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Inside the Issue

Month-Updates

Kaleidoscope

Dear Readers,

Greetings from ***DLS & Associates LLP.***

As we usher in a promising New Year, we take immense pride in celebrating ***11 remarkable years of DLS & Associates LLP.*** The turning of the calendar marks not only the start of a new year but also the beginning of fresh opportunities, hope, and renewal. It's a moment to reflect on the path we have traveled, celebrate our achievements, learn from the challenges we have faced, and set our sights on the future.

This milestone is a testament to the collective efforts of our partners, employees and stakeholders. Together, we have built a solid foundation that has allowed us to serve a diverse range of clients, tackle unique challenges and provide impactful solutions.

As we step into the New Year, we extend our heartfelt gratitude to everyone who has been part of our journey. To our clients, thank you for your trust and partnership. To our employees, your unwavering dedication and hard work are the cornerstone of our success. To our well-wishers, your support inspires us to aim higher

Let's embrace this New Year with optimism, determination, and a renewed commitment to achieving even greater success. Together, we will continue to create value, overcome challenges, and make a positive impact on our community and industry.

Wishing you all a prosperous and fulfilling New Year!

Happy Reading!

Sumit Dhadda

With Regards
Sumit Dhadda
Managing Partner

Approval for Scientific Research Tax Deduction

Notification No. 125/2024 Dated : December 02, 2024

We are pleased to announce an important notification published by the Central Government, offering significant benefits for entities involved in scientific research.

Key Highlights of the Notification:

1. **Approval for Scientific Research :** The Central Government, under clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961, has officially approved the International Institute of Information Technology, Hyderabad (PAN: AAAAI6797B) as a recognized institution for 'Scientific Research' under the category of 'University, college, or other institution.

2. **Applicability :** The notification applies starting from the Previous Year 2024-25. It will cover the Assessment Years 2025-26 to 2029-30, enabling eligible donors and collaborators to claim tax benefits for contributions made towards scientific research activities.

3. **Rules and Regulations:** This approval aligns with Rules 5C and 5E of the Income-tax Rules, 1962, which govern the eligibility and processes for tax deductions under Section 35 of the Income-tax Act.

Implications of the Notification:

- Organizations contributing to the approved institution can claim weighted deductions on expenditures related to scientific research, enhancing financial incentives for research and development initiatives.

- This move promotes collaboration between the academic and industrial sectors, fostering innovation and advancements in technology.

Call to Action:
Entities seeking to leverage this tax benefit or explore collaborative opportunities with the International Institute of Information Technology, Hyderabad, are encouraged to connect with the institute to understand its research programs and eligibility criteria.

For more details, refer to the official publication in the Gazette of India or consult your tax advisor for guidance on leveraging this opportunity.

Click here for original Notification

Amendment to Circular No. 31/05/2018-GST

Circular No. 239/33/2024 Dated: December 4 , 2024

The GST Council has recently amended Circular No. 31/05/2018-GST, dated 9th February 2018, through Circular No. 27/2024-Central Tax, which has significant implications for adjudication under sections 73 and 74 of the Central Goods and Services Tax Act, 2017, and the Integrated Goods and Services Tax Act, 2017. This amendment aims to empower Additional and Joint Commissioners of Central Tax with expanded All India Jurisdiction, particularly concerning cases involving the Directorate General of Goods and Services Tax Intelligence (DGGI).This change aims to bring uniformity in valuation practices, prevent regulatory arbitrage, and ensure transparent pricing for investors.

Key Highlights of the Amendment:

1. Empowerment of Adjudicating Authorities

a) Vide Notification No. 02/2022-Central Tax, dated 11th March 2022, para 3A was inserted in Notification No. 02/2017-Central Tax, empowering Additional/Joint Commissioners of Central Tax of specified Commissionerates with All India Jurisdiction for adjudicating show cause notices (SCNs) issued by DGGI officers.

b) Notification No. 27/2024-Central Tax, dated 25th November 2024, further expanded this authority by substituting Table V in Notification No. 02/2017-Central Tax. This amendment took effect on 1st December 2024

2. Adjudication Criteria for Show Cause Notices

a) SCNs involving multiple notices with either the same or different PANs and where their principal place of business falls under multiple Commissionerates are now adjudicated by Additional/Joint Commissioners empowered with All India Jurisdiction.

b.) The allocation of adjudication is based on the Central Tax Zone/Commissionerate in which the notice with the highest tax demand resides.

3. **Revised Table for Adjudicating Authorities :**

The revised Table 7.1.1 specifies the Central Tax Commissionerate responsible for adjudicating cases based on the Central Tax Zone of the notice principal place of business. For example:

a) Ahmedabad Zone: Ahmedabad South Commissionerate.
b) Bengaluru Zone: Bengaluru East Commissionerate.
c) Mumbai Zone: Thane and Palghar Commissionerate.

