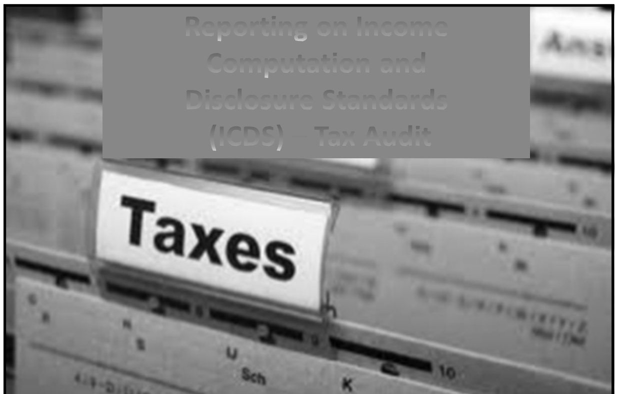
Reporting on Income Computation and Disclosure Standards (ICDS) – Tax Audit



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History and Background

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Why ICDS?

- Reasons for a need to introduce ICDS :
  - There is flexibility in the standards issued by the ICAI)
  - This leads to avoidance of the payment of correct taxes by following a particular system.
  - There is an urgent need to standardize one or more of the alternatives in various standards
  - That income for tax purpose can be computed precisely and objectively

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ICDS principles

- No separate books of account required to be maintained
- Adjustments for deviation between AS and ICDS to be made in the Computation of Income.
- Tax Auditor will have to report in 3CA and 3CD about compliance of ICDS
- Income tax Act will prevail over ICDS.
- All entities are covered subject to exceptions

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Objectives

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- Objectives
  - Reduction of litigation
  - Minimization of alternatives
  - Giving 'certainty to issues'.

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ICD Standards

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ICD Standards

Applicability

- With effect from 1.4.2017 (AY 2017-18)
- Entities :
  - All entities
  - Having
    - Business/Professional Income
    - Income from Other Sources
  - Following Mercantile System of Accounting
  - Except Indl and HUF who are not required to get its accounts audited u/s 44AB
- Only for computation and not for maintaining books
- Different method for different sources permitted

CBDT Circular 717 dated 14.8.1995

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Circular No. 10/2017 dated 23rd March, 2017

- **Applicability of ICDS in certain cases**
- The clarifications have been issued by the CBDT on the applicability of ICDS to persons covered under presumptive taxation scheme, companies following Ind-AS, computation under Minimum Alternate Tax ('MAT') and Alternate Minimum Tax ('AMT'), banks, etc. as under:

Applicability – CBDT Circular

- **Persons covered by presumptive scheme of taxation (eg. Sec 44AD, 44AE, 44ADA, 44B, 44BB, 44BBA of the Income-tax Act, 1961).**
- It has been clarified that ICDS is applicable to persons having income chargeable under the head 'Profits or gains of business or profession' or 'Income from other sources'. Therefore the relevant ICDS shall also apply to persons computing income under the relevant presumptive taxation scheme

Applicability – CBDT Circular

- **Applicability to companies which adopted Ind-AS**
- ICDS is applicable for computation of taxable income under the Income-tax Act, 1961 ('Act') irrespective of the accounting standards adopted by the companies i.e., either Accounting standards or IND-AS.
- **Whether applicable to computation under MAT and AMT**
- As the provisions of ICDS are applicable for computation of income under the regular provisions of the Act, the provisions of ICDS shall not apply for computation of book profit under section 115JB of the Act. However, as AMT is computed on adjusted total income derived by making specified adjustment to total income computed under regular provisions of the Act, the provisions of ICDS will apply for computation of AMT

Applicability – CBDT Circular

- **Applicability to Banks, Non-banking financial institutions, Insurance companies, Power sector etc.**
- The general provisions of ICDS shall apply to all persons unless there are sector specific provisions contained in the ICDS or the Act. (Example: ICDS VIII contains specific provisions for Banks or certain financial institutions and Schedule I of the Act contains specific provisions for Insurance business).

