



# S I R C

## Southern India Regional Council



The Institute of Chartered Accountants of India  
(Set up by an Act of Parliament)

### EDUCATIONAL SERIES BACK TO BASICS - INCOME TAX



# CPE PROGRAMMES APRIL 2024

**Hands on Workshop on Usage of  
Technology in Bank Audit – 03.04.2024**



Resource Person:  
CA. Rathinagiri S



Resource Person:  
CA. Ramajayam J

**Bank Audit Virtual  
Q&A Session Series - I  
08.04.2024**



Resource Person:  
CA. Sundararajan R

**Bank Audit Virtual  
Q&A Session Series - II  
09.04.2024**



Resource Person:  
CA. Mony Ananthasivan

**Labour Laws: 360 Degree of Compliance  
and Accounting – 18.04.2024**



Resource Person:  
Mr. Srinageshwar,  
Senior Vice President- Group  
Industrial Relations of the  
Simpson Group of Companies



Resource Person:  
CA. Mahesh Krishnan

**Raining of GST  
Notices – 22.04.2024**



Resource Person:  
CA. Prasanna Krishnan V

**Ethics – Case  
Studies – 24.04.2024**



Resource Person:  
CA. Ramana Kumar B

**Cyber Security and Data Protection  
Measures for Safeguarding Sensitive  
Financial Information – 25.04.2024**



Resource Person: CA. Sathyabama R

**One Day Seminar on  
Forensic Accounting  
and Investigation  
Services – 27.04.2024**



Resource Person:  
CA. Uday Kulkarni

**Income Tax  
Assessment  
Procedure  
29.04.2024**



Resource Person:  
Adv. Sathanarayanan S



Resource Person:  
CA. Deephika S

## Career Counselling Programme - "VAZHIKATTI"



CA. Rajendra Kumar, P. Chairman, Career Counselling Committee of ICAI addressing the students and their parents at "VAZHIKATTI" (An Educational Fair) organized by "Dinamalar", at Coimbatore on 23rd March 2024.

CA. Rajendra Kumar, P. Chairman, Career Counselling Committee of ICAI at ICAI Stall in "VAZHIKATTI" (An Educational Fair) organized by "Dinamalar", at Madurai on 24th March 2024.

## Certificate Course on Internal Audit at ICAI Bhawan on 12.04.2024



CA. Rajendra Kumar, Central Council Member, ICAI inaugurated the Certificate Course on Internal Audit at Chennai conducted by Board of Internal Audit and Management Accounting of ICAI on 12th April 2024 at Chennai. A Group Photograph of the participants of the Course

## DGTS Chennai DGTS, CZU, CII, AP Chambers, AIFTP in association with SIRC of ICAI Organised Joint Webinar on "Intellectual Property Rights – Implications in GST" 23.04.2024



# CHAIRPERSON'S COMMUNIQUE

Dear Professional Colleagues,

**Greetings from SIRC.**

## **Recalling the First Day of SIRC: Achievements and Accomplishments:**

1<sup>st</sup> May 1952 is imprinted in the History of SIRC when the First Meeting of SIRC was held under the Chairmanship of CA. R. N. Rajam Aiyar after ICAI formed, amongst the five Regional Councils across the country, the Southern India Regional Council (then called Madras Regional Council) effective from 1<sup>st</sup> April 1952. He and the successive Chairmen and Members of SIRC have laid a strong foundation. The present team in SIRC will continue the rich legacy of its predecessors and perform to our best to emulate them.

SIRC has all along 'achieved' and 'accomplished' many objectives and set many benchmarks and passed through many milestones during the last 72 years. At this juncture my team and I acknowledge your valuable support and for giving us the desired motivation and inspiration to discharge our functions more effectively and efficiently in the cause of our members and students' fraternity.

## **Constitution of Committees at SIRC for the year 2024-25:**

Committees are the arms and backbone of the Regional Councils as programmes are organized with their inputs and support. SIRC has constituted the Standing and Non-Standing Committees for this year 2024-2025 and the names of members in the respective Committees were published in the last issue of newsletter. SIRC requests you to support the initiatives of the respective committees and offer your valuable suggestions so that the Committee could deliberate in a more meaningful and fruitful way and enhance its performance.

## **Flurry of Programmes ahead:**

SIRC and the Branches of SIRC held programmes in April with reasonable events as our members were engaged in Bank Audit and finalization of annual accounts. Both of the Programme Organizing Units (PoUs), for the benefit of both the members in practice and industry, have finalized many programmes during the months of May, June and July 2024.

## **Sub-Regional Conferences:**

It is for the posterity of records that I am pleased to record here that the First Sub-Regional Conference of SIRC was held at Hyderabad on 16<sup>th</sup> and 17<sup>th</sup> August 2013 during the Chairmanship of CA. D. Prasanna Kumar, then Chairman of SIRC.

For the year 2024-25 SIRC planned to organize Sub-Regional Conferences at Coimbatore and Visakhapatnam in the months of June and July 2024, the exact date will be announced in the SIRC Website and next issue of the SIRC Newsletter. Sub-Regional Conference at Karimnagar will be held on 22<sup>nd</sup> and 23<sup>rd</sup> June 2024 jointly by Karimnagar, Hyderabad Warangal branches of SIRC & Nizamabad CPE chapter of SIRC.

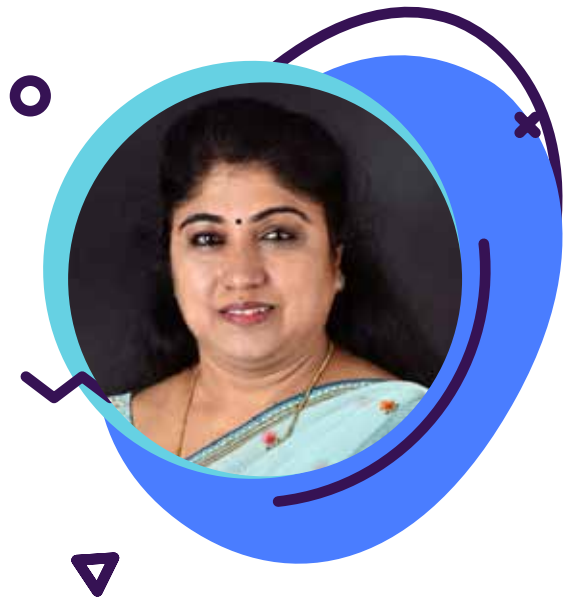
## **National Conferences:**

Branches of SIRC are hosting National Conferences, the details of which are as under:

- May 24 & 25 at Vijayawada hosted by Vijayawada Branch of SIRC.
- June 9 & 10 at Belgavi hosted by Belgavi Branch along with their Golden Jubilee Event

## **Other major events at Branches:**

- On 4<sup>th</sup> June Tirupur Branch is organizing its Foundation Day and the Chengalpattu District Branch is organizing its Branch Day on 20<sup>th</sup> June 2024.
- On 7<sup>th</sup> and 8<sup>th</sup> June 2024 "Navarathna" Conference - by All Kerala Branches.



## Programmes at SIRC – May 2024:

- May 2024 at SIRC is studded with programmes with diverse topics.

### Educational Series on Income Tax through Virtual Mode:

The highlight of this month's programme is the Educational Series on Income Tax covering various sections of Income Tax. This unique 11 series has been designed and developed with a view to add skill-sets more particularly for the younger members of our profession. I invite members to join in all the sessions to have a continuity of the coverage. The sessions are scheduled between 5.00 p.m. and 8.00 p.m. and will be held from 8<sup>th</sup> May 2024 to 14<sup>th</sup> June 2024.

### Seminars and Workshop:

SIRC is organizing during May on 11<sup>th</sup>, 18<sup>th</sup>, 25<sup>th</sup> full day seminars on the traditional, contemporary and futuristic topics. SIRC is hosting Two Days Workshop on GST Demands and Appellate Remedies organised by GST & Indirect Taxes Committee, ICAI on 31<sup>st</sup> May and 1<sup>st</sup> June 2024. These programmes are exclusively with physical presence.

### Evening Meetings:

SIRC is organizing several CPE programmes Eminent personalities will be sharing their rich knowledge amongst the elite professional audience. SIRC invites members to participate in larger numbers for acquirement and enrichment of knowledge and make the programmes a grand success. Your participation will be a source of motivation and inspiration to us in SIRC.

The details of the above-mentioned programmes are published elsewhere in this newsletter under the caption "Forthcoming Programmes".

