



**The Institute of Chartered Accountants of India**  
(Setup by an Act of Parliament)

**Hyderabad Branch (SIRC)**

**E- Newsletter**

[www.hydicai.org](http://www.hydicai.org)

April, 2024

[hyderabad@icai.org](mailto:hyderabad@icai.org)



**Inaugural session of the Bank Branch Audit seen Chief Guest CA. Ranjeet Kumar Agarwal & Guest of Honour CA Charanjot Singh Nanda seen Central Council Members, Regional Council Members & Office bearers of Hyderabad Branch of SIRC on 20<sup>th</sup> March, 2024**



**Inaugural session of the Bank Branch Audit at FTCCI seen CA. Dayaniwas Sharma, Central Council Member & CA. Ravi Sankara Reddy P (Chairman), CA. Girdhari Lal Toshniwal (Secretary), CA. Deepak Ladda (SICASA-Chairman), CA. Satish Kumar Mylavarapu(Immediate Past chairman) & Speakers CA. Vijay Totapally, CA. M V Kali Prasad on 28<sup>th</sup> March, 2024**

## Chairman Communiqué

**Dear Professional Colleagues,**

Warm Greetings from Hyderabad Branch of SIRC of ICAI!!!

In our country, April marks not only the onset of the financial year but also the season of summer and mangoes of course! April 2024 also all-important polling season. We are positive that our civic conscious members have exercised their franchise and thereby played a pivotal role in deciding who'll be at the helm of our country.

The ability to learn faster than your competitors has become the only sustainable competitive advantage. Learn to Learn and keep learning as quoted by father of our nation - Mahatma Gandhi "Live as if you were to die tomorrow. Learn as if you were to live forever."

April is the month when our members in practice would be fully involved in Bank Branch Audit. Banking sector is one of the crucial segments of our economy and the role played by our Profession to that sector is noteworthy.

Hyderabad Branch have conducted more than one CPE Programmes on Bank Branch Audit and also Bank audit for CA students which had a overwhelming response from members and students

March was a busy month for all of us and despite it being the financial year ending we packed in a lot of significant events the major one being for the Seminar on Bank Branch Audit being held on 20<sup>th</sup> March 2024 we were overwhelmed to have our Honourable President ICAI CA Ranjeet Kumar Agarwal President of ICAI as Chief Guest and Honourable Vice President CA Charanjot Singh Nanda guest of honour, We have our Central Council members from both the Telugu states CA Dayaniwas Sharma CA Muppala Sridhar source of inspiration for the new generation and share the dias with our beloved CA Prasanna Kumar D , and CA Rajkumar Adukia CCM, ICAI.

On another note, besides Ram Navmi and Ambedkar Jayanti, April celebrated the rich cultural diversity of our country through multiple festivals like – Guddi Padva (Maharashtrian), Cheti Chand (Sindhi), Baisakhi (Punjabi), Puthandu (Tamilian), Vishu (Malayali), Pohela Boisakh (Bengali), Bihu (Assamese), Mahavir Jayanti (Jain) Here's wishing the respective communities a fruitful year ahead.



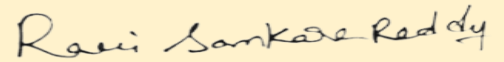
## **Mock Tests**

Hyderabad Branch has conducted a Mock Tests for the IIPCC and Final Course students who are appearing in the May 2024 CA Examination. The first series of Mock Tests were conducted from 4<sup>th</sup> March 2024 to 16<sup>th</sup> March 2024.

The Second series of Mock Test is scheduled from 1<sup>st</sup>April 2024 to 15<sup>th</sup> April 2024.

Managing Yourself: Enterprises today are in a dynamic environment. Industries are consolidating, new business models are emerging, new technologies are being developed and consumer behaviors are evolving. The ever-increasing pace of change has become demanding. It forces various enterprises to understand and quickly respond to big shifts in the way they operate and how work must get done.

That's all from my end...Here's wishing all of you and your patrons a fulfilling financial year ahead...Happy Reading and Keep Contributing!