Income tax prevail over ICDS

- As per Technical Guide on ICDS :

Three aspects to be considered :

(a) Where specific amendments made to IT Act – ICDS and Act are synchronised

1. Section 36(1)(iii) – for extension of existing business deleted
2. Section 2(24)(xviii) – Government grants
3. Section 36(1)(vii) – Bad Debts

The above amendments will override any judicial pronouncements to the contrary

(b) Where judgements are related to any accounting principles or standards – ICDS will prevail – Section 145

(c) Where judgements are related to clarifying provisions of the Act – Judicial pronouncements which have reached finality will prevail.

Reporting

Clause 13(d) requires to report whether any adjustment is required to Profit or Loss.

– Not applicable to assessee – Answer (NO)

– Applicable to assessee but no adjustment required – Answer - NO

– Applicable to assessee adjustment required – Answer - YES

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Reporting

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– Not applicable to assessee – Answer (NO)

– Applicable to assessee but no adjustment required – Answer - NO

– Applicable to assessee adjustment required – Answer - YES

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ICDS (I) = AS-1

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ICDS (I) = AS1

- Fundamental Accounting Assumptions
  - Going Concern
  - Consistency
  - Accrual
- All significant accounting policies to be disclosed
- True and fair disclosure of assets and income
- Substance over form

ICDS (I) = AS-1

- **ICDS for Accounting Policies - Issues**
  - Expected losses or mark-to-market losses shall not be recognized unless permitted by any other ICDS.
  - Concept of materiality for selection of accounting policies is not to be considered for ICDS.
  - Accounting policies shall not be changed without a "reasonable" cause. – What is reasonable cause – not defined.
  - Reasonable cause – CWT vs S L Kunnah 180 ITR 340All – no hard and fast rule – new information/development
  - CBDT Circular 10/2017 Reasonable cause is an existing concept and has evolved well over a period of time

ICDS I

- Change in method of accounting is not a change of policy

  Molmould Corp vs CIT 202 ITR 789 (Bom)

- AS requires Prudence, Substance over Form and Materiality
- ICDS requires only Substance over Form
- Prudence – Provide for known losses – not considered for ICDS as in many cases expected losses are not recognised.
- However concept of prudence is inherent in Section 37 – "laid out"
- Materiality does not impact ICDS – ICDS not governed by quantum

ICDS (II) = AS-2

ICDS (II) = AS-2

- **ICDS for Valuation of Inventories**
  - Purchase price will include all taxes (whether recoverable or not)
  - Use of standard cost method as a technique for measurement of cost is now allowed as one of the method for inventory valuation, if results approximate the actual cost.
  - Disclosure to be made if Standard Cost method used.
  - ICDS provides that where it is impracticable to use FIFO or Weighted Average Method, then apply Retail Method – Cost Formula conflicts with Techniques of Measurement.

Net Realisable Value

"Inventories shall be written down to net realizable value on an item – by –item basis. where items of inventory relating to the same product line having purposes or end uses and are produced and marketed in the same geographical area and cannot be practicably evaluated separately from other items in that product line , such inventories shall be **grouped together** and written down to net realizable value on an **aggregate basis**"

ICDS (II) = AS-2

- Under AS – Individual item by item comparison for calculating NRV.
- Under ICDS – First individual item by item comparison – However, in case of group of products 'items of inventory' relating to the same product line having similar purposes or end uses and are produced and marketed in the same geographical area and cannot be practicably evaluated separately from other items in that product line, such inventories shall be grouped together and written down to net realisable value on an aggregate basis.
- The value of inventory of a business as on the beginning of a tax year shall be the same as the value of inventory at the end of the immediately preceding tax year.
  - Conversion of capital asset in stock in trade –Fair Value–46 ITR 86 SC Shirinbai Kooka
  - Amalgamations/Total or partial partition of HUF
- Method of valuation once adopted shall not be changed without a reasonable cause.

Valuation of Inventory In Case of Certain Dissolutions

In Case of dissolution of a **partnership firm or association of person or body of individuals**, notwithstanding whether business is discontinued or not, the inventory on the date of dissolution shall be valued at the net realizable value.

- Inventory on the date of dissolution of a Firm, AOP, BOI shall be valued at net realizable value. (Similar provision for a capital asset exists in Section 45(6))

ICDS (III) AS-7

Scope

This Income Computation and Disclosure standard should be applied in determination of income for a construction contract of a contractor.