### CPE Programmes held in April 2024:

Under the auspices of the Career Counselling Committee of ICAI a Faculty Development Programme for the Career Counsellors was held at SIRC on 27<sup>th</sup> April 2024. The programme was well attended giving the participants the objectives and the expectations of the Career Counselling Committee in popularizing the CA Course amongst the younger generation of students.

SIRC held full day and three-hour evening programmes on 3<sup>rd</sup>, 8<sup>th</sup>, 18<sup>th</sup>, 22<sup>nd</sup>, 24<sup>th</sup>, 25<sup>th</sup>, 27<sup>th</sup> and 29<sup>th</sup> April 2024 on Bank Audit, Labour Laws, GST, Code of Ethics, Cyber Security, Forensic Accounting and Direct Taxation. All the programmes were attended by a larger audience of our elite professional fraternity.

### Joint Programme:

On 23<sup>rd</sup> April 2024 a Webinar was held on Intellectual Property Rights – Implications in GST. Shri Rajiv Ranjan, IRS, Additional Director General – Chennai Zonal Unit, Shri M.G. Kodandaram, IRS, Assistant Commissioner (Retd.), Bengaluru, other speakers from CII, AP Chambers of Commerce & Industry, All India Federation of Tax Practitioners (Southern Region) and SIRC of ICAI besides members and officials representing the department and the organizing institutions attended the programme. It was a lively, informative and interesting event echoed by the participants.

On 25<sup>th</sup> April the CII 13<sup>th</sup> Tamil Nadu Finance Conclave was held at Chennai. Eminent personalities from industry, Stock Exchange, legal, and from our profession participated in the Conclave. SIRC was the Knowledge Partner to this Programme. Our members attended the programme in large numbers.

### Addressing issues in Statutory Audits by an Expert Panel:

The Auditing and Assurance Standards Board of ICAI has come out with a novel initiative whereby queries of members related to Statutory Audit pertaining to auditing aspects will be clarified by an expert panel. The panel will address the queries from 16<sup>th</sup> April 2024 till 30<sup>th</sup> September 2024. The members may send their queries at email address: [auditfaq@icai.in](mailto:auditfaq@icai.in) and the required clarification. Please refer for details in ICAI Website.

### **Campus Placements:**

ICAI held its 59<sup>th</sup> Campus Placement for newly qualified Chartered Accountants during the months of February–April 2024. This initiative to offer placements to our members started in 1995. Hundreds of our members have benefitted over the years and working across the country and abroad in prestigious positions and with lucrative emoluments. SIRC congratulates members who were selected in the just-concluded Campus Placement Programme and wish all of them an excellent career.

### **Students' Related Conferences:**

The Board of Studies is organizing the Students' Conferences across the country, the details of which are published elsewhere in this newsletter. I request members to disseminate the information amongst their articled assistants and also sponsor as many articled assistants as possible to participate in the Conference.

### **Payment of Membership Fee:**

The membership fee and / or Certificate of Practice fee for the year 2024–2025 is payable on 1<sup>st</sup> April 2024. SIRC requests members to pay the prescribed fee through the Self Service Portal (SSP) immediately. SIRC also requests members to send, along with the membership fee, the Life Membership Fee for Chartered Accountants Benevolent Fund and S. Vaidyanath Aiyar Memorial Fund. Members are requested to ensure approval of their KYM for 2024–2025 with changes, if any / without changes. The process to approve is very simple and members are required to view the data and say "YES" and it will get updated and approved. Please note that members can pay their fees for year 2024–25 only after the approval of their "KYM".

### **Popularization of the CA Course:**

ICAI participated in an "Educational Fair" conducted by "The Hindu" at Chennai between 4th and 7th April 2024. Large number of students with their parents attended the Educational Fair. CA. Rajendra Kumar P, Chairman, Career Counselling Committee of ICAI addressed the students and their parents.

A Stall was opened at the auditorium and the students were issued brochure about the course and representatives of ICAI guided the students about the process of joining and prospects on becoming Chartered Accountant.

### **Appeal to augment the corpus of Chartered Accountants Benevolent Fund:**

SIRC has been steadfast in augmenting resources of CABF. We solicit the members' contribution to CABF which will go a long way in supporting the families of the deceased members and for extending financial assistance to meet the medical treatment of members. SIRC will be recognizing members/firms who contribute Rs.1.00 lakh or more towards the Fund by including their name in the List of Contributors displayed in the SIRC premises and acknowledge through the SIRC Newsletter.

### **Quote for the month:**

Let me conclude with this inspiring quote on "Commitment" as it will encompass all other functions to happen meticulously and precisely with time precision. "Commitment is an act, not a word"; so also "Commitment" is what transforms a promise into reality. Therefore, our watchword will and should be "Commitment" and we will make everyone to realize how and why it should be considered as a cornerstone in our service-oriented performances.

Until we meet through this medium, I remain

**CA. GEETHA A B**

**Chairperson, SIRC of ICAI**

# PAST PRESIDENT'S MESSAGE

**Dear Professional Colleagues,**

At the outset I would like to congratulate the newly elected office bearers of SIRC particularly CA Geetha who hails from Bangalore and the first lady from Karnataka and second to occupy as the Chairperson of SIRC. It is a great achievement which was possible only because of her commitment and involvement in the profession.

Even though the journey of our Institute began in the year 1949, the most relevant and significant journey was during last decade which has seen numerous changes in the law, amendment in various acts, national and international regulations including accounting and auditing standards. While opportunity for members in employment has gone up substantially, for members in practice it has not been to the expected levels. Members in practice are very much burdened with compliance of various requirements under provisions of law. Risk in auditing has also increased. It seems the expectation gap has widened as regulators and public expect more from our members.

The new education system has introduced the article ship of two years without any break for exam for the first time. I welcome this change but members are finding difficult to get the students.

The successive increase in the threshold limit of tax audit i.e from Rs 40 lakhs to Rs10 crore has reduced the work for our members. The Government feels that tax audit is a burden for the business when all the data is available with income tax department itself. This has been done with the intention of supporting the ease of doing business.

Merger of major banks has reduced the need for the bank branch audits which has affected the practice of younger members and particularly mofussil members.

Attest and assurance function still have a greater scope.

Those are in practice now have to manage their practice in better way by focussing on the following aspects:

1. Knowledge of existing and emerging digital technologies such as Artificial Intelligence, Cloud Accounting, Blockchain, Robotics, Automation is extremely essential for the new age accountants.
2. Knowledge – should be achieved with continuous studies and updating their knowledge.
3. Improve the quality of services by performing better and by bridging the gap between the expectation from society and our performance
4. Do not offer our service less than the cost which should include a reasonable margin. Through the tender process, the organisations make our members to quote less professional fee
5. Maintain the independent attitude when clients are serviced. Independent, Integrity and excellence are hallmark of our profession.
6. Follow the ethical principles in toto. I always used to say when you are in doubt don't do it.
7. Training our student also very important and we should be proud that we have trained so many chartered accountants and this is how our profession has grown so far. This is a unique profession that our students are learning from us and all the qualities of the students mainly depends on members who train them
8. Documentation is very crucial for us. For any queries from the regulators, documentation will help us to satisfy the inspection by peer review board, disciplinary committees, MCA RBI NFRA etc.

To improve our brand image it is necessary to stick to our ethics. Professional ethics should not depend upon the behaviour of people around us nor should change with environment or circumstances around us. It should be static. According to our SHASTRA there is no act of man which is free from desire. Whatever a man does is for the endless desire. This is called Kama. There is a natural desire to have enjoyment and wealth. This is called Artha. But Kama and Artha are subject to Dharma. Dharma protects those who protects it, those who destroy Dharma also get destroyed. For the sake of getting short term benefit resorting to lies and other unprofessional behaviour ultimately leads to a long term failure. Therefore we should look into the long term vision of our profession and we should always follow the Dharma and professional ethics.