4. **Handling Subsequent Show Cause Notices :**

SCNs issued subsequently on the same issue to notice with different PANs are adjudicated by either the jurisdictional adjudicating authority (if there is only one notice) or the common adjudicating authority, as per the highest tax demand criteria outlined in para 7.1.

5. **Adjudication of Pending Cases :**

For SCNs issued prior to 1st December 2024 but not adjudicated by 30th November 2024, corrigenda may be issued to make these SCNs answerable to the newly empowered authorities as per the revised criteria.

Conclusion :

This amendment underscores the government's commitment to enhancing the efficiency and fairness of the GST adjudication process. By empowering Additional and Joint Commissioners with All India Jurisdiction, the changes aim to resolve cases swiftly and uniformly. Businesses must adapt to these updates to stay compliant and minimize disputes.

For further clarity, stakeholders are encouraged to refer to the detailed circular and engage with their respective Commissionerate.

Any difficulties in implementation should be brought to the notice of the Board.

Click here for original Circular

Industry Standards on Reporting of BRSR Core: A Step Toward Streamlined Compliance

No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 Dated: December 20, 2024

In a significant move to enhance the ease of doing business and promote standardization in regulatory implementation, the Industry Standards Forum (ISF) has developed a comprehensive framework for reporting on the Business Responsibility and Sustainability Report (BRSR) Core. This initiative aligns with the requirements of Regulation 34(2)(f) under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and the SEBI Master Circular dated November 11, 2024.

A Collaborative Effort

The ISF comprises representatives from three major industry associations: ASSOCHAM, CII, and FICCI, working under the aegis of the Stock Exchanges. In consultation with the Securities and Exchange Board of India (SEBI), the ISF has formulated these industry standards to simplify compliance with the mandated BRSR Core disclosures.

This effort underscores a collective commitment to improving transparency and fostering sustainability practices among listed entities. By establishing clear guidelines, the ISF aims to ensure uniformity in disclosures while making the compliance process more straightforward.

Key Features of the Initiative

1. **Publication of Standards:**
   The finalized standards will be made publicly available on the websites of ASSOCHAM, CII, FICCI, and the Stock Exchanges.
2. **Mandatory Compliance:**
   Listed entities are required to adhere to these standards to meet SEBI's disclosure requirements effectively.

3. **Applicability:**
   The standards will come into effect from the financial year 2024-25 and will remain applicable in subsequent years.
4. **Role of Stock Exchanges:**
   The Stock Exchanges will play a pivotal role in disseminating this information to listed entities and ensuring compliance.

Driving Transparency and Sustainability

This initiative is a testament to SEBI's commitment to fostering transparency, accountability, and sustainability in corporate governance. By adhering to the industry standards, listed entities can not only ensure compliance but also enhance their reputation among stakeholders by demonstrating a robust commitment to sustainable business practices.

Regulatory Framework

The circular establishing these standards was issued under the authority of Section 11(1) and 11A of the SEBI Act, 1992, in conjunction with Regulation 101 of the LODR Regulations.

Next Steps for Listed Entities

Listed entities are encouraged to familiarize themselves with the published standards and integrate them into their reporting frameworks. Queries or clarifications can be directed to the respective industry associations or the Stock Exchanges.

By aligning with these standards, businesses can contribute to a sustainable and transparent corporate ecosystem while ensuring seamless regulatory compliance.

For more details, visit the official websites of ASSOCHAM, CII, FICCI, or the Stock Exchanges.

Click here for original Notification

SEBI Introduces Online Document Repository Platform for Merchant Bankers

No. SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/170 Dated: December 05, 2024

The Securities and Exchange Board of India (SEBI) has issued a new circular on December 5, 2024, emphasizing the efficient maintenance and electronic management of documents relied upon by Merchant Bankers during the due diligence process for public issues. This initiative is aimed at enhancing transparency and ease of access to records while ensuring adherence to regulatory requirements.

Key Highlights of the Circular:

1. **Mandated Online Document Repository:**
   SEBI has directed all Merchant Bankers to upload and maintain records and documents related to the due diligence process in public issues on a dedicated online Document Repository platform established by recognized stock exchanges.
2. **Streamlining Due Diligence Records:**
   The platform allows Merchant Bankers to electronically store and maintain critical documents in an organized manner, enabling smoother accessibility and better record management.
3. **Indicative List of Documents:**
   Stock exchanges, in consultation with the Association of Investment Bankers of India (AIBI), will provide Merchant Bankers with an indicative list of documents required for uploading, along with guidelines for the uploading process.

