

MUKUND & ROHIT

CHARTERED ACCOUNTANTS



AUGUST 2024 NEWSLETTER

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TYPES OF AUDITS

Internal Audit:

In this type of audit, the auditors check if the organization is following proper norms, rules, and whether it complies with all the regulatory norms. The internal audit can be done by anyone even by the employee of the organization. It also evaluates how an organization follows their own codes of conduct.

External Audit:

It is an audit conducted by an individual or firm that is independent of the company being audited. External audits may be voluntary or required by stakeholders.

Tax Audit:

Income Tax Law mandates an audit of certain taxpayers which is called 'Tax Audit'. It is an examination or review of accounts of any business or profession carried out from an **income tax** point of view.

Statutory Audit:

It is compulsory and legally mandated for certain types of organizations, such as public companies, banks and other regulated entities. Statutory audits typically cover compliance with all relevant laws and regulations. It is conducted by an independent auditor, as required by law.

Operational Audit:

It refers to the process of evaluating a company's operating activities – both on day-to-day basis and a broader scale.

Secretarial Audit:

Secretarial Audit is conducted by an independent professional to ensure that the company has complied with the legal and procedural requirements.

Cost Audit:

Cost Audit is the verification of cost accounts and a check on the adherence to the cost account planning

Information Security Audit:

A systematic, measurable technical assessment of how the organization's security policy is employed is known as Information Security Audit. It provides a fair and measurable way to examine how secure a site really is.

GST Audit:

Audit under GST is the process of examination of records, returns and other documents to verify the correctness of turnover declared, taxes paid, refund claimed, and input tax credit availed.

HR Audit:

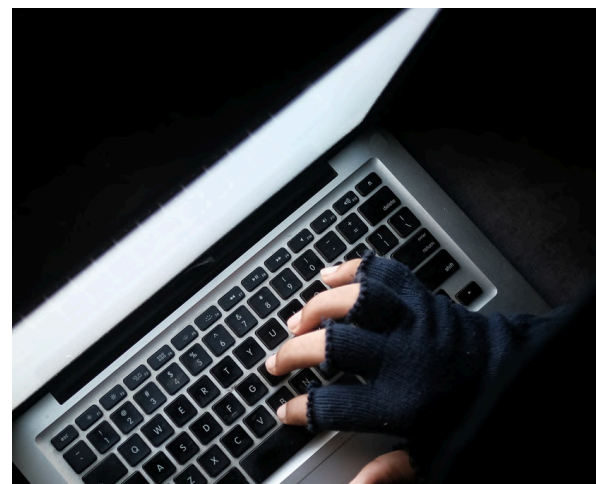
An objective examination of your business's HR policies, practices, and procedures is HR audit.

Cyber Security:

A cyber security audit is a formal process conducted by an independent third-party organization, designated to act as a checklist to validate an organization's cybersecurity policies and ensure the presence and proper functioning of control mechanisms.

Role of Chartered Accountants in Cybersecurity Audits

- CAs help organizations to implement **robust data protection strategies**.
- CAs can provide a **financial perspective** along with guidance regarding **regulatory compliances**.
- They can provide guidance regarding **Business Continuity Plans**.



IT Audits Vs Cybersecurity Audits

IT Audits are typically conducted on a periodic basis and follow a standard set of procedures.

- Encompasses a broader review of an organization's overall IT systems and processes. This includes evaluating the effectiveness, efficiency, and compliance of IT operations and controls.
- To ensure that IT controls are functioning properly and aligned with organizational goals and regulatory requirements.
- Covers a wide range of IT components including hardware, software, networks, and IT processes.
- Involves evaluating IT policies, procedures, and controls through various techniques such as data analysis, system walkthroughs, and documentation reviews.

Cybersecurity adopts a more dynamic and proactive approach to protect against a rapidly changing threat landscape.

- Concentrates on evaluating an organization's security measures and protocols to protect against cyber threats. This includes assessing how well systems, data, and networks are secured against potential cyberattacks and breaches.
- To identify vulnerabilities, threats, and risks associated with cyber threats.
- Includes assessing firewalls, intrusion detection systems, encryption practices, security policies, incident response plans, and user access controls.
- Uses techniques such as penetration testing, vulnerability assessments, and security configuration reviews.