**CA. B.P. RAO**  
**Past President, ICAI**



# SIRC of ICAI

## FORTHCOMING PROGRAMMES – MAY 2024 ONWARDS

Regn: <http://bit.ly/sirclogin>

| Sl. No. | Dated      | Day | Timing               | Place   | Mode     | Topic   | Resource Persons   | Fees Inclusive of GST Rs. | CPE |
|---------|------------|-----|----------------------|---------|----------|---|--|---------------------------|-----|
| 1       | 08.05.2024 | Wed | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics – Educational Series – Income Tax:</b><br>Income Tax Law as Applicable for AY 2024-25 Act Income-Tax Act -Important Provisions and Chargeability, Scope and Residential Status,Income Deemed to Accrue or Arise in India -Act 4, 5, 6 & 9<br><br>Complete Details at Page No. 16 & 17   | <b>Eminent Speaker</b>   | 236                       | 3   |
| 2       | 10.05.2024 | Fri | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics – Educational Series – Income Tax:</b><br>Income from Salary, Income from House Property – Act 15 to 17, 22 to 27<br><br>Complete Details at Page No. 16 & 17   | <b>Eminent Speaker</b>   | 236                       | 3   |
| 3       | 11.05.2024 | Sat | 09.30 am to 05.30 pm | Chennai | Physical | <b>One Day Seminar on Chat GPT</b><br><br>Complete Details at Page No. 19   | <b>CA. Dungar Chand U Jain, Madurai,<br/>CA.V. Pattabhi Ram, Chennai<br/>CA. Saran KumarU, Hyderabad</b> | 1180                      | 6   |
| 4       | 15.05.2024 | Wed | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics – Educational Series – Income Tax:</b><br>Chargeability, Deductions, and Disallowances under Business or Profession, Presumptive Taxation and Important Case Laws under the head Income from Business or Profession – Act 28,29, 30 to 44, 43, 43A, 44AB, 44AD, 44ADA, 44AE<br><br>Complete Details at Page No. 16 & 17   | <b>Eminent Speaker</b>   | 236                       | 3   |
| 5       | 16.05.2024 | Thu | 05.00 pm to 08.00 pm | Chennai | Physical | CPE Study Circle on <b>Audit Trail</b>  | <b>Shri Rajaganapathi</b>  | 236                       | 3   |
| 6       | 17.05.2024 | Fri | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics – Educational Series – Income Tax:</b><br>Capital Asset and Transfer Definitions, Discussion on charging under the head Capital Gains including JDA Provisions along with Important Caselaws Act - 2(14), 2(29AA), 2(42A), 2(47), 47, 47A, 45and Computation and Exemptions under the head Capital Gains – Act 48, 50, 50A, 50AA, 50B, 50C, 50D, 54 to 54GB<br><br>Complete Details at Page No. 16 & 17 | <b>Eminent Speaker</b>   | 236                       | 3   |



| Sl. No. | Dated      | Day | Timing               | Place   | Mode     | Topic  | Resource Persons  | Fees Inclusive of GST Rs. | CPE |
|---------|------------|-----|----------------------|---------|----------|--|---|---------------------------|-----|
| 7       | 18.05.2024 | Sat | 09.30 am to 05.30 pm | Chennai | Physical | <b>One Day Seminar on Taxation on Charitable Trust</b>   | <b>Issues on Taxation of Charitable or Religious Trust or Institutions - CA. Nandi Suresh, Bengaluru</b><br><b>Recent issues in Registration of Charitable Trust - CA. Chaithanya, Tirupati</b><br><b>Practical issues and Recent Developments in formation and registration of Charitable Trust CA. Prasanth Srinivasan, Kochi</b> | 1180                      | 6   |
| 8       | 22.05.2024 | Wed | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics - Educational Series - Income Tax:</b><br>Income from Other Sources including deemed dividend ,Clubbing of Income and Aggregation of Income, Deemed Income Provisions - Act 56 to 59,60 to 64,66 to 69D, 115BBE,70 to 79<br><br>Complete Details at Page No. 16 & 17 | <b>CA. Thirunavukarasu</b>  | 236                       | 3   |
| 9       | 23.05.2024 | Thu | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Investor Awareness Programme:</b><br>Investing for Wealth Creation, Tax Planning for Investors  | <b>Shri. V. Nagappan,</b>   | 236                       | 3   |
| 10      | 24.05.2024 | Fri | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basic - Educational Series - Income Tax:</b><br>Important Exemptions Act 10 and Important Deductions under Chapter VIA, Deductions in respect of certain incomes Act - 80C to 80GGC,80TTA, 80TTB, 80U 80AI to 80RRB<br><br>Complete Details at Page No. 16 & 17             | <b>CA. Prasanna K</b>   | 236                       | 3   |
| 11      | 25.05.2024 | Sat | 09.30 am to 05.30 pm | Chennai | Physical | <b>One Day Seminar on Valuation</b>  | <b>Eminent Speakers</b>   | 1180                      | 6   |
| 12      | 28.05.2024 | Tue | 05.00 pm to 08.00 pm | Chennai | Physical | CPE Study Circle Meeting on <b>Benami Transactions (Prohibition Act)</b>   | <b>CA. Karthik Natarajan</b>  | 236                       | 3   |

| Sl. No. | Dated                   | Day       | Timing               | Place   | Mode     | Topic   | Resource Persons                | Fees Inclusive of GST Rs. | CPE |
|---------|-------------------------|-----------|----------------------|---------|----------|---|---------------------------------|---------------------------|-----|
| 13      | 29.05.2024              | Wed       | 05.00 pm to 08.00 pm | Chennai | Physical | <b>Back to Basics – Educational Series – Income Tax:</b><br>Important TDS Provisions Act – 190 to 194S and Advance Tax and TCS Provisions including focusing on amendment related TCS on LRS Act 207 to 219 & 206C to 206CC<br><br>Complete Details at Page No. 16 & 17 | <b>CA. Sneha Amarnath</b>       | 236                       | 3   |
| 14      | 30.05.2024              | Thu       | 05.00 pm to 08.00 pm | Chennai | Physical | CPE Meeting on <b>Code of Ethics Case studies</b>   | <b>CA. R.S. Balaji</b>          | 236                       | 3   |
| 15      | 31.05.2024 & 01.06.2024 | Fri & Sat | 09.30 am to 05.30 pm | Chennai | Physical | <b>Two Days Workshop on GST Demands and Appellate Remedies</b><br>Organised by GST & Indirect Taxes Committee, ICAI<br>Hosted by SIRC of ICAI   | <b>Eminent Resource Persons</b> | 1770                      | 12  |

**Venue Details: P. Brahmayya Memorial Hall, ICAI Bhawan, No.122, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034.**

CPE Credit on attending full programme only

Prior Registraton Complusory : <https://bit.ly/sirclogin>

## ANNOUNCEMENT

### EXPOSURE DRAFT – ‘GUIDANCE NOTE ON REPORTS ON AUDIT UNDER SECTION 12A/10(23C) OF THE INCOME-TAX ACT,1961’ FOR PUBLIC COMMENTS

In October, 2023, the Direct Taxes Committee had come out with a Technical Guide on “Reports of Audit under section 12A/10(23C) of the Income-tax Act,1961”. This year, we propose to come out with a “Guidance Note on Reports on Audit under Section 12A/10(23C) of the Income-tax Act,1961” for the benefit of the members, taking the Technical Guide as the base document. Accordingly, the Exposure Draft – ‘Guidance Note on Reports on Audit under Section 12A/10(23C) of the Income-tax Act,1961’, has been issued for public comments. The Exposure Draft can be accessed at the link <https://resource.cdn.icai.org/80016dte64148.pdf>

### INVITATION TO COMMENT

Comments are invited on any aspect of this Exposure Draft. Comments are most helpful if they indicate the specific clause of the relevant form/specific paragraph or group of paragraphs to which they relate, contain a coherent rationale, and provide a clear suggestion for the change. Also, comments may be in the form of supplementing any para in the Exposure Draft with any latest relevant case law of any High Court or the Supreme Court.

### HOW TO COMMENT?

The comments on the above mentioned Exposure Draft may be sent at the following link: [https://docs.google.com/forms/d/e/1FAIpQLSdew-xwPW2mJfeNPZSAj9jreGlc\\_bUOCTb-N3BSIf9\\_9aOIKQ/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLSdew-xwPW2mJfeNPZSAj9jreGlc_bUOCTb-N3BSIf9_9aOIKQ/viewform?usp=sf_link) latest by 29th May, 2024.

### Direct Taxes Committee

**CPE programmes conducted by SIRC of ICAI:** Please note the link for Resources of Past Programmes of SIRC of ICAI <https://www.sirc-icai.org/past-programmes.php>

# ARTICLE

## Cross Jurisdiction Exercise of powers by Central officer and State officers – continues to be a controversial approach !!!



Contributed by: CA. S. Seetharaman, Chennai

Mr. Ram, who was assigned to Central Jurisdiction has been initiated proceeding by the State Authorities and Mr. Rahim who was assigned to State Jurisdiction has been initiated proceeding by the Central Authorities. Is this correct and tenable is the question in front of us.

