



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

Cost Accounting Standards Board (CASB)

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COMMUNIQUE FROM CHAIRMAN

"The best preparation for tomorrow is doing your best today".

H. Jackson Brown, Jr.

Dear Professional Colleagues,

Finally, India is on a way to implement Goods and Service Tax (GST) most likely with effect from 1st April 2017. GST is major reform in India and will have major implication on Indirect Tax Structure and also have impact on treatment of various cost items being the part of cost of production/ operation and services rendered. The "Principles of Measurement and Assignments of Cost" are given in various Cost Accounting Standards and Form CRA-1 of the Companies (Cost Records and Audit) Rules 2014 for maintenance of Cost Records. As stakeholders are aware that the principles of CRA-1 are in sync with the Cost Accounting Standards issued by the Institute, both these documents need revisions on account of GST.

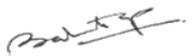
Further, Government vide notification G.S.R 111(E) dated 16 Feb 2015 have issued "The Companies (Indian Accounting Standards) Rules, 2015" and also vide notification G.S.R. 365 (E) dated 30th March 2016 issued the Companies (Indian Accounting Standards) Amendment Rules, 2016, which prescribes implementation of Indian Accounting Standards (IndAS) converged with the International Financial Reporting Standards (IFRS). The principles as enshrined in IndAS mandate the treatment of certain items in financial statements on "fair value concept". IndAS may also have impact on the treatment of cost items in cost statements. The principles of treatment of cost items are given in Cost Accounting Standards (CASs) and some of CASs may need revisions and consequently CRA-1 may also need some changes.

The Cost Accounting Standards Board is aware its responsibilities to align the CASs with IndAS and make suitable changes/modification in the relevant CASs on account of impact of GST. In view of this, the Board in its meeting held on 6th October 2016 considered both the items viz. impact of GST and IndAS on the Cost Accounting Standards and identified relevant Standards in which the modification/change is to be made through "limited revision".

As both the matters are very important for the CMAs fraternity and these would have impact on the existing Cost Accounting Standards, may I request the members who have experience and knowledge in the fields of IndAS and GST to send the impact on existing CASs at casb@icmai.in. The list of Cost Accounting Standards are available for download at <http://icmai.in/CASB/index.php>.

My best wishes to members and their families on the occasions of Durga Puja, Dusshera and Deepawali.

7th October 2016


(CMA Balwinder Singh)