**CA. Ponugoti Ravi Sankara Reddy**

Chairman  
[hyderabad@icai.org](mailto:hyderabad@icai.org)

## **Survey, Search and Seizure Update**

**Compiled By:** Hari Agarwal, FCA & Vivek Agarwal, FCA

**1. Where assessee has provided all details and furthermore no incriminating materials were found during survey, AO could not deny claim under sec 10(38) merely by relying on statements of accommodation entry providers which were recorded much before the date of survey.**

**Principal Commissioner of Income-tax v. Dipansu Mohapatra[2024] 160 taxmann.com 289 (SC)**

Section 10(38), read with sections 68 , 133A and 139, of the Income-tax Act, 1961 - Capital gains - Income arising from transfer of long-term securities (Burden of proof) - Assessment year 2014-15 and 2015-16.

Assessee filed return and claimed deduction under section 10(38). During survey conducted at business premises of assessee's group companies, it was noted from report of Investigation Wing that assessee was in list of beneficiaries who had allegedly taken accommodation entries from Kolkata based companies.

Assessee filed revised return wherein exemption claimed under section 10(38) was withdrawn and entire income was offered for tax as income from other sources.

During scrutiny, assessee claimed that revised return was filed under duress during survey and claim made under section 10(38) in original return was valid.

Assessing Officer denied said claim and treated same as bogus on ground that receipts constituted accommodation entries taken by assessee.

Tribunal noted that all details of purchase and sales were placed before Assessing Officer along with contract notes for purchase and sale, demat account and bank statement. Tribunal allowed claim of assessee by holding that no incriminating materials were found during survey and statements relied upon were recorded much before date of survey conducted at premises of assessee.

High Court by impugned order held that Tribunal was justified in allowing assessee's claim under section 10(38). On SLP, it was noted that there was gross delay of 273 days, 288 days and 267 days in filing special leave petitions and explanation offered was not sufficient in law to condone delay.

Whether thus, applications seeking condonation of delay were to be dismissed and SLPs filed by revenue against said impugned orders were also to be dismissed - Held, yes [Para 2][In favour of assessee]

**2. Income surrendered by assesses during survey could not be brought to tax under deeming provisions of sections 69A and 69B**

**Veer Enterprises V. Deputy Commissioner of Income Tax, Central Circle-III[2024]**

Section 69A, read with section 69B, of the Income-tax Act, 1961 - Unexplained money - (Survey) - Assessment year 2019-20. During course of survey under section 133A, assessee surrendered excess stock, cash and receivables, stating that same was to be taxed as business income.

Assessing Officer, however, treated said surrendered amount as unexplained investment under sections 69 and 69B and charged same to tax as per provisions of section 115BBE.

Whether since during survey proceedings, assessee was confronted not only with discrepancies found but also with nature and source thereof and it had emerged that source of income of assessee was from its business operations, income surrendered by assessee during survey could not be brought to tax under deeming provisions of sections 69A and 69B and same had been rightly offered to tax by assessee under head of business income - Held, yes [Paras 29 and 30] [In favour of assessee]

**3. Where assessee claimed that entire amount of excess cash found from business premises was generated from undisclosed sale of medicine, since revenue was unable to show any other sources related to excess cash, excess cash was from business of assessee and, thus, application of section 115BBE on amount of excess cash was bad in law.**

**Tejpal Singh v. Assistant/Deputy Commissioner of Income-tax[2024] 158 taxmann.com 679 (Amritsar - Trib.)**

Section 28(i), read with sections 69A, 115BBE and 133A, of the Income-tax Act, 1961 - Business income - Chargeable as (Excess Stock) - Assessment year 2018-19

The assessee was a trader of medicines and other allied product. A survey was conducted under section 133A at premises of assessee. During survey proceedings, statement of assessee was recorded. Assessee surrendered certain amount out of which certain amount was related to excess stock found during survey and certain amount was related to excess cash found from business premises of assessee. In books, assessee declared lesser cash on date of survey.

Assessing Officer added difference in cash found during survey to total income under section 69A and tax was levied on said amount under section 115BBE(2). It was noted that during statement recorded in survey, assessee declared that entire amount of excess cash was generated from undisclosed sale of medicine.