Let's take a look at the relevant background and question placed before the honorable Madras High court and slowly lean towards the conclusion in 5 stages.

### Stage -1: Allocation of Taxpayer to Central and State Authorities based on Council Decision

Based on the decisions taken in the 9th Meeting of the GST Council held on 16 January 2017 and 21st Meeting of the GST Council held on 9 September, 2017, the following criteria should be followed for the division of taxpayer base between the Centre and the States to ensure single interface:

- Of the total number of taxpayers below Rs. 1.5 crore turnover, all administrative control over 90% of the taxpayers shall vest with the State tax administration and 10% with the Central tax administration;
- In respect of the total number of taxpayers above Rs. 1.5 crore turnover, all administrative control shall be divided equally in the ratio of 50% each for the Central and the State tax administration;
- The division of taxpayers in each State shall be done by computer at the State level based on stratified random sampling and could also take into account the geographical location and type of the taxpayers, as may be mutually agreed.

### Stage -2: Who is the Proper Officer

As per Section 3 of the CGST Act, 2017, the Government shall, by notification, appoint the officers for the purposes of this Act, in addition to that Board has the power to appoint and delegate the power to appoint officers as per section 4 of the CGST Act, 2017. However, Section 5 of the CGST Act, 2017 empowers the Board to specify the Power of the officers subject to the conditions with which they may discharge their duties. As far as Central GST is concerned, the Board has duly assigned the powers to the Officers as follows

| For the purpose of                         | Assigned Proper Officer – Circular Reference |
|--|--|
| For Registration & Composition Scheme Levy | Circular No.1/ 1/2017 dated 26th June, 2017  |
| For Assessment, Inspections & Adjudication | Circular No.3/ 1/2017 dated 5th July, 2017   |

The combined reading of the above section and circulars makes it amply clear that those officers Central or State to whom a Taxpayer has been assigned shall act as the Proper Officer. This leads to the following understanding:

| Taxpayer  | Assigned Jurisdiction | Proper Officer                 |
|-----------|-----------------------|--------------------------------|
| Mr. Ram   | Central               | Central Jurisdictional Officer |
| Mr. Rahim | State                 | State Jurisdictional Officer   |

### Stage -3: Cross Empowerment of Officers

But the question is whether Mr. Ram can have proceedings initiated by the State Officer and Mr. Rahim, by Central Officer?

The answer for this question lies in the following measure of concepts which were spelt out in section 6 of the CGST Act, 2017 and the corresponding notification and circulars.

As per section 6 of the CGST Act, 2017, the Government shall, on the recommendations of the Council, by notification shall specify the state officer who are authorized to be considered as Central officer and vice versa, subject to such conditions as it deems appropriate.

In this regard, it is pertinent to note that CBIC has issued a clarification via D.O. F.No. CBEC/20/43/01/2017-GST (Pt.) Dated: 5th October 2018, with respect to initiation of enforcement action by the Central tax officers in case of taxpayer assigned to the State tax authority and vice versa. For ease of reference, the corresponding paras have been reproduced

3. *It is accordingly clarified that the officers of both Central tax and State tax are authorized to initiate intelligence-based enforcement action on the entire taxpayer's base irrespective of the administrative assignment of the taxpayer to any authority. The authority which initiates such action is empowered to complete the entire process of investigation, issuance of SCN, adjudication, recovery, filing of appeal etc. arising out of such action.*
4. *In other words, if an officer of the Central tax authority initiates intelligence-based enforcement action against a taxpayer administratively assigned to State tax authority, the officers of Central tax authority would not transfer the said case to its State tax counterpart and would themselves take the case to its logical conclusions.*
5. *Similar position would remain in case of intelligence-based enforcement action initiated by officers of State tax authorities against a taxpayer administratively assigned to the Central tax authority.*

From the combined reading, it is clear that in case of intelligence-based enforcement action, irrespective of the jurisdiction assigned, the officer who has initiated the action can proceed to complete the same. Meaning thereby, Mr. Ram (a Taxpayer assigned to Central Jurisdiction) can have the proceeding initiated by the State officer and Mr. Rahim (a Taxpayer assigned to State Jurisdiction) can have the proceeding initiated by the Central officer, provide it satisfies the above criteria.

### Stage - 4: Matter before the Madras High Court:

Cross empowerment of officers requires the following conditions to be fulfilled to assume such power

- 1) Notification under section 6 of the Respective GST Act
- 2) Intimation by the proper officer over the proposed cross empowerment and invocation of non-existing jurisdiction.

As Sub-Section (1) of 6 of the CGST Act, 2017 and Section 6 of TNGST Act, 2017, necessitates notification of the power w.r.t. cross empowerment and in the sub-section 2, it is mandatory for the cross empowerment assuming officer to intimate the proper officer over the assumption of non-existing jurisdiction.

Given the facts, Notification No. 39/2017 – Central Tax, dated 13th October 2017, where the government has notified the proper officer to assume cross empowerment only w.r.t matters relating to refund. It is important to note in the absence of any specific notification, no other powers were entitled to be assumed via cross empowerment.

Question of Law before the High Court:

- 1) Can circular override an Act?
- 2) Can the officer assume cross empowerment on the plain reading of Section 6 and on the basis of clarification issued by the CBIC?
- 3) Whether proceeding initiated under the Cross empowerment i.e. Central Office over Taxpayer assigned to the State Jurisdiction or vice versa Valid?
- 4) What is the solution?

### **Circular or clarification cannot override the Act**

Circulars issued by tax authorities cannot override the provisions of an Act. They serve to provide clarification or guidance on the interpretation or implementation of the Act but cannot modify or supersede its provisions. This principle has been affirmed in various judicial precedents in the context of GST.

- *In the case of Union of India Vs Inter Continental (India) the Supreme Court held that circulars issued by the Board cannot prevail over the provisions of the CGST Act, 2017 and cannot impose additional conditions or limitations that are not explicitly stated in the original notification. The Court emphasized that circulars are only clarificatory in nature and cannot alter the statutory framework established by the law.*

Given the above pronouncement, a clarification (D.O. F.No. CBEC/20/43/01/2017-GST (Pt.) Dated: 5th October 2018) which is indeed in the nature of circular cannot override the Section or Act for sure. Further, The Honourable Madras High Court, via MR.JUSTICE C.SARAVANAN has made the following observations

- Section 6 of the Respective Acts provides for Cross Empowerment by notification
- No Notification issued for the matters except Refund
- Therefore, assuming cross empowerment for the matters which are not notified are unwarranted.
- Proceeding initiated are without Jurisdiction – Not Valid.
- Proceeding initiated by assuming cross empowerment were QUASHED.

**Hurray!! That means the proceedings initiated by the State Officer on Mr. Ram and by the Central Officer on Mr. Rahim have been quashed.**

### **Stage - 5: Conclusion or Confusion Continues.....**

Ohh!!! Mr. Ram and Mr. Rahim breathed relaxed air as the respective proceedings are made without jurisdiction and bound to be quashed. They will be relieved from all the proceedings... (Ha ha ha ha - distribution of sweets and great sense of escape).

Hold on, I have not read the last para of Judgement pronounced by MR.JUSTICE C.SARAVANAN which is as follows

- 1) Due to assumption of non-existing jurisdictions, the proceeding warrant an interference
- 2) At the same time, it is noticed that there is possibly a case made out against each of the petitioners.
- 3) Proceedings should be initiated against each of the petitioners afresh strictly in accordance with the GST Law by the Authority to whom they have been assigned for the purported loss of Revenue under the respective GST Enactments.
- 4) The time between the initiation of the proceedings impugned in these writ petitions and time during the pendency of the present writ petitions till the date of receipt of this order shall stand excluded for the purpose of computation of limitation.

So, no escape for Mr. Ram and Mr. Rahim as appropriate authority will initiate fresh proceedings as per the GST Law provided the time limit for the same is not lapsed as per section 73 & 74 of the CGST Act, 2017.

*(Courtesy - W.P.No.34792 of 2019 and etc., batch, W.P.No.34792 of 2019:- Tvl.Vardhan Infraastructure, Vs.The Special Secretary, Head of the GST Council Secretariat, Office of the GST Council Secretariat, New Delhi, Madras High Court)*

The author can be reached through **email: [ssr@ssrandco.com](mailto:ssr@ssrandco.com)**

# ARTICLE

## TDS on Interest on Listed Securities – Practical Difficulties

Contributed by: **CA. B. Venkatramanan, Chennai**



As evolved as the income tax legislation may be, it can never be said that we have attained complete clarity regarding the same leaving no scope for interpretational issues. One issue that never ceases to be a point of debate between tax authorities and the taxpayer relates to application of provisions of tax deduction at source (hereinafter also referred to as 'TDS').