4. **Timelines for Uploading Documents**:

   The timelines for uploading documents are as follows:

   - Effective January 1, 2025:
     - Within 20 days of filing the draft offer document with SEBI/Stock Exchanges.
     - Within 20 days from the date of listing on Stock Exchanges.
   - Effective April 1, 2025:
     - Within 10 days of filing the draft offer document with SEBI/Stock Exchanges.
     - Within 10 days from the date of listing on Stock Exchanges.

5. **Accessibility and Confidentiality:**

   Documents uploaded on the platform will be accessible only to the respective Merchant Bankers via individual login credentials. However, the documents must be made available to SEBI for supervisory purposes as required.

6. **Applicability**

   The provisions of this circular are applicable to all draft offer documents filed on or after January 1, 2025, for listing on Mainboard or SME exchanges.

Conclusion:

SEBI's move towards digitization through the Document Repository platform is a significant step forward in modernizing the regulatory landscape of the Indian securities market. This initiative is expected to bring greater efficiency, reduce operational hurdles, and enhance the overall integrity of the public issue process.

Click here for original Notification

SEBI Clarifies Rules on Change in Control for Investment Advisers, Research Analysts, and KYC Registration Agencies

No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/16 Dated: December 27, 2024

On December 27, 2024, the Securities and Exchange Board of India (SEBI) issued a circular providing clarity on the rules governing the transfer and transmission of shareholding and their implications for "change in control" in intermediaries such as Investment Advisers (IAs), Research Analysts (RAs), and KYC Registration Agencies (KRAs). The circular aims to streamline the regulatory requirements and ensure consistency with prior guidelines.

Key Clarifications:

1. **Unlisted Body Corporate Intermediaries:**
   - **Transfer of Shareholding Among Immediate Relatives:** Such transfers will not constitute a change in control. SEBI defines "immediate relatives" as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, which includes spouses, parents, siblings, and children.
   - **Transmission of Shareholding:** Transfers by way of transmission, whether to immediate relatives or otherwise, will also not result in a change in control.
2. **Proprietary Firm Intermediaries:**
   - Transfer or transmission of business/capital in a proprietary firm to another individual is considered a change in control, requiring prior SEBI approval and fresh registration in the name of the legal heir or transferee.

3. **Partnership Firm Intermediaries:**
    - **Transfer of Ownership Interest:** Inter-se transfers among partners in a firm with more than two partners will not be treated as a change in control. For firms with only two partners, the firm is considered dissolved upon the death of a partner unless a new partner is inducted, which constitutes a change in control and necessitates fresh registration and SEBI approval.
    - **Transmission of Ownership Interest:** If the partnership deed specifies that legal heirs of a deceased partner may be admitted as partners, this will not be treated as a change in control. However, the partnership firm will be reconstituted in such cases.
4. **Fit and Proper Person Criteria:**

   Incoming shareholders or entities acquiring controlling interest due to transfer or transmission of shares (whether to immediate relatives or not) must meet SEBI's "fit and proper person" criteria as outlined in Schedule II of SEBI (Intermediaries) Regulations, 2008.

Directives for Supervisory Bodies :

The BSE Limited, acting as the supervisory body for IAs and RAs (IAASB/RAASB), has been directed to:

- Notify Investment Advisers and Research Analysts of these provisions and publish the circular on their website.
- Amend relevant Bye-laws, Guidelines, Standard Operating Procedures, Rules, and Regulations to facilitate implementation.

Conclusion:

SEBI's move is expected to reduce ambiguity and promote smooth transitions during changes in shareholding or ownership. It also underscores the importance of maintaining a fit and proper framework for entities with controlling interests.

Click here for original Notification

Interest Rates on Foreign Currency (Non-resident) Accounts (Banks) [FCNR(B)] Deposits

No. RBI/2024-25/94 Dated: December 06, 2024

This regulatory update reflects a decision to revise the ceiling rates for Foreign Currency (Non-Resident) [FCNR(B)] deposits, as per the Reserve Bank of India (RBI). Key points are as follows:

1. **Current Ceiling Rates (Effective December 6, 2024):**
   - For deposits of 1 year to less than 3 years:
     The ceiling is raised to Overnight Alternative Reference Rate (ARR) for the respective currency/Swap + 400 basis points.
   - For deposits of 3 years and above, up to and including 5 years:
     The ceiling is raised to Overnight ARR + 500 basis points.
2. **Duration of Relaxation:**
   This enhanced ceiling will remain in effect until March 31, 2025.
3. **Background Reference:**
   - The decision aligns with updates in the Statement on Developmental and Regulatory Policies from the RBI's Bi-monthly Monetary Policy Statement for 2024-25 (dated December 6, 2024).
   - It also refers to guidelines in the Master Directions on Interest Rates for Deposits and Co-operative Banks issued in 2016, with subsequent amendments.