This ICDS does not apply to a developer

Definitions

"Construction Contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design , technology and function or their ultimate purpose or use and includes :

Contract for the rendering of services which are directly related to the construction of the assets, for example, those for the services of project managers and architects.

Contract for destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

ICDS (III) AS-7

- **Tax AS on Construction Contracts**
  - Retention money shall be recognized for computing revenue based on percentage of completion method.
  - Reversal of revenue already recognized as income on account of uncertainty arising on realizability of contract revenue, the sum shall be written off in the books of account in line with the provisions of the ITL relating to bad debts.

ICDS (III) AS-7

- Pre-construction income in the nature of interest, dividend and capital gains shall not be reduced from the cost of construction but shall be taxed as income in accordance with the applicable provisions of the ITL.
- Contract costs relating to future activity shall be recognized as an asset and if such costs are not realizable then the same may be allowed under the provisions of the ITL.
- Option in AS for recognising cost as revenue if revenue and cost cannot be reliably estimated has been deleted.
- Claims – advance stage of negotiations not required to be established

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Contract Revenue Shall Comprise of:

- The initial amount of revenue agreed in the contract including retentions: and.
- Variations in contract work , claims and incentive payments :

  To the extent that it is probable that they will result in revenue : and

  They are capable of being reliably measured.
- These cost shall be reduced by any incidental income , not being in the nature of interest , dividends or capital gains , that is not included in contract revenue .

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ICDS (III) AS-7

- Contract Revenue to be recognized even if it is not possible to reliably measure the outcome of the Contract.
- Losses incurred on a contract shall be allowed only in proportion to the stage of completion.
- Future or anticipated losses shall not be allowed unless such losses are actually incurred.
- Once a contract crosses 25% of the completion stage, the revenue in respect of such contract shall be required to be recognized. However, prior to such stage, contract cost will be equal to contract revenue
- In case of cost incurred for securing contracts, the same will be amortised over the period of contract – not to be written off immediately as per normal accounting practice – marketing cost.

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ICDS (III) AS-7

- Transitional Provision
  - In case of contracts executed before 1.4.2016, old method continues.
  - In case of contracts executed on or after 1.4.2016, apply ICDS.

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ICDS (IV) AS-9

- **Scope**
- This Income computation and Disclosure Standard deals with the bases for recognition of revenue arising in the course of the ordinary activities of a person from
  - the sale of goods :
  - The rendering of services :
  - The use by others of the person's resources yielding interest , royalties or dividends .

ICDS (IV) AS-9

- **Tax AS for Revenue Recognition**
  - Revenue from service transactions shall be recognised by following only "percentage completion method".
  - The postponement of revenue recognition due to uncertainty in ultimate collection shall be restricted to claims for price escalation and export incentives.
  - In case of non recovery – write off as Bad Debts.

ICDS (IV) AS-9

- **Tax AS for Revenue Recognition**
  - Exception to Percentage Completion Rule :
    - When services provided by an indeterminate number of acts over a specific period – Use Straight Line Method
    - Service Contracts with duration upto 90 days, apply completion method
  - Interest on tax refunds to be accounted on actual receipt.

ICDS (IV) AS-9

- **Disclosures**
  - (a) In a transaction involving sale of good, total amount of claim raised for escalation of price and export incentives but not recognised as revenue during the previous year along with nature of uncertainty about such claims.
  - (b) the amount of revenue from service transactions recognised as revenue during the previous year ; and
  - (c) the methods used to determine the stage of completion of service transactions in progress.

  for service transactions in progress at the end of previous year:
  - (i)amount of costs incurred and recognized profits (less recognized losses) upto end of previous year;
  - (ii)the amount of advances received; and
  - (iii)the amount of retentions.