A slew of amendments were carried out in Finance Act 2023. One such amendment relates to the omission of exemption from tax deduction under section 193 of the Income Tax Act, 1961 (**IT Act**) in respect of the interest payable on listed securities. As with any other provision for tax deduction, even under this provision, tax has to be deducted at the time of credit of the interest to the account of the payee or at the time of actual payment to the payee, whichever is earlier.

Different categories of debt instruments are issued in the capital markets. That said, in terms of interest payouts, these debt instruments can be categorized into two buckets broadly i.e., (i) debt instruments where interest payouts are made periodically (monthly/quarterly/half-yearly/annually as the case may be) or (ii) debt instruments where the interest is accumulated and paid at the time of redemption. In respect of the latter category, though the interest is payable only on redemption, for the purpose of accounting, the issuer creates provision for accrued interest at the end of every quarter/month as the case may be, over the tenure of the instrument. At this point it is pertinent to note that at the time of creating the provision, though the quantum of interest payable for the period for which the provision is created is ascertainable, the persons to whom such interest would ultimately be paid is not known. This is for the reason that 1) interest is payable to the holder of the instrument at the time of redemption and 2) debt instruments being listed, are freely transferable and therefore, the holder of the instrument at the time of creation of provision may be different from the holder of the instrument at the time of redemption. Considering the same, in such cases, there arises a difficulty to deduct tax at source on such interest at the time of provision for the reason that the payee is indeterminable. Say for example, assuming that tax ought to be deducted at the time of provision and at that time the instrument holder is say A, the credit for the said tax would be reflecting in A's account whereas at the time of redemption, assume that the holder of the instrument is B, the actual interest would be paid to B; this manner of tax deduction can create an incongruous situation wherein the income is taxed in the hands of one assessee whereas the tax credit for such income is given to another assessee.

Given this scenario, the question that comes immediately to one's mind would be whether, can the tax deduction be postponed to the time of redemption of the debt instrument? Such a stance is definitely plausible especially considering the fact that payee is not determinable at the time of making the provision. The principle that tax deduction need not be done when at the time of making provision, payee is not determinable is blessed by Hon'ble ITAT in few cases<sup>1</sup>. That said, one should be mindful of the fact that the said position is not completely free from litigation. Further, it shall also be borne in mind that in a scenario where at the time of making provision, the payee is identifiable then tax deduction has to be done at that point in time irrespective of the interest payment being made on a later date.

**DISCLAIMER:** The SIRC/ICAI does not accept any responsibility for the views expressed in different contributions/ advertisements published in this Newsletter.

Further, there is another dimension to the issue in question. Section 285BA of the IT Act provides for obligation to furnish statement of financial transaction (**SFT**) by a specified financial institution. Corresponding Rule 114E of the IT Rules provides that the SFT is required to be furnished in Form No. 61A. Rule 114E(5A) provides that for the purposes of pre-filling the return of income, SFT containing information relating to interest income shall be furnished by Banks/NBFCs. A perusal of Form No. 61A would reveal that in respect of the interest income, among other things, the details of each instrument holder, the income accruing to such holder for the concerned period will have to be furnished.

Thus, the issue in this regard is whether Banks/NBFCs who have issued listed debt instruments, should report the interest income pertaining to such instruments in the year of making the provision or only in the year in the year of redemption?

In this regard it should be noted that if for the purpose of tax deduction, a position taken is that tax need not be deducted at the time of making provision, the same position should be followed for SFT reporting as well i.e., interest income should be disclosed only in the year of redemption and not in the year of making the provision; otherwise, it will result in a dichotomy.

The question of payee being indeterminable will continue to be a subject matter of dispute between the taxpayer and the income tax authorities despite there being decisions in favour of the taxpayer. Since the issue is surrounding a tax deduction provision, it would be helpful if the CBDT comes up with a suitable clarification.

The views expressed in this Article are strictly personal

The author can be reached through **email: yash.balu@gmail.com**

1. *Industrial Development Bank of India v. Income-tax Officer [(2007) 107 ITD 45 (Mum)]*

*Alliance Media & Entertainment Ltd v. Income tax Officer [(2017) 163 ITD 627 (Mumbai)]*

*Apollo Tyres Ltd v. DCIT [(2017) 163 ITD 177]*

*Biocon Ltd v. DCIT [(2023) 152 taxmann.com 55]*

**ICITSS Courses by SIRC of ICAI (Physical Mode)  
Information Technology Training (ICITSS- IT)  
From 22.05.2024 to 09.06.2024**

| BATCH NO              | TIMINGS                  |
|-----------------------|--------------------------|
| ICITSSITT__CHENNAI_58 | 07.30 A.M. TO 01.30 P.M. |
| ICITSSITT__CHENNAI_59 | 01.45 P.M. TO 07.45 P.M. |

**Orientation Course (ICITSS-OC)  
From 21.05.2024 to 08.06.2024**

| BATCH NO             | TIMINGS                  |
|----------------------|--------------------------|
| ICITSSOC__CHENNAI_52 | 07.00 A.M. TO 01.30 P.M. |
| ICITSSOC__CHENNAI_54 | 01.45 P.M. TO 08.15 P.M. |

The enrolment of students shall be done on

First come First served basis.

Please register through the link:

[https://www.icaionlineregistration.org/Admin\\_Module/login.aspx](https://www.icaionlineregistration.org/Admin_Module/login.aspx)

**AICITSS Courses by SIRC of ICAI (Physical Mode)  
Advanced (ICTISS) MCS Course  
From 02.05.2024 to 18.05.2024**

| BATCH NO                | TIMINGS                  |
|-------------------------|--------------------------|
| AdvICITSSMCS_CHENNAI_53 | 07.00 A.M. TO 01.30 P.M. |
| AdvICITSSMCS_CHENNAI_54 | 01.45 P.M. TO 08.15 P.M. |
| AdvICITSSMCS_CHENNAI_55 | 07.00 A.M. TO 01.30 P.M. |
| AdvICITSSMCS_CHENNAI_56 | 01.45 P.M. TO 08.15 P.M. |

**Advanced Information Technology Training (AICITSS- AIT)  
From 22.05.2024 to 09.06.2024**

| BATCH NO                 | TIMINGS                  |
|--------------------------|--------------------------|
| AICITSSAdvITT_CHENNAI_55 | 07.30 A.M. TO 01.30 P.M. |
| AICITSSAdvITT_CHENNAI_56 | 01.45 P.M. To 07.45 P.M. |

The enrolment of students shall be done on

First come First served basis.

Please register through the link:

[https://www.icaionlineregistration.org/Admin\\_Module/login.aspx](https://www.icaionlineregistration.org/Admin_Module/login.aspx)



**Southern India Regional Council**  
*The Institute of the Chartered Accountants of India*  
(Setup by an Act of Parliament)



# BACK TO BASIC EDUCATIONAL SERIES ON INCOME TAX



Every  
Wednesday & Friday  
From 8<sup>th</sup> May to 14<sup>th</sup>  
June 2024

**EMINENT  
SPEAKERS**

Timing:  
5.00 pm to 08.00 pm

**CPE CREDIT : 33 Hours**

**Venue: P. Brahmaya Memorial Hall, ICAI Bhawan,  
No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034**

**DELEGATE FEES : Rs.200/- + GST Per Day / Session**

Registration Link: [https://www.sirc-icai.org/forthcoming\\_programmes.php](https://www.sirc-icai.org/forthcoming_programmes.php)

Helpline SIRC: Mail ID: [sirccpe@icai.in](mailto:sirccpe@icai.in), Contact No.: 91768 26789