APPLICABILITY OF VARIOUS AUDITS

INTERNAL AUDIT

Company Type	Criteria
Unlisted Companies	<ul style="list-style-type: none">• Turnover Rs. 200 Crore or more during previous financial year• Paid up share capital Rs. 50 Crore or more during the previous financial year• Outstanding loans/ borrowings exceeding Rs.100 Crore from bank / financial institutions at any point• Outstanding deposits exceeding Rs. 25 Crore at any point
Listed Companies	Every company listed on Stock Exchange in India
Private Companies	<ul style="list-style-type: none">• Turnover Rs. 200 Crore or more during previous financial year• Outstanding loans/ borrowings exceeding Rs.100 Crore from bank / financial institutions at any point

TAX AUDIT

Criteria	Turnover Limit (In Rs.)
Businesses with >5 % cash transactions	1 crore
Businesses with < or = 5% cash transactions	10 crores
Professionals with gross receipts in the previous FY	50 lakhs
Presumptive taxation scheme under Section 44AD and less than or equal to 5% cash transactions	3 crores
Presumptive taxation scheme under Section 44AD	2 crores

STATUTORY AUDIT

Statutory Audit is mandatory for **every company**, irrespective of its turnover.

SECRETARIAL AUDIT

- Every listed company is required to conduct a secretarial audit of its records every year
- A public company with a **paid-up share capital** of at least **Rs. 50 crores** or a **turnover** of **Rs. 250 crores** or more
- For companies whether **public or private** having **loans or borrowing** from bank or financial institutions of **Rs. 100 crore or more**

COST AUDIT

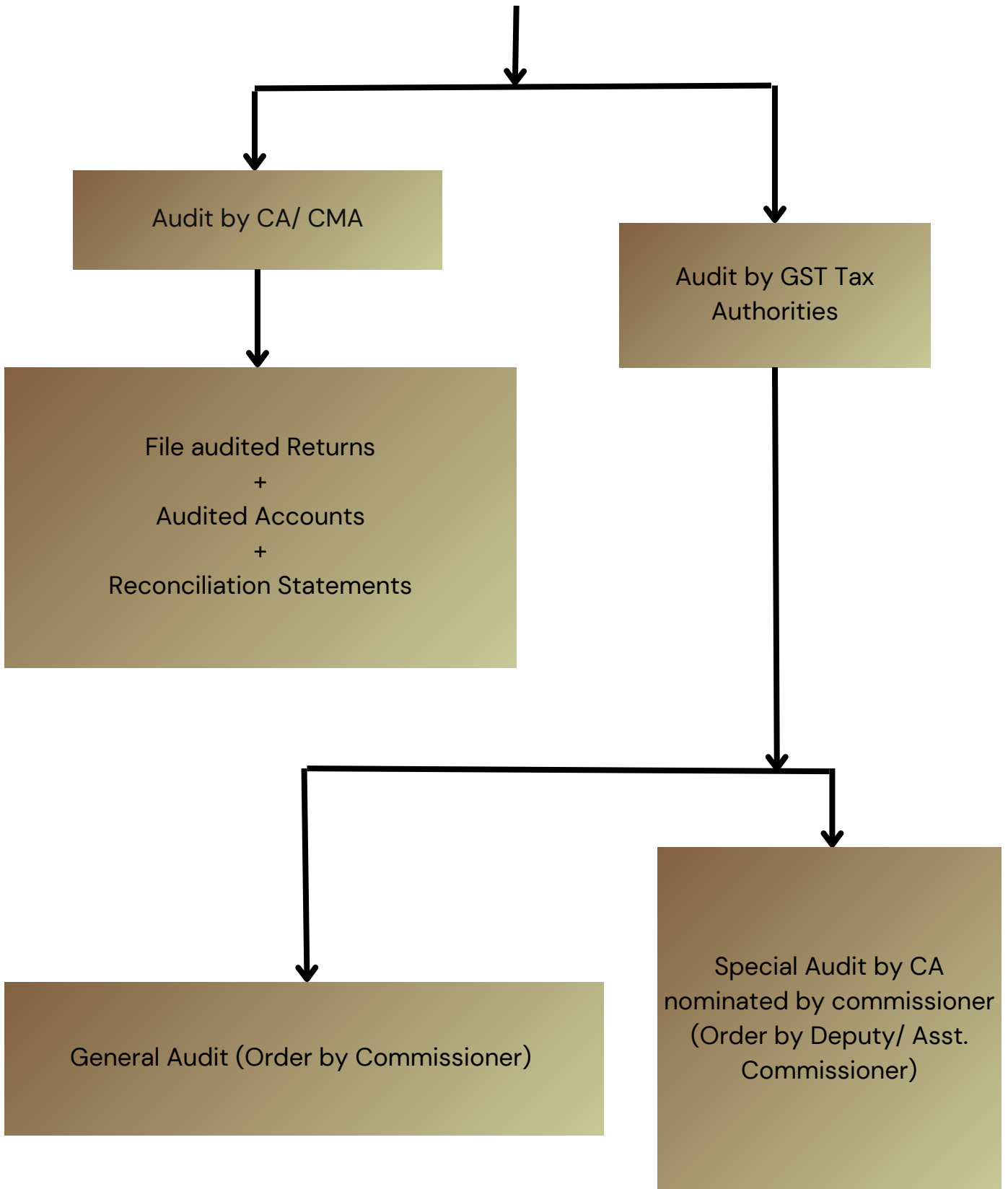
Cost Audit applies to a company, including a foreign company, that is engaged in the production of goods or the provision of services specified in Table A or Table B of the Companies (Cost Records and Audit) Rules, 2014.