ICDS (V) = AS-10

ICDS (V) = AS-10

"Tangible fixed asset" is an asset being land, building, machinery, plant or furniture held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business

ICDS (V) = AS-10

Tangible Fixed Assets – Cost of Acquisition

Under AS10

- Payment on Deferred terms
  - Difference in the contract rate and rate applicable for normal credit = finance cost

Under ICDS – No such bifurcation

ICDS (V) = AS-10

Replacement Accounting

Under AS10

– Major Replacements/Major Inspection Cost

Capitalise cost and carrying amount of replaced part to be transferred to Profit and Loss

For example :

Furnace may require relining

Aircraft interiors such as seats and galleys may require replacements

Conveyor systems – belts, wire ropes etc

Under ICDS – Replaced part w/off not permitted

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ICDS (V) = AS-10

Government Grant

Under IndAS

– Government grant received for specific asset not permitted to be deducted from Cost of Asset but to be shown as Deferred Income

Under ICDS – Not permitted – to be reduced from the cost.

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ICDS (V) = AS-10

- **Tax AS for Tangible Fixed Assets**

  Cost in case of acquisition of an asset in exchange for another asset :

  - lower of the fair value of
    - the asset/securities given up or
    - the asset acquired.

  – Presently, assessee had a choice of any of the above value to be taken as Cost.

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Capitalisation vs Expense out

- Costs will include
  - Expenses on start up & commissioning
  - Expenses on test runs
- Expenses after the plant has begun commercial production shall be treated as revenue
- Thus expenses after the project is ready to commence commercial production but before it actually commences commercial production will also have to be capitalised.
- In AS 10 we have to write off such expenditure as revenue

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ICDS (V) = AS-10

– Revaluation of assets deleted as Income tax Act does not recognize Revaluation.
– Cost to be adjusted with Exchange fluctuations
  • Section 43A
– The Act contains specific provisions relating to retirement and disposal of tangible fixed assets. Hence, same are not incorporated in ICDS.

Spares and Standby Equipments

ICDS provides

- Stand-by equipment and servicing equipment are to be capitalised.
- Machinery spares shall be charged to the revenue as and when consumed
- When such spares can be used only in connection with an item of tangible fixed asset and their use is expected to be irregular, they shall be capitalised.
- AS-10 permits capitalisation of above if it meets the criteria of PPE.else to be treated as inventory.

ICDS (V) = AS-10

- **Disclosures**
  - (a) Description of asset/block of assets.
  - (b) Rate of depreciation.
  - (c) Actual cost or written down value, as the case may be.
  - (d) Additions/deductions during the year with dates; in the case of any addition of an asset, date put to use; including adjustments on account of-
    – (i) Central Value Added Tax credit claimed and allowed under the Cenvat Credit Rules, 2004.
    – (ii) change in rate of exchange of currency, and
    – (iii) subsidy or grant or reimbursement, by whatever name called.
  - (e)Depreciation Allowable.
  - (f) Written down value at the end of year.

Even the persons not subject to tax audit have to comply with such disclosure requirement.

ICDS (VI) = AS-11

ICDS (VI) = AS-11

AS11 vs ICDS

(a) Transaction in Foreign Currencies

(b) Translating Financial Statements of Foreign Operations

(c) Foreign Currency - Forward Exchange Contracts

ICDS (VI) = AS-11

AS11 vs ICDS

1. Foreign Operations - Integral vs Non Integral
2. Valuation at Reporting Date

   Non Monetary Items

   At historical cost

   At revalued cost –

   Date of revaluation vs Date of transaction
3. Net investment in Non Integral Operation

ICDS (VI) = AS-11

Under ICDS

Foreign Operation

Only Integral Operation – only Branch office

(Subsidiary/JV/Associates not considered)

Section 43A – Special provisions relating to imported assets financed by Foreign Currency Liability

Adjust foreign exchange differences to cost of asset even after the asset is put to use

ICDS (VI) = AS-11

Under ICDS

Rule 115 : Rate of Exchange to be considered

Interest on securities	Last day of month immediately preceding the month in which due
Profits and Gains/Income from Other Sources (not applicable if amt recd as per FEMA norms	Last day of previous year of the assessee
Profits and Gains of a Non Resident engaged in business of shipping	Last day of the month immediately preceding month in which income arise
Dividend	Last day of the month immediately preceding month in which dividend declared

Foreign Exchange Transactions

Translating the financial statements of foreign operations (Integral as well as non-integral – no distinction in ICDS)