**CA. Geetha A B**  
Chairperson, SIRC of ICAI

**CA. Subba Rao Muppala**  
Secretary, SIRC of ICAI



## Back to Basic - Educational Series - Income Tax

| No | Date            | Day | Timings              | Topics Covered  | Sections or Income Tax Act                        |
|----|-----------------|-----|----------------------|---|---|
| 1  | May 8th, 2024   | Wed | 05.00 pm to 08.00 pm | Income Tax Law as Applicable for AY 2024-25   | Income-tax Act - Important Provisions             |
|    |                 |     |                      | Chargeability, Scope and Residential Status, Income Deemed to Accrue or Arise in India  | 4, 5, 6 & 9                                       |
| 2  | May 10th, 2024  | Fri | 05.00 pm to 08.00 pm | Income from Salary, Income from House Property  | 15 to 17, 22 to 27                                |
| 3  | May 15th, 2024  | Wed | 05.00 pm to 08.00 pm | Chargeability, Deductions, and Disallowances under Business or Profession, Presumptive Taxation   | 28,29, 30 to 44, 43, 43A, 44AB, 44AD, 44ADA, 44AE |
|    |                 |     |                      | Important Case Laws under the head Income from Business or Profession   |   |
| 4  | May 17th, 2024  | Fri | 05.00 pm to 08.00 pm | Capital Asset and Transfer Definitions, Discussion on charging under the Head Capital Gains including JDA Provisions along with Important Case laws | 2(14), 2(29AA), 2(42A), 2(47), 47, 47A, 45        |
|    |                 |     |                      | Computation and Exemptions under the Head Capital Gains   | 48, 50, 50A, 50AA, 50B, 50C, 50D, 54 to 54GB      |
| 5  | May 22nd, 2024  | Wed | 05.00 pm to 08.00 pm | Income from Other Sources including Deemed Dividend, Clubbing of Income and Aggregation of Income, Deemed Income Provisions                         | 56 to 59, 60 to 64, 66 to 69D, 115BBE, 70 to 79   |
| 6  | May 24th, 2024  | Fri | 05.00 pm to 08.00 pm | Important Exemptions  | 10  |
|    |                 |     |                      | Important Deductions under Chapter VIA, Deductions in respect of certain Incomes  | 80C to 80GGC, 80TTA, 80TTB, 80U, 80HH to 80RRB    |
| 7  | May 29th, 2024  | Wed | 05.00 pm to 08.00 pm | Important TDS Provisions  | 190 to 194S                                       |
|    |                 |     |                      | Advance Tax and TCS Provisions including focusing on amendment related TCS on LRS   | 207 to 219 & 206C to 206CC                        |
| 8  | June 5th, 2024  | Wed | 05.00 pm to 08.00 pm | Trusts - Registration, Exemption & Taxability Provisions & New Reporting Requirements   | 10(23C), 11, 12AB, 115BE, 115TD                   |
| 9  | June 7th, 2024  | Fri | 05.00 pm to 08.00 pm | Provisions relating to MAT & AMT and other Beneficial section for Companies   | 115JB, 115BAA, 115BAB                             |
|    |                 |     |                      | Return filing provisions and Procedure for Assessment   | 139 to 144  |
| 10 | June 12th, 2024 | Wed | 05.00 pm to 08.00 pm | Income Escaping Assessment  | 147 to 151  |
|    |                 |     |                      | Faceless Assessments & Appeals and Case laws relating to the said provisions  | 142 to 145B                                       |
| 11 | June 14th, 2024 | Fri | 05.00 pm to 08.00 pm | Important Penalty & Prosecution Provisions  | 270A to 280D                                      |

**CA. Geetha A B**  
Chairperson  
SIRC of ICAI

**CA. Subba Rao Muppala**  
Secretary  
SIRC of ICAI

# ANNOUNCEMENT

## EXPERT PANEL FOR ADDRESSING QUERIES RELATED TO STATUTORY AUDIT PERTAINING TO AUDITING ASPECTS

The Institute of Chartered Accountants of India (ICAI) being the world's largest accounting body and regulator and developer of accountancy profession in India has always partnered in Nation Building and provided services for economic development of the country.

With the rapidly evolving business environment, introduction of new age companies, start-ups, increased number of companies going public and amid plethora of regulatory and reporting requirements, the role of auditors has increased manifolds.

In the current environment with ever increasing expectation from auditors, the Auditing and Assurance Standards Board (AASB) of ICAI has decided to provide necessary support to the members in practice with respect to the Statutory Audit of entities pertaining to auditing aspects with the objective of enhancing audit quality.

In this regard, it is to inform you that the Board has formed an Expert Panel which will provide technical support to the members with respect to their queries on auditing aspects

The Panel will address the queries from **16th April 2024 till 30th September 2024.**

The members may send their queries at email address: **auditfaq[at]icai[dot]in**

### PANEL CONVENORS

CA. (Dr.) Sanjeev Kumar Singhal, Chairman, AASB and CA. Vishal Doshi, Vice Chairman, AASB

**The members are specifically informed that the views expressed by the experts would be their personal views and not necessarily the views of the AASB or the ICAI. AASB, ICAI or the experts of the Panel, do not accept any responsibility for actions taken by the querists based on such advice. Further, these views are not to be used as evidence in any non judicial/ quasi judicial/ judicial proceeding before any authority. Further, depending upon the nature of query, the Board reserves the right not to answer the query without any further intimation/notice/email and without assigning any reason thereof.**

- To enable us to serve you better, you are also advised to:
- Be brief but provide full information and facts.
- Not to mention the name of the Client or Entity in order to avoid problem of violation of client confidentiality requirements under the ICAI's Code of Ethics.
- Avoid rejoinders.
- Not to send the same query twice.
- Draft the report on your own.
- Use own professional judgment.

**Chairman & Vice Chairman,  
Auditing and Assurance Standards Board**

## CUT-OFF DATE FOR ENROLLMENT IN FOUNDATION /INTERMEDIATE COURSE FOR APPEARING IN SEPTEMBER 2024/ JANUARY, 2025 EXAMINATIONS.

The Institute has decided that from May/June 2024 onwards, Intermediate & Foundation course Examinations will be held **thrice in a year** in the month of **May/June, September and January** from the existing practice of twice a year and CA Final course examination will continue to be held **twice a year** in the month of **May and November**.

*Students who are fulfilling the eligibility criteria for Admission to the Foundation course examination i.e registered with the Board of Studies of the Institute for a **minimum period of four months** on or before the 1st day of the month in which the examination is held along with other eligibility conditions specified in Regulation 25F and for Intermediate course Examination i.e registered with the Board of Studies of the Institute and produces a certificate to the effect that he has undergone a study course for a **period of not less than eight months** as on the first day of the month in which the examination is held along with other eligibility conditions specified in Regulation 28G can appear in the next eligible exam.*

Students may note that as per the above eligibility criteria –

- The last date for registration in Foundation Course for appearing in September 2024 Examination is 1st May 2024.
- The last date for registration in Intermediate Course for appearing in January 2025 Examination is 1st May 2024 through both the routes.

It may be noted that students who have registered in Intermediate Course either through Foundation Route or Direct Entry Route up to 1st January 2024 are eligible for appearing in September 2024 Intermediate Examination. For registration, students may visit the Self-Service Portal at <https://eservices.icai.org/>

**Joint Director,  
Board of Studies**

# One Day Seminar on Chat GPT



## Date & Time



11<sup>th</sup> May 2024  
Saturday

09.30 A.M. to 05.30 P.M.

## FEES:

Rs. 1000/ + 18% GST

CPE: 6 Hours

## Resource Persons



### **Session I**

10.00 A.M. to 01.00 P.M.

**CA. Dungan Chand U Jain**

Past Chairman, SIRC of ICAI  
Madurai

Luch Break: 01.00 P.M. to 2.00 P.M.



### **Session II**

02.00 P.M. to 03.30 P.M.

**CA. Pattabhi Ram V**

Chennai



### **Session III**

04.00 P.M. to 05.30 P.M.

**CA. Saran Kumar U**

Hyderabad



### **Venue:**

P. Brahmayya Memorial Hall

ICAI Bhawan

No. 122, Mahatma Gandhi Road

Nungambakkam

Chennai - 600034



### **Helpline SIRC:**

Email ID: [sirccpe@icai.in](mailto:sirccpe@icai.in)

Contact No: 9176826789

### **Registration Link:**

[https://sirc-icai.org/forthcoming\\_programmes.php](https://sirc-icai.org/forthcoming_programmes.php)

CA. Geetha A B  
Chairperson  
SIRC of ICAI

CA. Subba Rao Muppala  
Secretary  
SIRC of ICAI



SOUTHERN INDIA REGIONAL COUNCIL OF  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Setup by an Act of Parliament)



## HYBRID MODE

Timing : 6.30 A.M to 12.30 P.M

Duration : 5 Hours ( All Days)

Fees : Physical : Rs.3000 / -

Virtual : Rs.1500 / -

SIRC CA FOUNDATION

# RAPID REVISION CLASS

LEARN FROM THE BEST YOUR ALMAMATER

COURSE DATE : 15-05-2024



ARE YOU WRITING YOUR  
JUNE 2024  
CA FOUNDATION EXAMINATIONS ?

