

**Q. Can an auditor write the books of accounts of the auditee?**

A. No, Council directions under Paragraph 2.15.1.4(xi) under Clause (4) of Part I of the Second Schedule to the Chartered Accountants Act, 1949, appearing in Volume-II of Code of Ethics prescribe that an auditor is not permitted to write the books of accounts of his auditee clients.

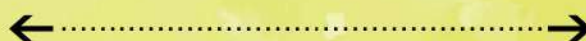
Further, section 144 of the Companies Act, 2013 bars the auditor of a company to directly or indirectly render accounting and book keeping services to the said company, or its holding company or subsidiary company.

**Q. Whether a member who is carrying out statutory audit and also rendering management consultancy services to his auditee clients can receive fees for such other services, which are in excess of the audit fees?**

A. Yes. However, in exercise of the authority conferred by clause (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council has issued Guidelines, Chapter IX of which specifies that a member of the Institute in practice shall be deemed to be guilty of professional misconduct, if he accepts the appointment as statutory auditor of Public Sector Undertaking(s)/Government Company(ies)/Listed Company(ies) and other Public Company(ies) having turnover of Rs. 50 crore or more in a year and accepts any other work(s) or assignment(s) or service(s) in regard to the same Undertaking(s)/Company(ies) on a remuneration which in aggregate exceeds the fee payable for carrying out the statutory audit of the same Undertaking/company.

Provided that in case appointing authority(ies)/regulatory body(ies) specify(ies) more stringent condition(s)/restriction(s), the same shall apply instead of the conditions/restrictions specified under these Guidelines.

**SOURCE : ICAI JOURNAL**





## VRIO ANALYSIS

### About VRIO Analysis

VRIO Analysis is an analytical technique for the evaluation of the company's resources and thus the competitive advantage. It can be used for both established businesses as well as startups.

VRIO Model				
Is valuable?	Is rare?	Is difficult to imitate?	Is organization organized around?	What is the result?
NO				COMPETITIVE DISADVANTAGE
YES	NO			COMPETITIVE EQUALITY / PARITY
YES	YES	NO		TEMPORARY COMPETITIVE ADVANTAGE
YES	YES	YES	NO	UNUSED COMPETITIVE ADVANTAGE
YES	YES	YES	YES	LONG-TERM COMPETITIVE ADVANTAGE

VRIO is used to assess the situation inside the organization (enterprise) - its resources, their competitive implication and possible potential for improvement in the given area or for a given resource. Such an assessment is then used for example in the strategic management of development in various areas or for decision making about the advantage of an external or internal process and the securing service (e.g. outsourcing decision).

- ✓ If the resource is not valuable it should be outsourced because it brings no value to us.
- ✓ If the resource is valuable but not rare the company is in competitive conformity. It means we are not worse than our competition,
- ✓ If the resource is valuable and rare but it is not expensive to imitate it, we have a temporary competitive advantage. Other companies will try to imitate it in the near future, and then we lost our competitive advantage.
- ✓ If the resource is valuable, rare and is expensive to imitate it but we are not able to organize our company, the resource become expensive for us (unused incurred costs).
- ✓ If we can manage the advantages and we are able to organize our company and temporary competitive advantage, it becomes as permanent competitive advantage

# VRIO ANALYSIS

## What is the VRIO good for?

It is perfect for evaluation of the company's resources. Once you know your resources you can better understand your competitive advantages or weaknesses. The VRIO considers for each type of the resource the following questions (called evaluation dimension) both for your company and for your competitors. The dimensions of VRIO are:

- ✓ Value - How expensive is the resource and how easy is it to obtain on the market (purchase, lease, rent)?
- ✓ Rareness - How rare or limited is the resource?
- ✓ Imitability - How difficult is it to imitate the resource?
- ✓ Organization - respective arrangement - Is the resource supported by any existing arrangements and can the organization use it properly?