- The financial statements shall be translated using the principles and procedures as if the transactions of foreign operation had been those of the person himself

Taxation of Foreign Currency Translation Reserve (FCTR) balance:

- Opening balance as on 1 April 2016 in FCTR relating to monetary items for non-integral foreign operations to be recognized in the tax year 2016-17 to the extent that is not recognized as income in past years

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ICDS (VI) = AS-11

IndAS vs ICDS

Functional Currency vs Presentation Currency

The gain/loss on conversion from functional currency to presentation currency not allowed

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ICDS (VI) = AS-11

Valuation of Inventory carried at Net Realisable Value and which is designated in Foreign Currency

– Report at the value which is used to work out NRV.

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ICDS (VI) = AS-11

– AS-11 provides that forward exchange or similar contracts entered into for trading or speculation purposes should be mark-to-market at each balance sheet date and the resultant exchange differences should be recorded in profit or loss.

– ICDS : Premium/Discount/Exchange difference on Trading/Speculative/Hedge mark-to-market gains or losses are unrealized in nature, the ICDS (VI) provides that all gains or losses on such contracts shall be recognized on settlement.

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Case Study 1

A Limited has bought ABC ltd futures on 10 February 2017 (which is to be settled in September 2017).

On 31 March 2017, it recorded the unrealised gain of Rs 20,000 in its books (MTM).

Whether A Limited is required to offer to tax Rs 20,000 while computing income for the year ended 31 March 2017.

Transitional Provision

- All foreign currency transaction undertaken after 1.4.2016 will be as per ICDS
- Conversion/Settlement of Monetary/Non Monetary Items during the previous year commencing from 1.4.2016 will take into account balances as on 1.4.2016
- Financial Statement of Financial Operations shall be translated after considering balances as on 31.3.2016

ICDS(VII) = AS-12

ICDS(VII) = AS-12

- **Tax AS for Government Grants**
  - Government grants should either be treated as revenue receipt or should be reduced from the cost of fixed assets based on the purpose for which such grant or subsidy is given.
  - Recognition of Government grants shall not be postponed beyond the date of actual receipt.
  - Compliance of conditions should not be a reason for postponement

ICDS(VII) = AS-12

- **Disclosures:**
  - Nature and extent of Government grants recognised during the previous year by way of deduction from the actual cost *of the asset or assets or from the written down value of block of assets during the previous year.*
  - Nature and extent of Government grants recognised during the previous year as income.
  - Nature and extent of Government grants not recognised during the previous year by way of deduction from the actual cost *of the asset or assets or from the written down value of block of assets and* reasons thereof.
  - Nature and extent of Government grants not recognised during the previous year as income and reasons thereof.

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ICDS (VIII) = AS-13

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ICDS (VIII) = AS-13

- **ICDS FOR SECURITIES**
  - ICDS only deals with securities held as stock-in-trade including shares of private limited companies.
  - Securities should be valued at lower of cost or net realizable value (NRV). Comparison of cost and NRV shall be done category-wise (and not for each individual security) for which securities shall be classified into categories. The comparison will be made category wise and not individual asset wise
  - Shares of unquoted or thinly traded shares at Cost – No NRV – same under AS13

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Rights Issue

- Rights shares offered for – cost of rights shares added to carrying amount of original shares.
- Rights not subscribed – Sale proceeds taken to PL
- However original investment was acquired on cum right basis and market value immediately after right lower than the cost – sale proceed reduce the cost.
- No such provision in ICDS – hence cannot reduce from cost and offer as income
- ICDS provides for allocation of pre-acquisition interest in case of cum interest acquisition – No provision for cum rights acquisition

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- Categories as defined under AS and ICDS

AS 13	ICDS
– Government or Trust Sec	Shares
– Shares Debentures Bonds	Debt Sec
– Investment Properties	ConvertibleSec
– Other Securities	Others

ICDS (VIII) = AS-13

- Under ICDS : Cost which cannot be ascertained by specific identification shall be determined on the basis of first-in-first out (FIFO) method or Weighted Average Cost formula.
- Under AS13 : Weighted Average Cost formula