For Registration : <https://www.sirc-icai.org/view-batches.php>



+91-96771 26011,73585 06400,82205 22669  
044-3021 0323/300/370/379/359



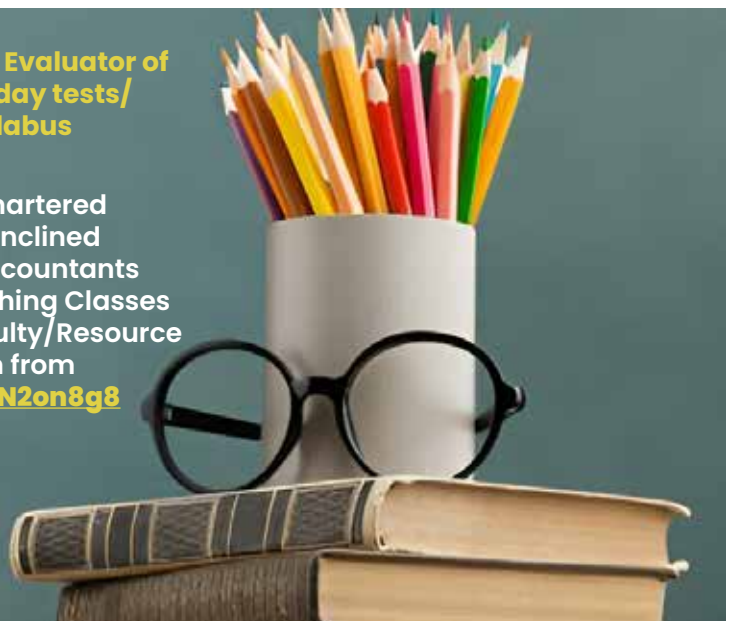
sirc.foundation@icai.in , sircdean@icai.in

CA. Geetha A B. Chairperson, SIRC of ICAI

**Want to be a Faculty/Question Paper Setter/ Evaluator of  
Mock tests papers/ Practice test series/ Sunday tests/  
Creation of MCQs in line with the CA New Syllabus  
For Coaching Classes of SIRC of ICAI?**

Services of the Members of the Institute of Chartered Accountants of India who are academically inclined and interested to groom future Chartered Accountants by way of associating themselves with Coaching Classes (Foundation, Intermediate and Final) as Faculty/Resource persons are requested to fill the Google form from following link: <https://forms.gle/Y1Co7CJ3fgN2on8g8>

**For further enquiries or clarifications  
you can write to [sircdean@icai.in](mailto:sircdean@icai.in) or  
call 9176013747- SIRC of ICAI**



## HYBRID MODE

Are you writing your  
**CA FOUNDATION**  
**September 2024**  
EXAMINATION ?



Registration Link :  
<https://sirc-icai.org/view-batches.php>

### FEES

PHYSICAL : ₹ 15,000 /-  
VIRTUAL : ₹ 11,000 /-

**Course Date - 16/05/2024**

**Timing : 10.00 A.M to 6.00 P.M**

**Duration : 8 Hours (Including lunch break) All Days**

TEST SERIES : 8 TESTS

MOCK TESTS : 1 TEST

| Paper      | Subject               | Hours   |
|------------|-----------------------|---------|
| Paper - 1  | Accounting            | 120 Hrs |
| Paper - 2A | Business Laws         | 120 Hrs |
| Paper - 3  | Quantitative Aptitude | 120 Hrs |
| Paper - 4  | Business Economics    | 120 Hrs |

**FAST TRACK BATCH**  
Classes - 3 Months

Recorded sessions will be available for fixed period in ICAI DLH website till completion of september 2024 examinations

Email : [sirc.foundation@icai.in](mailto:sirc.foundation@icai.in)  
[sircdean@icai.in](mailto:sircdean@icai.in)

**NO FEE : For Govt. & Govt. Aided School Students of Southern Region States.**  
(Tamil Nadu, Kerala, Karnataka, Andhra, Telangana and Union Territory of Pondicherry)  
(10th/11th/12th Mark Sheet - Attach Proof of Govt. Aided School)

 96771 26011 , 7358506400 , 82205 22669 , 044-3021 0323 / 300 / 379 / 359

CA. Geetha A B. Chairperson, SIRC of ICAI

## WE WISH YOU A HAPPY RETIRED LIFE



**Mr. D. V. BALAJI**, Assistant Secretary, ICAI retired on superannuation after 36 Years 11 Month 20 Days of meritorious service on 30th April 2024. He joined the Institute as Lower Division Clerk on 11th May 1987 and rose to the present position of Assistant Secretary through his sincere and hard work.

ICAI and SIRC wish him best of health and happy retired life.

# BOARD OF STUDIES OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

## SCHOLARSHIP SCHEME FOR CA STUDENTS

### 1 NEED BASED FOR ECONOMICALLY WEAKER INTERMEDIATE STUDENTS

|                              |   |
|------------------------------|---|
| <b>Scholarship Amount</b>    | Rs. 1500/- per month  |
| <b>Eligibility</b>           | <p>a. Students who are registered for Intermediate Course either through Foundation Route or through Direct Entry Route.</p> <p>b. Income of Parents should not be more than Rs. 3,00,000/- per annum.</p>  |
| <b>Period of Scholarship</b> | <p>a. 9 months commencing from the following month of registration for Intermediate Course.</p> <p>b. Additional 3 months if the Student has completed Orientation Course and IT within first 9 months of registration for Intermediate Course.</p> <p>c. Additional 3 months if the Student has passed any one Group in Intermediate Examination within 12 months of registration for Intermediate Course.</p> |

(Note: Students who passes both Groups of Intermediate can apply for Scholarship as Final registered students)

### 2 NEED BASED FOR ECONOMICALLY WEAKER FINAL STUDENTS

|                              |   |
|------------------------------|---|
| <b>Scholarship Amount</b>    | Rs. 1500/- per month  |
| <b>Eligibility</b>           | <p>a. Students who are registered for Final Course.</p> <p>b. Income of Parents should not be more than Rs. 3,00,000/- per annum.</p> |
| <b>Period of Scholarship</b> | 30 Months or remaining period of Articleship, whichever is less.  |

Students can apply online anytime for the Scholarship by login at Self Service Portal (SSP) at <https://eservices.icai.org>  
In case of any clarification, please contact at **Phone: 0120-3045914; Email: bos.operations@icai.in; Website: www.icai.org**

### 3 MERIT-CUM-NEED BASED SCHOLARSHIP

|                              |  |
|------------------------------|--|
| <b>Scholarship Amount</b>    | Rs. 2000/- per month   |
| <b>Eligibility</b>           | <p>a. Rank holders of Intermediate Examinations other than those covered under Merit Scholarship.</p> <p>b. Student must register for Final Course before making application</p> <p>c. Income of Parents should not be more than Rs. 3,00,000/- per annum.</p> |
| <b>Period of Scholarship</b> | 30 Months or remaining period of Articleship, whichever is less.   |

### 4 MERIT SCHOLARSHIP

|                              |   |
|------------------------------|---|
| <b>Scholarship Amount</b>    | Rs. 2500/- per month  |
| <b>Eligibility</b>           | <p>a. Rank holders of Intermediate Examinations, whose names appear at Sl. No. 1 to 10 and in case the rank at Sl. No. 10 continues to further ranks i.e. to Sl. No. 11 or to Sl. No. 12 or so on, then all such Rank holders.</p> <p>b. Student must register for Final Course before making application</p> |
| <b>Period of Scholarship</b> | 30 Months or remaining period of Articleship, whichever is less.  |