This move aims to make FCNR(B) deposits more attractive to non-resident depositors by allowing banks greater flexibility in offering competitive interest rates.

Click here for original Circular

Maintenance of Cash Reserve Ratio (CRR)

No. RBI/2024-25/95 Dated: December 06, 2024

In line with the circular DOR.RET.REC.33/12.01.001/2022-23 dated May 04, 2022, and subsequent developments, the Reserve Bank of India (RBI) has issued new guidelines regarding the maintenance of the Cash Reserve Ratio (CRR) for all banks. This announcement aligns with the Statement on Developmental and Regulatory Policies released on December 06, 2024.

Reduction in CRR:

To enhance liquidity and support economic growth, the RBI has decided to reduce the CRR by 50 basis points in two phases.

The adjustments are as follows:

First Phase: Banks are required to maintain a CRR of 4.25% of their Net Demand and Time Liabilities (NDTL), effective from the reporting fortnight beginning December 14, 2024.

Second Phase: The CRR will be further reduced to 4.00% of NDTL, effective from the fortnight beginning December 28, 2024.

Implications for Banks:

Banks must adjust their reserve balances accordingly to comply with the revised CRR requirements. This phased reduction aims to ease liquidity pressures, enabling banks to allocate more funds for lending and other productive economic activities.

Compliance and Reference:

To facilitate compliance, the RBI has enclosed the relevant notification DoR.RET.REC.53/12.01.001/2024-25 dated December 06, 2024. Banks are advised to review the notification in detail and ensure adherence to the revised CRR guidelines within the stipulated timelines.

The reduction in CRR reflects RBI continued focus on fostering financial stability while addressing liquidity concerns in the banking system. Banks are urged to remain vigilant and proactive in their reporting and reserve maintenance processes.

Click here for original Circular

Introduction of beneficiary bank account name look-up facility for Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) Systems

RBI/2024-25/99 Dated: December 30, 2024

The Reserve Bank of India (RBI) has announced the implementation of a beneficiary account name look-up facility for Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) systems. This initiative allows remitters to verify the name of the beneficiary's bank account before initiating a transaction, thereby minimizing errors and reducing the risk of fraud. The facility, inspired by similar features in UPI and IMPS, will retrieve the beneficiary's account name using the account number and IFSC code provided by the remitter. It will be made available across internet banking, mobile banking platforms, and at bank branches for both registered beneficiaries and one-time fund transfers. Banks are required to ensure compliance with data privacy laws, maintain detailed logs of transactions, and resolve disputes using a unique lookup reference number. Importantly, this service will be offered free of charge to customers. All banks participating in RTGS and NEFT systems are directed to implement this facility no later than **April 1, 2025**, ensuring a uniform and secure transaction experience for users.

Click here for original Circular

Carbon Accounting Proxy (CAP) Methodology

Contributed By: Ms. Himanshi Bansari

The Carbon Accounting Proxy (CAP) Methodology introduced by SEBI on December 20, 2024, aims to simplify the estimation of Scope 1 and Scope 2 greenhouse gas (GHG) emissions for Indian enterprises, particularly those reporting under the Business Responsibility and Sustainability Reporting (BRSR) framework. Below is a detailed explanation of the CAP methodology, its functioning, advantages, and challenges.

Understanding Scope 1 and Scope 2 Emissions:

1. Scope 1 (Direct Emissions): Emissions from sources owned or controlled by the company, such as fuel combustion in boilers, vehicles, and refrigerant leakage.

2. Scope 2 (Indirect Emissions): Emissions from purchased electricity, heat, or steam used by the company.

These emissions are critical components of a company's carbon footprint under the BRSR framework.

Why the CAP Methodology?

Many Indian enterprises face challenges in accurately measuring emissions due to:

Diverse Operational Environments: Companies may operate across regions with varying access to quantity-based data.

Limited Data Infrastructure: Lack of detailed records for fuel, refrigerants, or electricity consumption.

Complexity of Measurement: Direct measurement often requires advanced monitoring systems.

To address these challenges, SEBI introduced the CAP Methodology as an interim, spend-based approach to estimate emissions.

How CAP Works

The CAP methodology relies on financial spend data as a proxy for emissions estimation. Here's how it operates step-by-step:

1. Data Collection:

Enterprises gather financial data on expenses related to:

Fuels (e.g., diesel, petrol, LPG, natural gas), Refrigerants., Electricity.

This data serves as the starting point for the calculation.

2. Price Conversion:

The spend data is converted into quantity estimates by dividing it by reliable price information (e.g., market prices, procurement costs).

