



**Auditing and Taxation
Practical Auditing
[Core Course]**

Semester: V

***Credits: 4**

Subject Code: C52203

Lectures: 48

Course Outcomes:

At the end of this course, the learner will be able to:

- Describe the Internal and External Audit process carried on in an organization
- Analyze the Vouching and Verification Process for Cash Book, Assets and liabilities
- Explain the rights, duties, liabilities of a Company Auditor
- Evaluate the Automated Environment of Auditing, Forensic and Tax Audit

Unit 1: Nature of Auditing and Audit Process

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- Nature of Auditing
 - Introduction, Meaning and Definition, Nature, Objectives and Scope of Audit
 - Basic Principles Governing an Audit
 - Errors and Frauds
 - Classification of Audit-Statutory Audit, Government Audit, Private Audit, Continuous Audit, Interim Audit, Periodical Audit, Occasional Audit, Management Audit, Cost Audit and Green Audit
 - Advantages and Limitations of Auditing
 - Qualities of an Auditor
- Audit Process
 - Audit Programme
 - Audit Note Book
 - Working Papers
 - Internal Control, Internal check and Internal Audit
- SA 200, SA200A, SA230, SA 240 and SA500

Unit 2: Vouching and Verification

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- Vouching
 - Introduction
 - Meaning, objective and importance of Vouching
 - General Principles of Vouching
 - Teaming and Lading: A challenge to Vouching
 - Vouching of Cash Book
- Verification
 - Introduction
 - Meaning, objective and importance of Verification
 - Verification and Valuation of Assets and Liabilities

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Unit 3: The Auditor and Audit Report

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- Introduction
- Qualifications of an Auditor
- Disqualifications
- Appointment, Removal and Remuneration of an Auditor
- Rights, Duties and Powers of an Auditor
 - Professional Conduct and Ethics
- Audit Report - Introduction, Meaning and Definition
- Contents of an Audit report
- Essentials of a Good Audit Report
- Types of Audit Report
- Difference between Audit Report and Audit Certificate
- SA700

Unit 4: Auditing in an Automated Environment and Forensic Audit

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- Auditing In an Automated Environment
 - Introduction
 - Key features of an automated environment
 - Relevance of IT in Audit
 - Risk and Control in an Automated Environment
 - Testing Methods
 - Internal Testing Control as per regulatory requirements
 - Recent trends in Auditing
- Forensic Audits
 - Introduction, Meaning, definition and significance of Forensic Audit
 - Forensic Auditing process and techniques
 - Services rendered by Forensic Auditor
 - Forensic Audit Report
- Tax Audits
 - Introduction and Meaning of Tax Audit
 - Tax Audit Provisions under Income Tax Act 1961 (Sec 44AA, 44AB, 44AD, 44ADA, 44AE) Recent Amendment made as applicable as per Income Tax Act 1961
- Introduction to Goods and Services Tax and GST Audit

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

***01 credit to be evaluated as a Skill-based Component**

Recommended Basic Reading:

- Gupta Kamal and Arora Ashok, *Fundamentals of Auditing*, Tata McGraw-Hill Publishing Company Limited: New Delhi; 2004.
- Mehta G. S., Vyas K.K and Vyas Mukesh. *Auditing*. J.V. Publishing House: Jodhpur;

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2004.

- Tandon B.N. and Sudharsanam S. A. *Handbook of Practical Auditing*, S. Chand and Co. Ltd.: New Delhi; 2013

Recommended Reference Books:

- Kumar Arun and Sharma Rachana, *Auditing Theory and Practice*, Atlantic Publishers and Distributors: New Delhi; 1997.
- Kumar Ravinder and Sharma Virender. *Fundamentals of Practical Auditing*. Prentice Hall of India: New Delhi; 2001.
- Sharma, N.K. *Auditing: Theory and Practice*, Shree Niwas Publications: Jaipur; 2009.
- Shekher, K. *Auditing*, Vikas Publishing House: New Delhi; 2003.

Websites:

- <https://icai.in/>
- <https://icmai.in/>
- <https://icmai.in/icmai/news/209.php>

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**Auditing and Taxation
Income Tax
[Core Course]**

Semester: VI

*Credits: 4

Subject Code: C62203

Lectures: 48

Course Outcomes:

At the end of this course, the learner will be able to:

- Apply the various provisions of the Income Tax Act, 1961 while computing Gross Total Income and Net Income of an Individual Assessee
- File Income Tax Returns for an Individual Assessee
- Demonstrate competency to seek employment or self-employment in the area of Taxation

Unit 1: Basic Concepts

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- Introduction: - What is tax, why are taxes levied, tax structure in India
- Important Concepts: - Income, Assessee, Previous Year, Assessment Year, Person, Gross Total Income, Net Income, Agricultural Income, Capital and Revenue receipts and Capital and Revenue expenditure.
- Residential Status of an Individual
- Exempt Income

Unit 2: Heads of Income – Part I

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- **Income From Salary**
 - Meaning and basis of charge
 - Allowances
 - Perquisites and their valuation
 - Types of Provident Funds
 - Permissible deductions from salary income
 - Problems on computation of Income from salary
 - Case Laws
- **Income From House Property**
 - Basis of chargeability
 - Basis of computing income from a let-out house property
 - Basis of computing income from a self-occupied house property
 - Computation of income from house property
 - Case Laws

Unit 3: Heads of Income – Part II

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- **Profits and Gains of Business or Profession**

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- Meaning and basis of charge
- Expenses expressly disallowed
- Problems on computation of Income from business or profession
- Case Laws.
- **Capital Gains**
 - Meaning and basis of chargeability
 - Definitions: Capital Assets, Short term Capital Assets, Long Term Capital Assets, Short term Capital Gain, Long Term Capital Gain, Cost of Improvement, Cost of Acquisition and Transfer of Capital Asset.
 - Format for Computation of Capital Gains
 - Theory and Problems
 - Case Laws
- **Income from Other Sources**
 - Income chargeable under the head Other Sources.
 - Theory only

Unit 4 Gross Total Income and Permissible Deductions

14

- Gross Total Income
- Deductions under section 80C to 80U
- Computation of Gross Total Income and Tax Liability of an Individual assessee. (Relevant assessment year)
- Faceless Assessment

#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

***01 credit to be evaluated as a Skill-based Component**

Recommended Basic Reading:

- CA G. Sekar, *Handbook on Taxation*, Wolters Kluwer, Haryana, 2021
- Gupta and Ahuja, Wolters Kluwer, *Student's Guide to Income Tax and GST*, India Pvt.Ltd .Gurgao : 2021
- *Taxman's Students Guide to Income Tax including GST*, Taxman Publication: New Delhi, 2021

Recommended Reference Books:

- Dr. Vinod Singhania and Kapil Singhania. *Students Guide to Income Tax*. New Delhi; 2021.
- Girish Ahuja and Ravi Gupta. *Systematic Approach to Taxation*. New Delhi; 2021.
- Sury, M.M. *Taxation in India 1925-2007 History, Policies, Trends and outlook*. New Century publication: New Delhi; 2006.
- *Income Tax Act, 1961*.

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Websites:

- www.taxmanagementindia.com
- www.incometaxindia.gov.in

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