Example of VRIO Framework analysis of Starbucks Coffee

Starbucks Coffee		VRIO Framework			
Resource/Capability		V	R	I	O
	WiFi Internet Access	☐			
	R&D Skills	☐			
	Ability to Raise Capital	☐			
	Coffee Brewing Equipment	☐			
	Human Resource Management	☐			
	Coffee House Set Up	☐	☐		
	Employee Compensation	☐	☐		
	Quality Product Mix	☐	☐		
	Coffee House Locations	☐	☐		
	Employee Benefits	☐	☐	☐	
	Socially Responsible Corporate Image	☐	☐	☐	
	Buying Power	☐	☐	☐	
	Number of Coffee Houses	☐	☐	☐	
Core Competencies	Propensity for Innovation	☐	☐	☐	☐
	Relationships with Coffee Farmers	☐	☐	☐	☐
	Customer Experience	☐	☐	☐	☐
	Corporate Leadership & Vision	☐	☐	☐	☐
	Renowned Brand	☐	☐	☐	☐



CA Bhavesh Agarwal  
Membership No 314351







## Knowledge Enrichment...Insight into Latest Case Laws/advance rulings

### INCOME TAX ACT.....Latest relevant Case Laws

Sl No	Citation	Brief Insight to the case law
1	<b>Rajkamal Healds and Reeds Pvt. Ltd. v/s ADIT</b>	<p><b>Gujarat High Court allows Condonation Application for Filing Form 10-IC</b></p> <p>This judgment provides relief to many taxpayers who inadvertently missed to file Form 10-IC in AY 2020-21 and Income-tax portal is not allowing to file it now. The taxpayers who have either filed an application before tax department for condonation and acceptance of 10-IC or filed an appeal with National Faceless Appeal Centre ('CIT-A') against intimation order under section 143(1) can borrow support from this judgment to expedite such application/ appellate proceedings.</p>
2	<b>Refex Industries Limited Vs DCIT (ITAT Chennai)</b>	<p><b>Loss from Investments in subsidiaries made in normal course of business to make business more profitable allowable</b></p> <p>On the given facts and circumstances, it was concur with the submissions of Ld. AR that the investments in subsidiaries were made in the normal course of assessee's business to make business more profitable. Therefore, the resultant loss suffered by the assessee was rightly claimed as revenue expenditure / business loss by way of write-off in the Profit Loss Account.</p>
3	<b>ITO Vs Thyrocare Technologies Ltd. (ITAT Mumbai)</b>	<p><b>Different price provided to Services Providers not amounts to commission or brokerage</b></p> <p>Based on facts, it is the TSPs (Thyrocare Service Providers) who are the payers and not the assessee. The assessee is a recipient of the amount for providing testing services to the TSPs. The assessee receives the payment on the basis of periodical invoices raised on TSPs, the TSPs make payment to the assessee after deducting TDS under section 194J of the Act. Thus, the findings of the AO are contrary to the facts, the AO) on presumptions, surmises and conjectures has entirely made out a new case by reversing the payer and payee. The AO has erred in observing that the assessee is a payer and the TSPs are recipients of the amount. The AO further erred in holding that since the assessee is making payment to the TSPs, the assessee was under obligation to deduct TDS under section 194H of the Act on commission paid to the TSPs.</p>
4	<b>Pavel Garg Vs ACIT (ITAT Delhi)</b>	<p><b>Annual value of house property cannot be determined on ad-hoc basis when rent realized by assessee in subsequent years is on record</b></p> <p>ITAT finds that the AO has computed 10% of the value of investments in house property whereas the Id. CIT(A) reduced the amount to 5% of the value of investments. Both decisions are on ad-hoc basis. The rent realized by the assessee in the subsequent years is on record with all the evidences. Hence, we deem it proper to refer the matter back to the file of the AO to compute the income from house property as per the municipal value in accordance with the provisions of Section 23(1) of the Income Tax Act, 1961.</p>