Whether since revenue was unable to show any other sources related to excess cash, source of excess cash was from business and thus, application of section 115BBE was bad in law - Held, yes - Whether, thus, assessee was to be assessed under normal rate of tax - Held, yes [Para 6.1] [In favour of assessee]

**4. Loose sheets of paper/diaries found during search containing typed entries, not**

**shown to form part of books of account regularly maintained by assessee or his business entities, did not constitute material evidence. Where no reasonable opportunity had been provided before transferring case of assessee, it was in total violation of Sec 127. Satisfaction note is required to be recorded under section 153C for each assessment year and hence, a consolidated satisfaction note recorded for different assessment years, would vitiate entire assessment proceedings.**

**Deputy Commissioner of Income-tax v. Sunil Kumar Sharma[2024] 159 taxmann.com 179 (Karnataka)**

Section 153C , read with section 153A, of the Income-tax Act, 1961 - Search and seizure - Assessment of any other person (Recovery of loose sheets of paper) - Assessment years 2012-13 to 2018-19 - Whether it is established in law that a sheet of paper containing typed entries and in loose form, not shown to form part of books of account regularly maintained by assessee or his business entities, do not constitute material evidence - Held, yes.

Whether therefore, action taken by respondent/revenue against assessee based on material contained in diaries/loose sheets, were contrary to law and thus, impugned notices under section 153C were required to be set aside, as same were void and illegal - Held, yes [Para 26] [In favour of assessee]

Section 127 of the Income-tax Act, 1961 - Income-tax authorities - Power to transfer cases (Opportunity of hearing) - Assessment years 2012-13 to 2018-19.

Whether section 127 connotes providing reasonable opportunity to assessee and passing assessment order based on reasons - Held, yes.

Whether where no reasonable opportunity had been provided before transferring case and officer of Bangalore had sent Notice and Assessment order to assessee who was a resident of Delhi, it was in total violation of section 127 - Held, yes [Paras 28 and 29] [In favour of assessee]

Section 153C, read with sections 132, 153 and 153A, of the Income-tax Act, 1961 - Search and seizure - Assessment of any other persons (General principles) - Assessment years 2012-13 to 2018-19 - Whether satisfaction note is required to be recorded under section 153C for each assessment year - Held, yes - Whether where a consolidated satisfaction note had been recorded for different assessment years, it would vitiate entire assessment proceedings - Held, yes [Para 53] [In favour of assessee]

## Announcements

**Peer Review Board**  
**The Institute of Chartered Accountants of India**

**16<sup>th</sup> March 2024**

### **Revised Applicability of Peer Review Mandate (Phase II & III)**

Considering the requests from Practice Units, the Council decided that the applicability of the Peer Review Mandate for the Practice Units covered under Phase II and III is extended as under:-

Phase	Category of firms covered for Mandatory Peer Review	Date from Which Peer Review is Mandatory
II	<p>Practice Units which propose to undertake Statutory Audit of unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of immediately preceding financial year: For these Practice Units, there is a pre-requisite of having Peer Review Certificate.</p> <p>OR</p> <p>Practice Units rendering attestation services and having 5 or more partners: For these Practice Units, there is a pre- requisite of having Peer Review Certificate before accepting any Statutory audit.</p>	01.07.2024 (Grace period allowed upto 30.06.2024)
III	<p>Practice Units which propose to undertake the Statutory Audit of entities which have raised funds from public or banks or financial institutions of over Fifty Crores rupees during the period under review or of any body corporate including trusts which are covered under public interest entities: For these Practice Units, there is a pre-requisite of having Peer Review Certificate.</p> <p>OR</p> <p>Practice Units rendering attestation services and having 4 or more partners: For these Practice Units, there is a pre- requisite of having Peer Review Certificate before accepting any Statutory audit.</p>	01.01.2025

**Auditing and Assurance Standards Board  
The Institute of Chartered Accountants of India**

**28<sup>th</sup> March, 2024 ONLINE PANEL OF EXPERTS FOR ADDRESSING BANK BRANCH AUDIT  
RELATED QUERIES**

Dear Members,

The bank audit season is around the corner and the Reserve Bank of India (RBI) has made several significant announcements requiring the attention of Statutory Branch Auditors (SBAs). These include revised guidelines on Basel III capital regulations, prudential norms for income recognition, asset classification, and provisioning pertaining to advances, as well as master directions on external commercial borrowings, trade credits and structured obligations, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR), transfer of loan exposures, and presentation & disclosures of financial statements of banks.

**The Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued 2024 Edition of the Guidance Note on Audit of Banks to guide the members w.r.t. the aforementioned developments.** The Guidance Note has been updated to reflect recent pronouncements by ICAI relevant to bank audits and any amendments/changes in applicable laws or regulations.