Table A covers the companies in the **regulated sectors** such as electricity, petroleum, drugs, fertilizers, sugar etc. Table B covers the companies in the **non- regulated sectors**, such as automobiles, cement, steel, paper, textiles etc.

The **applicability** of cost audit is based on the following criteria:

- The **overall annual turnover** of the company from all its products and services during the immediately preceding financial year should be **Rs. 50 crore or more** for the companies in regulated sectors and **Rs. 100 crore or more** for the companies in the non- regulated sectors.
- The **aggregate turnover** of the individual product or products or service or services for which cost records are required to be maintained should be **Rs. 25 crores or more** for the companies in the regulated sectors and **Rs. 35 crores or more** for the companies in the non- regulated sectors.

GST AUDIT



UNION BUDGET 2024-25

Viksit Bharat

Focus on 9 Principles:

1. Productivity & Resilience in agriculture
2. Employment & Skilling
3. Improved Human Resources, Social Justice
4. Manufacturing & Services
5. Urban development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development
9. Next Generation reforms

- Rs. 1.52 Lakh cr allocated for Agriculture & related sector
- 50% margin over cost MSP announced for all major crops
- 1 crore farmers to be shifted to "Natural Farming" over 2 years

Agriculture

Employment & Youth

- Rs. 2 lakh cr to spent on 5 schemes to focus on 4.1 cr youth over 5 years
- 3 new employment schemes for 1st timers, support for employers & jobs in manufacturing
- Increasing women workforce participation by creating partnerships for women-specific training program
- Rs. 1.48 lakh cr for education, Employment & Skill Development

- Financial support for loans up to Rs. 10 Lakh for Higher education
- Updating model skill loan schemes to assist 25,000 students each year.

Education

Infrastructure

- Rs. 2.66 lakh cr allocated for rural Development
- Rs. 1.5 lakh cr long-term interest-free loans to support states towards Infrastructure Development
- Rs. 10 lakh cr will be invested for the housing needs of 1cr Urban Poor & Middle-Class Families.

UNION BUDGET 2024-25

Other Important Highlights

- Rs. 11.11 lakh cr has been allocated for Capex & Fiscal deficit estimated at 4.9% of GDP
- Rs. 26000 cr for road Infrastructure Development in Bihar & Rs. 15000 cr for Andhra's new capital, Amravati.
- 1 cr households to get free electricity through Solar Pannels under PM Suryaghar Muft Bijli Yojana
- Short Term Capital Gain tax hiked to 20% & long term capital gain to 12.5% on certain assets.

What will be

Costlier	Cheaper
Telecom Equipment	Gold, Silver, Platinum & Minerals
Ammonium Nitrate (Used in fertilizers, explosives & antibiotics)	Mobile phones & Solar energy parts
Non-Biodegradable plastic	Cancer Drugs
	Sea food & Footwear

UNION BUDGET 2024-25

Income Tax

Total Income	Rate
0 to Rs. 3 lakhs	Nil
Rs. 3 lakhs to Rs. 7 lakhs	5%
Rs. 7 lakhs to Rs. 10 lakhs	10%
Rs. 10 lakhs to Rs. 12 lakhs	15%
Rs. 12 lakhs to Rs. 15 lakhs	20%
Rs. 15 lakhs and above	30%

- Standard deduction proposed to increase to Rs. 75,000 from Rs. 50,000
- Comprehensive review of Income Tax Act over next 6 months

COMPLIANCE CALENDAR

Date	Nature of Compliance
07.08.2024	FEMA: ECB- 2
07.08.2024	Due date for deposit of TDS/TCS for the month of July 2024.
10.08.2024	GSTR-7 (GST- TDS)
10.08.2024	GSTR-8 (GST- TCS)
11.08.2024	GSTR-1- Other than QRMP scheme
13.08.2024	GSTR-5- Non-Resident Taxable Person
13.08.2024	GSTR-6 - Input Service Distributor
14.08.2024	Due date for issue of TDS Certificate for tax deducted under Section 194- IA in the month of June, 2024
14.08.2024	Due date for issue of TDS Certificate for tax deducted under Section 194-IB in the month of June 2024
14.08.2024	Due date for issue of TDS Certificate for tax deducted under Section 194M in the month of June 2024

