

Date: 14th Feb 2019

To,

Shri U T Khadar
Hon'ble Minister for City Corporations &
Urban Development Authorities
Government of Karnataka

Hon'ble Sir,

**Re: REPRESENTATION ON APPLICABILITY OF DOUBLE ENTRY SYSTEM OF ACCOUNTING FOR
PLANNING AUTHORITY**

The Karnataka State Chartered Accountants Association (R) (in short '**KSCAA**') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and represents before various regulatory authorities to resolve the professional problems faced by chartered accountants and business community.

Herein, we are presenting before your good selves the need for Urban Area Development Authorities to adopt the Double Entry/ Accrual System of Accounting; Tax Audit under Income Tax Act along with filing of Income Tax returns and applicability of GST Audit.

We wish to present before your good selves the Statutory Provision under Section 68C (1) of the Karnataka Town and Country Planning Act, 1961 wherein it mandates that every Planning Authority, as defined under Section 2(7) (a)(i) and (ii) of aforesaid Act, shall maintain proper accounts and other relevant records and further prepare annual statements including **Balance Sheet**. The transcript of the provisions is presented below for your easy reference.

68C. Accounts and Audit.—(1) Every Planning Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the balance sheet in such form as may be prescribed. (2) The accounts of every Planning Authority shall be subject to audit annually by the Controller of State Accounts. (3) The accounts of every Planning Authority as certified by the Controller of State Accounts together with the audit report thereon shall be forwarded annually to the State Government and the Board

2(7) 'Planning Authority' means,—

(a) in the case of—

(ia) the local planning area comprising any "urban area" defined in the Karnataka Urban Development Authorities Act, 1987, the Urban Development Authority of such urban area; The reasons for the request is as outlined below:

(ii) any other local planning area in respect of which the State Government may deem it expedient to constitute a separate Planning Authority

The provision specifying the maintenance of Balance Sheet impresses upon the adoption of Double Entry System of Accounting and the need to get the books of account audited *the* Controller of State Accounts and under Income Tax Act, 1961 and GST Acts, if the receipts cross the threshold prescribed thereunder.

Another point of mention is about **BUDA (Bellary Urban Development Authority)**, which has been proactive to adopt Double Entry System of Accounting and had the accounts audited by the Controller of State Accounts. Also Audited u/s 44AB of the Income Tax Act and filed income tax return as per provisions of the Income Tax Act by engaging the services of Chartered Accountants.

We hereby appeal your good selves to consider the supra issues and to kindly direct all the Planning Authorities in Karnataka to adopt Double Entry System/ Accrual System of Accounting, as required u/s 68C (1) of the Karnataka Town and Country Planning Act, 1961 and have the books of account audited as per applicable provisions of Income Tax Act and GST Act and avail the services and expertise of Chartered Accountants in addition to the Statutory Audit by the Controller of State Accounts.

We would be highly thankful if you could do the needful at the earliest so as to facilitate statutory compliance and oblige.

Thanking you,

Yours sincerely,

For **Karnataka State Chartered Accountants Association ®**



CA. Raghavendra Shetty
President



CA. Kumar Jigajini
Secretary



CA. Vijay Sagar Shenoy
Chairman, Representation Committee