Formula:

$$\text{Quantity} = \frac{\text{Spend Data}}{\text{Price Factor}}$$

3. Application of Emission Factors

Quantities derived from spend data are multiplied by standard Emission Factors (provided by the Intergovernmental Panel on Climate Change [IPCC]) to calculate the carbon footprint.

Formula:
Carbon Emissions = Quantity x Emission Factor

4. Aggregation:
Emissions from all sources (fuel, refrigerants, electricity) are aggregated to calculate:
Scope 1 Emissions: Based on fuel and refrigerant usage.
Scope 2 Emissions: Based on electricity consumption.
Total emissions are expressed in terms of CO2 equivalent (CO2e).

Formula Summary

$$\text{Carbon Emissions} = \frac{\text{Spend Data}}{\text{Price Factor}} \times \text{Emission Factor}$$

Spend Data: Financial expenditure on fuel, refrigerants, or electricity.
Price Factor: Average or region-specific price of the resource.
Emission Factor: GHG emissions per unit of the resource (e.g., kg CO2e per liter of diesel).

Key Considerations of the CAP Methodology:
The CAP methodology is practical but comes with certain limitations:
1. Pricing Variability:
Prices for fuel, refrigerants, and electricity vary across regions and suppliers.
Negotiated pricing in bulk purchases may not reflect market prices, leading to inaccuracies.

2. Data Inconsistencies:
Financial data quality may differ across business units or locations.
Lack of uniformity in record-keeping can affect the reliability of estimates.

3. Boundary Limitations:
The CAP methodology excludes certain emission sources, such as:
Fugitive Emissions: Leaks from equipment.
Process Emissions: Emissions from industrial processes.

4. Interim Nature:
The methodology is meant as a provisional measure.
Companies are encouraged to transition to quantity-based methods for greater precision and transparency.

Conclusion:
The CAP methodology provides Indian enterprises with a practical, short-term solution to estimate carbon emissions and comply with regulatory requirements under the BRSR framework. While it has certain limitations, it serves as a steppingstone toward robust and transparent carbon accounting practices. Companies should use this methodology to build internal capacity and progressively adopt more accurate, quantity-based measurement systems.

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Role of Derivatives in Modern Financial Markets

Contributed By: Ms. Anjali Rathi

Derivatives are financial contracts, set between two or more parties, that derive their value from an underlying asset, a group of assets, or a benchmark. A derivative can trade on an exchange or over the counter. Prices for derivatives derive from fluctuations in the prices of underlying assets. Derivatives are usually leveraged instruments, which increases their potential risks and rewards.

Types of Derivatives:

1.**Options:** Give the holder the right, but not the obligation, to buy or sell an underlying asset at a specified price.

2.**Futures:** Obligate the buyer and seller to trade an underlying asset at a specified price on a specific date.

3.**Swaps:** Allow two parties to exchange cash flows based on different underlying assets, such as interest rates or currencies.

4.**Forwards:** Similar to futures but traded over-the-counter (OTC) and customized to meet specific needs.

5.**Warrants:** Give the holder the right to buy a specific number of shares of stock at a specified price.

Some of the key benefits of derivatives include:

Risk Management: Derivatives enable investors to manage risk by hedging against potential losses or gains in underlying assets.

Speculation: Derivatives provide opportunities for speculation, enabling investors to take on leveraged positions in the market.

Price Discovery: Derivatives contribute to price discovery and market efficiency, reflecting market sentiment and expectations regarding future asset prices.

Capital Efficiency: Derivatives often require a lower initial capital outlay compared to direct investments in underlying assets.

The use of derivatives can be a game-changer for businesses, allowing them to manage risk, increase liquidity, and improve their overall financial performance . Following are the advantages:

1. **Risk Management:** Derivatives can be used to manage risk by hedging against potential losses or gains in underlying assets.
2. **Increased Liquidity:** Derivatives can increase liquidity in underlying markets, making it easier for investors to buy or sell assets.
3. **Flexibility:** Derivatives offer flexibility in terms of contract design, allowing investors to tailor their exposure to specific markets or assets.
4. **Potential for High Returns:** Derivatives can provide opportunities for high returns, especially for investors who are willing to take on higher levels of risk.
5. **Efficient Allocation of Capital:** Derivatives can help allocate capital more efficiently by allowing investors to gain exposure to specific assets or markets without having to hold the underlying assets directly.

However, derivatives also come with a range of risks and challenges, including complexity, leverage, and counterparty risk, which can be daunting for even the most experienced investors .

Following are the disadvantages:

1. **Complexity:** Derivatives can be complex and difficult to understand, especially for inexperienced investors.
2. **Risk:** Derivatives can be risky, especially for investors who do not fully understand the underlying assets or the terms of the contract.
3. **Leverage:** Derivatives can provide leverage, which can amplify losses as well as gains.
4. **Counterparty Risk:** Derivatives are subject to counterparty risk, which is the risk that the other party in the contract will default on their obligations.
5. **Regulatory Risks:** Derivatives are subject to regulatory risks, which can impact the value of the contract or the ability to trade.