## Compliance Calendar for the Month of March 2022

Due date (March 2022)	Form to be filed	Period	Details
7	Challan No.281	Feb-22	Payment of TCS collected in February 2022
7	Challan No.281	Feb-22	Payment of TDS deducted in February 2022
10	GSTR 7	Feb-22	GSTR-7-Monthly Return by Tax Deductors for February 2022
10	GSTR 8	Feb-22	GSTR-8-Monthly Return by E-Commerce operators for February 2022
11	GSTR 1	Feb-22	Taxpayers having an aggregate turnover of more than Rs. 5 Crores or opted to file Monthly Return
13	GSTR IFF	Feb-22	GSTR-IFF return of Outward Supplies for February 2022 for person who opted for QRMP Scheme
13	GSTR 6	Feb-22	GSTR-6-Monthly Return of Input Service Distributor for February 2022
15	ESI Challan	Feb-22	ESI payment
15	ECR	Feb-22	E-payment of Provident Fund
15	Challan No 280	FY 2021-22	Fourth Installment of advance tax for the Assessment Year 2022-23.
15	ITR forms	FY 2020-21	If the assessee is (a) a corporate assessee or (b) a non-corporate assessee (whose books of account are required to be audited) or (c) a partner of a firm whose accounts are required to be audited or the spouse of such a partner if the provisions of section 5A apply, the due date for filing a return of income
15	Form AOC 4	FY 2020-21	Form AOC 4 filing by Companies
20	GSTR 3B	Feb-22	GSTR 3B Summary of Outward and Inward Supplies for the payment of Tax (GTO above Rs 5cr)
20	GSTR 5 & 5A	Feb-22	GSTR 5 & 5A Return for Non-Resident Taxable Person for the month of February 2022
25	PMY-06	Feb-22	PMT-06 who has opted to file return under QRMP
30	TDS challan	Feb-22	Last date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M in the month of February 2022
31	NA	FY 2020-21	The due date for linking PAN and Aadhar number information.
31	Form 3CEAD	FY 2020-21	A parent entity or alternate reporting entity, resident in India, must submit a Country by Country report in Form 3CEAD for the prior year 2020-21 in respect of the multinational group of which it is a constituent.
31	ITR forms	FY 2020-21	All assesses must file a belated/revised return of income for the assessment year 2021-22.
31	Form MGT 7 /7A	FY 2020-21	Due date for filing of e-forms MGT7/MGT7A without levy of late fees for the Financial Year 2020-21









## SEMINARS/WEBINARS/OTHER PROGRAMS HELD IN THE MONTH OF FEBRUARY 2022



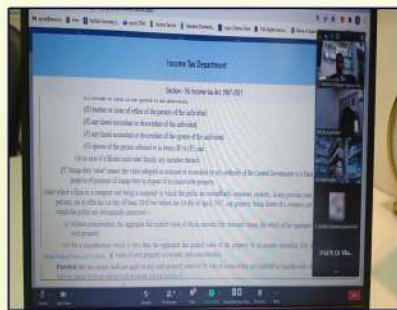
**Felicitation of Shri Rajiva Sinha, Chairman, WBIIDC by Siliguri branch on 02.02.2022**



**Siliguri Branch receiving the award for second best Branch in the medium category at the National level at Delhi on 04.02.2022**



**Saraswati Puja Celebration at branch premises on 05.02.2022**



**VCM on Income Tax & Crypto Currency on 10.02.2022**



**Bhumi Pujan' of the new Branch Building at Kawakhali, Siliguri done by Hon'ble President, ICAI, CA (Dr.) Debashis Mitra on 21.02.2022**



**Felicitation program of Hon'ble President, ICAI, CA (Dr.) Debashis Mitra on 21.02.2022**



**Siliguri Branch receiving the award for best Branch for CSR Activity at EIRC, Kolkata on 24.02.2022**



**Handing over ceremony & Annual Function at branch premises on 26.02.2022**