Given the fact that the banking industry is typical in terms of its geographical reach and diverse customer base, along with the extensive range of products and services offered, conducting audits within the given timelines poses numerous challenges for the members. These challenges may include determination of Non-Performing Asset (NPA) status, implication of complex data encountered during branch audits, encountering situations where relevant RBI circulars are unavailable, understanding the implications of requirements of RBI circulars, assessing the nature and adequacy of documentation, determining appropriate wordings for audit reports on crucial matters in bank branch audits, addressing reporting requirements for Long Form Audit Reports, considering recommendations from committees such as Ghosh and Jilani, and preparing special purpose reports and certificates etc. These requirements underscore the importance of thorough preparation and staying updated with regulatory guidelines to effectively perform bank branch audits.

With a view to support the members for fast resolution of such queries, AASB is pleased to announce an Online Panel of Experts for addressing Bank Branch Audit related queries for financial year 2023-24. The Panel will address queries from **1st April 2024 till 30th April 2024.**



The queries are to be sent at email address: [bankauditfaq@icai.in](mailto:bankauditfaq@icai.in)

### **Panel Convenors**

CA. (Dr.) Sanjeev Kumar Singhal, Chairman, AASB and CA. Vishal Doshi, Vice Chairman, AASB

**The members are specifically informed that the views expressed by the experts of the Panel would be their personal views and not necessarily the views of the AASB or the ICAI. AASB, ICAI or the experts of the Panel, do not accept any responsibility for actions taken by the querists based on such advice. Further, these views are not to be used as evidence in any non-judicial/ quasi-judicial/ judicial proceeding before any authority.**

To enable us to serve you better, you are also advised to:

- Be brief but provide full information and facts.
- Not to mention the name of the Bank or Branch or the name of the Borrower or Depositor to avoid problem of violation of client confidentiality requirements under the ICAI's Code of Ethics.
- Avoid rejoinders.
- Not to send the same query twice.
- Draft the report on your own.
- Use own judgment.

**Vice Chairman**  
**Auditing and Assurance Standards Board**

**Chairman**  
**Auditing and Assurance Standards Board**

**GLIMPSES OF SEMINAR ON BANK BRANCH AUDIT PROGRAMME – 20<sup>th</sup> March 2024**









**Resource Persons:** CA. S Ramesh(Chennai), CA. Ketam Damji Saiya(Mumbai), CA. Dayaniwas Sharma(CCM-Hyderabad), CA. Saran Kumar U(Hyderabad) & CA. Vijay Srinivas K(Hyderabad)

**GLIMPSE O SEMINAR ON COMMONLY FOUND ERRORS IN REPORTING PRACTICES AT  
BRANCH PREMISES ON 22<sup>nd</sup> March 2024**



**Resource Persons:** CA. Ajay Jhawar & CA. Shivam Trivedi

**GLIMPSES OF SEMINAR ON BANK BRANCH AUDIT FOR CA STUDENTS PROGRAMME AT FTCCI ON 27<sup>th</sup> March 2024**











**Resource Persons:** CA. Venkata Jankinath D, CA. Bhanu Narayana Rao Y V, CA. V Jawahar & CA. Saran Kumar U

**GLIMPSE OF SEMINAR ON BANK BRANCH AUDIT FOR MEMBERS AT FTCCI ON 28<sup>th</sup> March 2024**









**Resource Persons:** CA.Vijay Totapally, CA. Venkata Jankinath D, CA. M V Kali Prasad,  
CA. D Premnath & CA. Vijay Srinivas K

**GLIMPSE OF SEMINAR ON INVESTOR AWARENESS PROGRAM ON RISK MANAGEMENT**  
28<sup>th</sup> March 2024



**Resource Person:-** CA. Thrasu Thalamatam



**Editorial Column**

**Dear Esteemed Members,**

Welcome to the new financial year 2024-2025!!

This April has not only brought a change to the Financial Year but also is the start of the biggest democratic election which can change the political environment of our country. Vote is the most powerful thing we own. Cast your vote, not vote your caste.

The month's name is derived from the latin word aperit, which means to open. It is considered that April is the month of the growing season and when trees and flowers begin to “open”. And so has the interim budget opened the tax slabs, TDS limits and standard deductions for us.

Don't forget April month is full of days viz. April fools day, World Health Day & Earth Day. So play a prank or tricks on your loved ones,

Bring smiles to everyone's face, be healthy and keep the earth healthy.

Thanking You

“Be Happy – Keep Laughing”

**CA. Girdhari Lal Toshniwal**

**Secretary, Hyderabad Branch of SIRC of ICAI**