However, derivatives also involve risks, such as counterparty risk, market risk, and liquidity risk. To mitigate these risks, investors must use derivatives in a responsible manner, with a clear understanding of the underlying assets and the potential risks involved. Derivatives play a crucial role in modern financial markets, providing opportunities for risk management, speculation, and investment. While they involve risks, derivatives can be a valuable tool for investors who understand their benefits and limitations.

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IFRS 17 and IFRS 9 in the Insurance Sector

Contributed By: Ms. Tanya Kapoor

Introduction

The insurance industry plays a pivotal role in global financial systems, providing risk management and financial protection to individuals, businesses, and institutions. In the face of evolving financial standards, IFRS 17 and IFRS 9 have been introduced to enhance transparency, consistency, and comparability in financial reporting for insurance companies. These two standards, issued by the International Accounting Standards Board (IASB), aim to transform the accounting landscape of the insurance sector.

Understanding IFRS 17

IFRS 17 – Insurance Contracts is the new accounting standard that provides a comprehensive framework for the accounting of insurance contracts. Effective from January 1, 2023, it replaces the previous IFRS 4, which allowed for diverse accounting practices across different jurisdictions. IFRS 17 aims to standardize the way insurance contracts are accounted for, ensuring greater transparency and comparability in financial statements across the insurance industry.

Impact on the Insurance Sector

The implementation of IFRS 17 brings about significant changes in how insurers report their financial performance, with a particular focus on improving the transparency and comparability of financial statements. Insurers will need to adopt new actuarial techniques, investment strategies, and reporting systems to comply with the standard. For stakeholders, including investors and regulators, this will offer a clearer understanding of an insurer's financial health and profitability.

Understanding IFRS 9

IFRS 9 – Financial Instruments is another critical standard that affects the insurance industry. IFRS 9, which became effective on January 1, 2018, deals with the classification, measurement, and impairment of financial instruments. It replaced the earlier IAS 39 standard and aligns more closely with modern risk management practices in the financial sector.

Impact on the Insurance Sector

The adoption of IFRS 9 has profound implications for the insurance sector, particularly with regard to the management of investment portfolios. Insurers are required to classify and measure their financial assets more carefully, ensuring that they reflect the economic realities of the underlying transactions. Additionally, the forward-looking ECL model requires insurers to recognize credit losses at an earlier stage, which could impact their profitability and capital requirements.

The Intersection of IFRS 17 and IFRS 9

While IFRS 17 and IFRS 9 address different aspects of an insurance company's financial reporting, their intersection is particularly relevant for insurers. Both standards deal with financial instruments, but from different perspectives.

1. Investment in Insurance Contracts: Insurers often hold significant portfolios of financial assets, such as bonds and equities, to back their insurance liabilities. IFRS 9 provides the rules for how these financial assets are classified, measured, and impaired, while IFRS 17 ensures that the corresponding insurance liabilities are properly recognized and measured. Together, these standards create a comprehensive framework for financial reporting in the insurance sector.

2. Impact on Profitability: IFRS 17's emphasis on revenue recognition and the measurement of insurance liabilities, combined with IFRS 9's treatment of financial instruments, can have a profound effect on an insurer's reported profitability. For instance, changes in the value of financial assets, as dictated by IFRS 9, can impact the CSM in IFRS 17, which in turn affects reported profit.

3. Disclosures: Both standards increase the level of disclosure required from insurers. IFRS 17 demands detailed information about the insurance contracts, while IFRS 9 requires enhanced disclosures regarding the classification, measurement, and impairment of financial assets. The combined effect of these disclosures is that investors and other stakeholders will gain a deeper insight into an insurer's financial health and risk exposure

The adoption of IFRS 17 and IFRS 9 enhances transparency and consistency in the insurance sector, ensuring more accurate financial reporting. These standards will require insurers to adapt their accounting practices, but they offer long-term benefits in terms of comparability and risk management..

