





JAYESH SANGHRAJKA & CO. LLP

CHARTERED ACCOUNTANTS

Clarifications on Income Computation and Disclosure Standards (ICDS) notified under section 145(2) of the Income Tax Act, 1961

.. continued

Circular No. 10/2017 date. 23rd March 2017

Sl. No.	Query	Clarification
21.	Whether bill discounting charges and other similar charges would fall under the definition of borrowing cost?	The definition of borrowing costs is an inclusive definition. Bill discounting charges and other similar charges are covered as borrowing cost.
22.	How to allocate borrowing costs relating to general borrowing as computed in accordance with formula provided under Para 6 of ICDS-IX to different qualifying assets?	The capitalisation of general borrowing cost under ICDS-IX shall be done on asset-by-asset basis.
23.	What is the impact of Para 20 of ICDS-X containing transitional provisions? 	Para 20 of ICDS X provides that all the provisions or assets and related income shall be recognised for the previous year commencing on or after 1 st April 2016 in accordance with the provisions of this standard after considering the amount recognised, if any, for the same for any previous year ending on or before 31 st March 2016. The intent of transitional provision is that there is not any double taxation or escape of income due to application of ICDS from a particular date.
24.	Expenditure on most post-retirement benefits like provident fund, gratuity, etc. are covered by specific provisions. There are other post-retirement benefits offered by companies like medical benefits. Such benefits are covered by AS-15 for which no parallel ICDS has been notified. Whether provisions for these liabilities are excluded from the scope of ICDS X?	It is clarified that provisioning for employee benefit which are otherwise covered by AS 15 shall continue to be governed by specific provisions of the Act and are not dealt with by ICDS-X  BENEFITS
25.	ICDS-I requires disclosure of significant accounting policies and other ICDS requires specific disclosures. Where is the taxpayer required to make, such disclosures specified in ICDS?	Net effect on the income due to application of ICDS is to be disclosed in the Return of income. The disclosures required under ICDS shall be made in the tax audit report in Form 3CD. However, there shall not be any separate disclosure requirements for persons who are not liable to tax audit.