ICDS – Securities Part B

- Inserted by the CBDT through its Notification no. 86/2016 rescinded the ICDS issued vide notification no 32/2015 on 29 September 2016
- Part –B deals with the "Securities held by scheduled bank or public financial institutions"
- Securities shall be classified, recognized and measured in accordance with the existing guidelines issued by the Reserve Bank of India in this regard and any claim for deduction in excess of the guidelines shall not be taken into account
- To this extent, the provisions of ICDS VI (Effect of changes in foreign exchange rates) relating to forward exchange contracts shall not apply

Case Study
Bucket approach for lower of cost or NRV

Illustrative impact

Item	Cost	NRV	Value – AS13
Xyz ltd shares	200	100	100
Abc ltd shares	200	50	50
Pqr ltd shares	200	100	100
Rvs ltd shares	200	400	200
Total	800	650	450

Impact analysis

- Bucket approach virtually results in accelerated taxation with reference to the security (at item (5) above) which appreciates in value
- May also create mismatch with MAT

ICDS (IX) = AS-16

- **“Borrowing costs”** are interest and other costs incurred by a person in connection with the borrowing of funds and include:
  - Commitment charges on borrowings;
  - Amortised amount of discounts or premiums relating to borrowings;
  - Amortised amount of ancillary costs incurred in connection with the arrangement of borrowing;
  - Finance charges in respect of assets acquired under finance leases or under other similar arrangements.

- **“Qualifying asset”** means:
  - land, building, machinery, plant or furniture, being tangible assets;
  - know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature, being intangible assets;
  - Inventories that require a period of twelve months or more to bring them to a saleable condition.

ICDS (IX) = AS-16

- **Tax AS for Borrowing Costs**
  - Borrowing cost will not include exchange differences arising from foreign currency borrowings
  - As against the criterion of substantial period of time for classifying an asset as qualifying asset under ICAI AS-16, QA includes all Fixed Assets.
  - Substantial period of time test is applicable only in case of inventories.

ICDS (IX) = AS-16

- Specific formula is provided for capitalizing borrowing costs relating to general borrowings.
  - A x B/C
  - A = BC – Specific BC
  - B = Avg cost of QA – QA directly funded
  - C = Avg Total Assets – Avg Assets directly funded.
    - In case of general borrowings – qualifying assets – fixed asset is also 12 months period
- AS 16 and conflict with Section 36(1)(iii)
- Income on temporary investments of borrowed funds cannot be reduced from borrowing costs eligible for capitalization.
- Condition of suspension of capitalization during interruption of active development is removed in Tax AS.

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ICDS (IX) = AS-16

- Commencement of Capitalisation :
  - For Specific Borrowings – from the date the funds were borrowed
  - For General Borrowings – from the date the funds were utilised.
- Cessation of Capitalisation :
  - For FA
    - As per AS – when ready for intended use
    - As per ICDS – when first put to use.
  - For inventory – as per AS16
- No suspension provision hence continue capitalisation.
- Disclosures :
  - Accounting policy
  - Amount of BC capitalised

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ICDS (X) = AS-29

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ICDS (X) = AS-29

- **Tax AS for Provisions, Contingent Liabilities and Contingent Assets**
  - AS-29 inter-alia stipulates recognition of a provision when it is probable that an outflow of economic resources will be required to settle an obligation.
  - To provide certainty and to align with the principles for recognition of revenue, the ICDS (PC) replaces the condition of "probable" with "reasonably certain" for recognising a provision.

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ICDS (X) = AS-29

- AS-29 provides for recognition of a contingent asset when the realisation of related income is virtually certain.
- In order to remove the differential treatment between recognition of income and expenses, the ICDS (PC) replaces the condition of "virtually certain" with "reasonably certain" for recognition of income and the related asset.
- As there are specific provisions in the Act for restructuring expenses, the provisions of AS-29 relating to restructuring costs is not incorporated in the ICDS (PC).

- **Recognition Provisions**
  - No Provision shall be recognized for costs that need to be incurred to operate in the future.
- **Reimbursements**
  - Where some or all of the expenditure required to settle to a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when it is reasonably certain that reimbursement will be received if the person settles the obligation. The amount recognized for the reimbursement shall not exceed the amount of the provision.