About Author: *The author is a student of ICAI and can be reached at Tanya.kapoor@dlsca.in*

January 2025- Compliance Calendar

S. No	Compliance Details	Form to be filed	Due Date
1	Deposit tax deducted (TDS) / tax collected (TCS) for the month of December 2024. Submission of Declaration in Form-27C for no TCS as obtained from manufacturer to the CIT/CCIT.	Form-27C	07.01.2025
2	Report actual ECB transactions through Form ECB-2 return.	ECB-2	07.01.2025
3	Filing of GSTR-1 for Month of December 2024 whose turnover exceeds Rs. 5 Crore or those have not opted for QRMP	GSTR-1	11.01.2025
4	GSTR-5 by Non-Resident Taxpayers (13th of the next month or within 7 days after the expiry of the registration, whichever is earlier).	GSTR-5	13.01.2025
5	Input Service Distributors	GSTR-6	13.01.2025
7	Depositing contribution towards PF/ESI		15.01.2025
8	TCS Return (Quarterly) Oct to Dec 24	Form 27EQ	15.01.2025
9	GSTR CMP-08 for the period of Oct-Dec 2024 .	GSTR-CMP08	18.01.2025

S. No	Compliance Details	Form to be filed	Due Date
10	GSTR CMP-08 for the period of Oct-Dec 2024 .	GSTR-CMP08	18.01.2025
11	Challan-cum-statement for tax deducted under 194IA, 194IB, and 194M	Section 194IA (Form 26QB), 194IB(Form 26QC), and 194M	30.01.2025
12	Quarterly TDS returns (Salary and non-salary) for the quarter ending December 24.	Form 24Q or Form 26Q	31.01.2025

"Living the Gita"

सर्वे भवन्तु सुखिनः, सर्वे सन्तु निरामयाः।
सर्वे भद्राणि पश्यन्तु, मा कश्चिद् दुःखभाग्भवेत्॥

Meaning: *"May everyone be happy and free from illness, may all witness auspiciousness, and may no one suffer. This shloka embodies a universal wish for joy, health, and overall well-being, making it an ideal message from our side to welcome the New Year with positivity and goodwill."*

सर्वे भवन्तु सुखिन

- Wishing for universal happiness and contentment for all living beings.
- Promotes an inclusive and harmonious society.

सर्वे सन्तु निरामया

- Desires a life free from physical and mental illnesses for everyone.
- Encourages holistic health and well-being.

सर्वे भद्राणि पश्यन्तु

- Aspires for everyone to experience goodness, prosperity, and auspiciousness.
- Motivates positivity and moral growth.

मा कश्चिद् दुःखभाग्भवेत्

- Prays that no one should suffer or face sorrow.
- Highlights empathy, compassion, and collective responsibility.

Philosophical Essence: Reflects unity, altruism, and universal harmony (वसुधैव कुटुम्बकम् – the world is one family).

Modern Relevance: Applicable in promoting health, peace, equality, and sustainability for a better world.

The shloka carries profound life lessons and moral values that are universally applicable. Here are the key learnings from it:

1. **Compassion and Universal Well-Being:** The shloka teaches us to wish for the happiness and well-being of everyone, emphasizing empathy and care for all living beings.It reminds us that personal happiness is interconnected with the happiness of others.

2. **Promoting Health and Harmony:** By wishing for a world free of illness (सर्वे सन्तु निरामयाः), it encourages efforts toward physical and mental well-being, both individually and collectively.

3. **Optimism and Positivity:** Aspiring for everyone to witness auspiciousness (सर्वे भद्राणि पश्यन्तु) fosters a positive outlook toward life and events, cultivating hope and resilience.

4. **Altruism and Selflessness:** The wish that no one should suffer (मा कश्चिद् दुःखभाग्भवेत्) inspires us to work selflessly for a world where suffering is minimized through kindness, understanding, and support.

5. **Unity and Inclusivity:** This shloka does not discriminate between individuals or groups; it includes all beings, emphasizing the interconnectedness of humanity and the importance of unity.

Application in Modern Life:

- Practice compassion in your personal and professional relationships.
- Contribute to societal well-being through acts of kindness and service.
- Focus on maintaining your health and encouraging others to do the same.
- Spread positivity and help create an environment of hope and encouragement.

Let's embody these values in our life which can make the New Year and our lives more meaningful and fulfilling.

Event Highlights of the Month

Our partners recently attended the **Raising Rajasthan** event held in Jaipur. This event provided valuable insights and opportunities for networking, reinforcing our commitment to fostering growth and development in Rajasthan.

In addition, our Associate Partner, **CA Harsha Ramnani**, led an ESG session at **RCE Limited** during their **ESG Week celebrations**.

Furthermore, our Associate Partner has successfully completed the **GRI certification** course offered **by KPMG**.

