**ISSUES TO BE DISCUSSED AT INCOME TAX GROUP MEETING**

1. As per ICDS I relating to accounting policies, marked to market loss or an expected loss shall not be recognised unless the recognition of such loss is in accordance with the provisions of any other Income Computation and Disclosure Standard.

**Marked to market loss is not defined in any ICDS**.

Para 4(ii) of ICDS 1 relating to accounting policies

*“marked to market loss or an expected loss shall not be recognised unless the recognition of such loss is in accordance with the provisions of any other Income Computation and Disclosure Standard.”*

1. Whether following qualifies as stock in trade at the end of previous year as per the ICDS VIII relating to Securities:-
   1. Open position in future
   2. Open position as option writer
   3. Open position as option buyer

*Para 9 of* ICDS VIII relating to Securities

*“At the end of any previous year, securities held as stock-in-trade shall be valued at actual cost initially recognised or net realisable value at the end of that previous year, whichever is lower”*

1. Key accounting principles as per “Guidance Note on Accounting for Derivative Contracts” issued by ICAI in 2015.
   1. **If hedge accounting as described in the guidance note is not applied**

All derivative contracts should be recognised on the balance sheet and measured at fair value and any change in fair value shall be recognised in the statement of profit and loss*.*

*(Refer para 14(i) and 14(ii))*

* 1. **If hedge accounting as described in the guidance note applied**
     1. Fair Value Hedge.

The fair value hedge accounting model is applied when hedging the risk of a fair value change of assets and liabilities already recognised in the balance sheet, or a firm commitment that is not yet recognised

* + 1. Cash Flow Hedge

The cash flow hedge accounting model is applied when hedging the risk of changes in highly probable future cash flows or a firm commitment in a foreign currency

* + 1. Hedge of a net investment in a foreign operation

*(Refer para 26).*