15.08.2024	ESIC payment
15.08.2024	EPF payment
15.08.2024	Due date for furnishing of Form 24G by an office of Government where TDS/ TCS for the month of July 2024 has been paid without the production of challan
15.08.2024	Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in with client codes been modified after registering in the system for the month of July, 2024
20.08.2024	GSTR-3B - Other than QRMP scheme
20.08.2024	GSTR-5A -OIDAR Services
30.08.2024	Due date for furnishing challan-cum-statement in respect of tax deducted under Section 194-IA for the month of July, 2024
30.08.2024	Due date for furnishing of challan-cum- statement in respect of tax deducted under Section 194M in the month of July 2024
30.08.2024	Due date for furnishing of challan- cum- statement in respect of tax deducted under Section 194-IB in the month of July 2024
31.08.2024	Application in Form 9A for exercising the option available under Explanation to Section 11(1) to apply income of previous year in the next year or in the future (if the assessee is required to submit return of income on October 31, 2024

WEALTH MANAGEMENT

A mutual fund is a professionally managed investment pool that combines money from multiple investors. This pooled capital is invested in a variety of securities like stocks, bonds, and money market instruments to achieve common financial goals. The fund's performance determines the value of each investor's share, known as the Net Asset Value (NAV). Investors earn returns based on the fund's performance, and these returns are distributed proportionally among investors.

Types of Mutual Funds:

Equity Mutual Funds

- Large-cap funds: Invest primarily in stocks of large, established companies.
- Mid-cap funds: Focus on stocks of medium-sized companies with growth potential.
- Small-cap funds: Invest in stocks of small companies with high growth expectations.
- Flexi-cap funds: Have the flexibility to invest across all market capitalizations (large, mid, and small-cap).
- Index funds: Track a specific market index (like the Nifty 50 or Sensex) by investing in the same securities in the same proportion.

Debt Mutual Funds

- Short-term debt funds: Invest in debt securities with maturities ranging from a few months to a year.
- Liquid funds: Invest in highly liquid debt instruments with maturities of up to 91 days.

Hybrid Mutual Funds

- Balanced funds: Invest in a mix of equity and debt securities.
- Conservative hybrid funds: Have a higher allocation to debt than equity.
- Aggressive hybrid funds: Have a higher allocation to equity than debt.

There are other types of mutual funds available, such as thematic funds, sector-specific funds, and international funds. One can invest in different types of mutual funds according to their goals and risk taking ability and can generate great returns from them.

Following are the **two primary types** of mutual funds:

Open-ended funds are mutual fund schemes that offer continuous flexibility to investors. You can invest or withdraw money at any time based on the current Net Asset Value (NAV) of the fund. Unlike fixed deposits or closed-ended funds, there's no fixed maturity date, allowing investors to enter or exit the fund as per their financial needs.

Closed-ended funds have a fixed number of units issued during an initial offering period. Unlike open-ended funds, you cannot buy new units after this period. These funds have a specific maturity date, and their units are traded on stock exchanges like shares. This means the unit price can fluctuate based on market demand and supply, unlike open-ended funds where the price is directly linked to the Net Asset Value (NAV).

-Anupama Kothari

CREATIVE CORNER



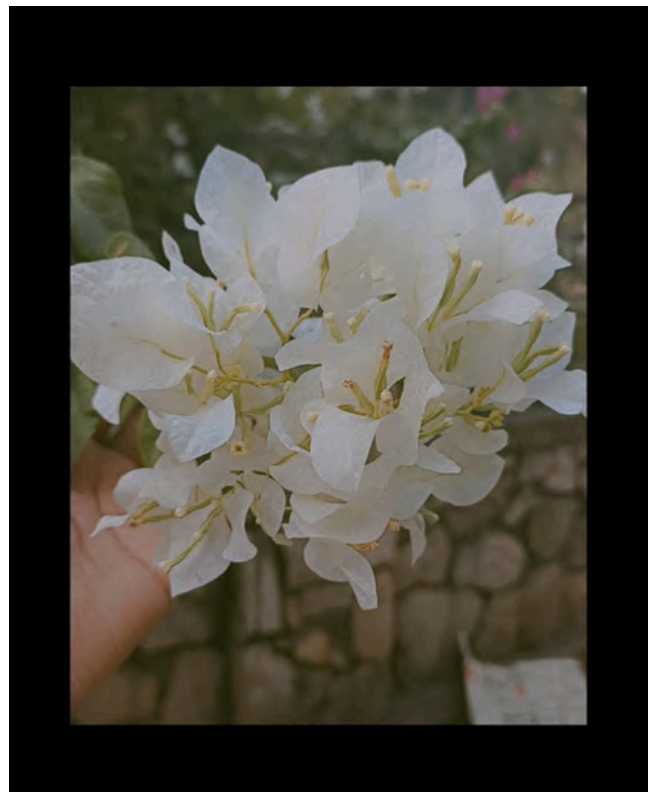
• Bhagwati Patil



• Varinder Kaur



• Mrunali Kadam



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