Here are glimpse of the above events:

GRI

GRI Certified
Training Course
Certificate of Completion

Harsha Ramnani

has successfully completed

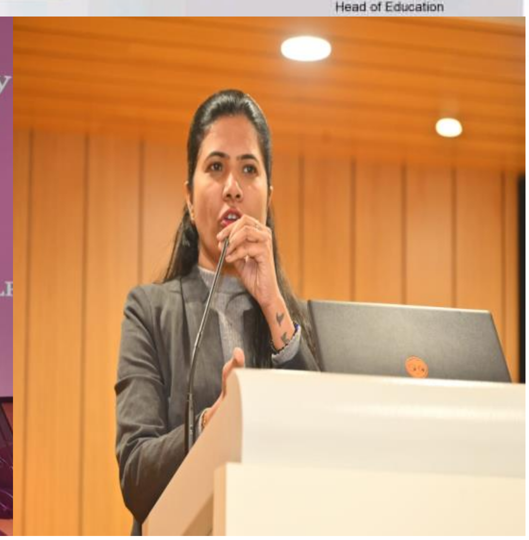
Reporting with the GRI Standards
2021 Update

provided by KPMG

Held in Jaipur, India on
16 December 2024 - 17 December 2024

Amsterdam, 20 December 2024

Paul Broekhof
Head of Education



Celebrating 11 years of DLS & Associates LLP

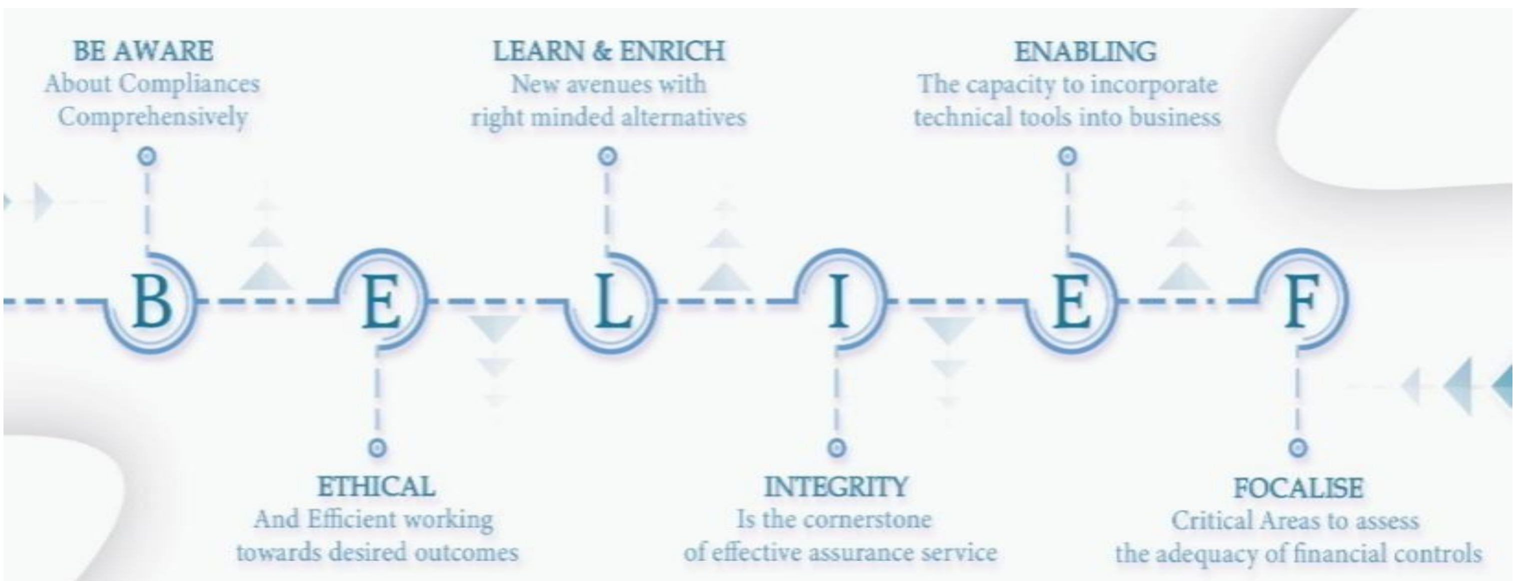
With immense pride, we have celebrated 11 incredible years of DLS & Associates LLP on December 30. 2024. This milestone reflects a journey of unwavering commitment, growth and shared achievements. We thank everyone who has been a part of this success and look forward to shaping a brighter future together as we embark on the next chapter of our story.

Here are glimpse of the small event we enjoyed within our office:

We are leading Chartered Accountant Firm withstanding **Since 2013 and have** Strong network at **Jaipur, Bangalore, Delhi, Mumbai. International Branch in Bahrain with MGI worldwide Affiliation. We a**lso have PAN India presence through network of associates

Pioneer in Audit & Assurances, Internal Financial Control (IFC), Valuation Services, Taxation, Financial Advisory, Forensic Audits, BRSR (Business Responsibility & Sustainability Reporting), GST and IND-AS implementation across Industries

Our Core Values-Our firm DLS works for ***BELIEF*** where we are dedicated for



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