ICDS (X) = AS-29

- No provision to be made for cost that is needed to be incurred to operate in future – example – warranty cost.
- Reimbursements to be recognised only when :
  - Under AS – virtually certain
  - Under ICDS – reasonably certain

ICDS (X) = AS-29

- Disclosures
  - (a) a brief description of the nature of the obligation;
  - (b) the carrying amount at the beginning and end of the previous year;
  - (c) additional provisions made during the previous year, including increases to existing provisions;
  - (d) amounts used (i.e. incurred and charged against the provision) during the previous year;
  - (e) unused amounts reversed during the previous year; and

Judgements and ICDS

- Tuticorin case 227 ITR 172 SC – Accounting entries cannot determine tax liability
- Retention : P&C Construction 318 ITR 113 Mad reversed.
- Shakti Trading 118 Taxman 301 SC - reversed
- Warranty Provisions

  Bharat Earth Movers SC – not a contingent liability

Cash system and accrual system

13.(a) Method of accounting employed in the previous year
(b) Whether there had been any change in the method of accounting employed vis-a-vis the method employed in the immediately preceding previous year.
(c) If answer to (b) above is in the affirmative, give details of such change, and the effect thereof on the profit or loss.

Serial number	Particulars	Increase in profit (Rs.)	Decrease in profit (Rs.)

d) Whether any adjustment is required to be made to the profits or loss for complying with the provisions of income computation
(e) If answer to (d) above is in the affirmative, give details of such adjustments:

		Increase in Profit (Rs.)	Decrease in Profit (Rs.)	Net Effect (Rs.)
ICDS I	Accounting Policies			
ICDS II	Valuation of Inventories			
ICDS III	Construction Contracts			
ICDS IV	Revenue Recognition			
ICDS V	Tangible Fixed Assets			
ICDS VI	Changes in Foreign Exchange Rates			
ICDS VII	Governments Grants			
ICDS VIII	Securities			
ICDS IX	Borrowing Costs			
ICDS X	Provisions, Contingent Liabilities and contingent assets			
Total				

(f) Disclosure as per ICDS

i) ICDS-I Accounting Policies
ii) ICDS-II Valuation of Inventories
iii) ICDS-III Construction Contracts
iv) ICDS-IV Revenue Recognition
v) ICDS-V Tangible Fixed Assets
vi) ICDS-VII Governments Grants
vii) ICDS-IX Borrowing Costs
viii) ICDS-X Provisions, Contingent Liabilities and contingent Assets

Disclosure in Income tax Return

- Schedule ICDS – Effect of Income Computation Disclosure Standards on profit
- Sno ICDS Amount
- 1 Accounting Policies
- 2. Valuation of Inventories
- 3. Construction Contracts
- 4. Revenue Recognition
- 5. Tangible Fixed Assets
- 6. Changes in Foreign Exchange Rates
- 7. Government Grants
- 8. Securities
- 9. Borrowing Costs
- 10. Provisions, Contingent Liabilities and Contingent Assets
- 11. Total

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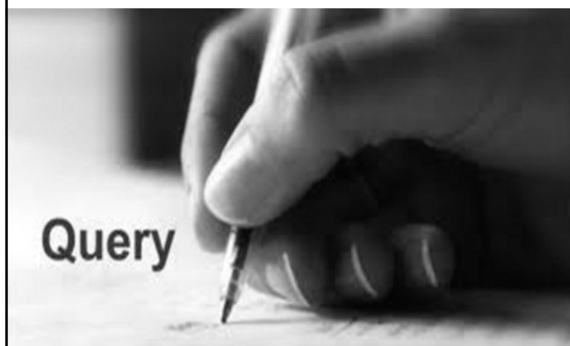
Any Query?



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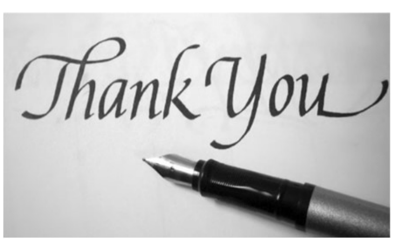

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