## UPCOMING CONFERENCES OF CA STUDENTS

SAVE THE DATES

| S. No. | Dates              | Branch/ RC Name    | Region  | Conference Type |
|--------|--------------------|--------------------|---------|-----------------|
| 1      | 1-2 June, 2024     | Vijaywada          | South   | National        |
| 2      | 1-2 June, 2024     | Bhilwara           | Central | State Level     |
| 3      | 1-2 June, 2024     | Udaipur            | Central | Mega            |
| 4      | 14-15 June, 2024   | Manguluru          | South   | National        |
| 5      | 15-16 June, 2024   | SIRC (Chennai)     | South   | National        |
| 6      | 22-23 June, 2024   | EIRC (Kolkata)     | East    | International   |
| 7      | 28-29 June, 2024   | Ernakulum          | South   | Mega            |
| 8      | 28-29 June, 2024   | Nagpur             | West    | National        |
| 9      | 28-29 June, 2024   | Tirupur            | South   | State Level     |
| 10     | 29-30 June, 2024   | Aurangabad         | West    | Mega            |
| 11     | 29-30 June, 2024   | Ahmedabad          | West    | National        |
| 12     | 29-30 June, 2024   | Ludhiana           | North   | National        |
| 13     | 5-6 July, 2024     | Chandigarh         | North   | National        |
| 14     | 5-6 July, 2024     | Coimbatore         | South   | National        |
| 15     | 5-6 July, 2024     | Vadodara           | West    | Mega            |
| 16     | 6-7 July, 2024     | Thiruvananthapuram | South   | National        |
| 17     | 6-7 July, 2024     | Vapi               | West    | State Level     |
| 18     | 12-13 July, 2024   | Hyderabad          | South   | National        |
| 19     | 13-14 July, 2024   | Pimpri Chinchwad   | West    | Mega            |
| 20     | 10-11 August, 2024 | Surat              | West    | National        |
| 21     | 10-11 August, 2024 | Pune               | West    | National        |
| 22     | 17-18 Aug. 2024    | Thrissur           | South   | Mega            |
| 23     | 23-24 August, 2024 | Palakkad           | South   | State Level     |

Note:- Please contact to concerned Regional Council/Branch for more details

# CMP BENIFITS BY ICAI



The Institute of Chartered Accountants of India  
COMMITTEE FOR MEMBERS IN  
PRACTICE (CMP)



## PROFESSIONAL INDEMNITY INSURANCE

The Committee has arranged insurance protection for members in practice/firms in the form of specially designed professional indemnity insurance at a reasonable premium i.e. 85% discount in market rate. It covers the awards and settlement of claims, as well as the cost incurred in investigating, defending or settling a claim .

### PREMIUM

FLAT RATE - 0.05% PLUS GST  
(THE OPEN MARKET RATE IS  
0.5% TO 1.5%)

### TO REGISTER :

[HTTPS://APP.CMPBENEFITS.ICAI.ORG/REGISTER?STR=PROFESSIONALINDEMNITY](https://app.cmpbenefits.icai.org/register?str=professionalindemnity)

### COVERAGE:

- LEGAL LIABILITY ARISING DUE TO ERROR & OMISSION
- DEFENCE COST INCLUDING LEGAL COST, SUBJECT TO OVERALL LIMIT OF INDEMNITY.
- BENIFIT OF RETROACTIVE SUBJECT TO CONTINUOUS RENEWAL.
- EXTENDED REPORTING PERIOD OF 90 DAYS IN CASE OF CANCELLATION OR EXPIRY.
- CLAIM SERIES CLAUSE

### FOR FURTHER DETAILS CONTACT:



+91 7776827970

+91 720807999



meshram.neha@newindia.co.in  
minesh.prakash@nesindia.co.in

# BOARD OF STUDIES CA Students National Talent Search 2024 Quiz and Elocution Competition



Join us for an exhilarating competition  
designed to showcase and enhance your talents in Quiz and Elocution

## COMPETITION DETAILS:

### Branch Level

27<sup>th</sup> May 2024 to  
10<sup>th</sup> June 2024

### Regional Level

25<sup>th</sup> June 2024 to  
6<sup>th</sup> July 2024

### National Level

20<sup>th</sup> July 2024

## ELIGIBILITY CRITERIA:

- ⊙ Students registered for the Intermediate Course.
- ⊙ Students registered for the Final Course and currently undergoing articleship training.

x x x x x x x x  
x x x x x x x x  
x x x x x x x x

## WHY PARTICIPATE?

- ⊙ Enhancing public speaking and quick-thinking skills.
- ⊙ Networking with fellow CA students and professionals.
- ⊙ Attractive prizes and certificates for winners.
- ⊙ Recognition at a national level.



CA. Ranjeet Kumar Agarwal  
President, ICAI



CA. Charanjot Singh Nanda  
Vice-President, ICAI



CA. (Dr.) Rajkumar S Adukia  
Chairman, BoS



CA. Sridhar Muppala  
Vice-Chairman, BoS



# ANNOUNCEMENT

## COMMENCEMENT OF LIVE VIRTUAL CLASSES (LVC BATCH - 2) UNDER THE NEW SCHEME FROM 27TH APRIL 2024 FOR THE STUDENTS OF CA FOUNDATION/INTERMEDIATE/FINAL COURSES APPEARING IN SEPTEMBER/NOVEMBER 2024 EXAMINATIONS

Board of Studies announces the commencement of **2<sup>nd</sup> Batch** of 'Live Virtual Classes' under the **New Scheme** of Education and Training. To handhold and support the students appearing in September/November 2024 Examination, the BoS is commencing its batch of Free Live Virtual Classes from 27<sup>th</sup> April 2024 onwards. These sessions shall be consist of recorded sessions followed by 'Query Resolving Session'.  
Schedule & Timings

| Course  | Session I          | Session II        | Schedule  |
|---|--------------------|-------------------|---|
| Final (For November 2024 Examination)         | 7.00 AM – 10.00 AM | 6.00 PM – 9.00 PM | <a href="https://boslive.icai.org/index.php">https://boslive.icai.org/index.php</a> |
| Intermediate (For September 2024 Examination) | 7.00 AM – 9.30 AM  | 6.00 PM – 8.30 PM |   |
| Foundation (For September 2024 Examination)   | 11.00 AM – 1.00 PM | 2.00 PM – 4.00 PM |   |

### SALIENT FEATURES

- Interactive Doubt-resolution Sessions
- Accessible Anytime Anywhere
- Notes/Assignments/MCQs
- Exam-centric Approach
- Classes by Distinguished Faculty
- Unlimited Access to Recorded Lectures

### HOW TO ACCESS CLASS:

1. ICAI BOS mobile app – Google Play store – <https://cutt.ly/tmpGroW>
2. ICAI BOS mobile app – Apple Play store – <https://apple.co/3ASDM9v>
3. BoS Knowledge Portal – <https://boslive.icai.org/>
4. ICAI CA tube (YouTube) – <https://www.youtube.com/c/IcaiOrgtube/>

### Joint Director



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)



## ICAI INTERNATIONAL RESEARCH AWARDS 2024

ICAI International Research Awards 2024 aims to recognize and honour professionals, researchers, scholars, academicians from across the globe for their exemplary research contributions in the areas of



### Key Highlights of the Awards

- Fostering Innovation & Value Creation
- Adjudged by World's Top Leaders
- International Recognition for the Awardees
- Recognition to the Research Community across the globe



**Last Date:**

**30<sup>th</sup> June 2024 (Only online submission allowed)**

For online Submission & more information regarding "ICAI International Research Awards 2024", please visit- <https://ira.icai.org/>



## COLLABORATE FOR RESEARCH PROJECT

The Institute of Chartered Accountants of India facilitates various research based initiatives which aims at fostering the exchange of information, resources and expertise, serving as a conduit between theoretical framework and pragmatic application.

Researchers who are having flair for research can engage in a comprehensive 360° exploration of global parameters and can collaborate with ICAI for the research endeavour.

The Research Proposal are invited on the below mentioned topics:

- **How India can be a Global Leader in Accounting & Financial Services.**
- **Tax/GDP Ratio in the Growth & Development of a Nation.**

For more details:

<https://www.icai.org/post/eoi-invited-to-collaborate-for-research-project>

Tel: 011-30110435 Email: [research@icai.in](mailto:research@icai.in)

Follow us on: [www.icai.org](http://www.icai.org)



## Research Committee The Institute of Chartered Accountants of India



# ICAI INTERNATIONAL RESEARCH AWARDS 2024



*World's Largest Cross Border  
Competition in Research Arena*

**30  
JUNE  
2024**

Last date for  
submission  
of published  
Research  
Paper

### Introduction

The Research Committee of The Institute of Chartered Accountants of India is one of the oldest technical committees set up in 1955 with a view to undertake research activities to improve the quality of services rendered by the profession.

### Objective

The objective of ICAI International Research Awards 2024 is to recognise the research community across the globe and their contribution in fostering innovation and value creation in the areas of Accounting, Auditing, Finance, Economics and Taxation to enhance the research activities in the concerned areas and contribute towards development of society and economy.

### Coverage of the Awards

- 01 Accounting
- 02 Auditing
- 03 Economics
- 04 Finance
- 05 Taxation

The areas/scope of the awards would be to identify the topics of international and societal importance where accounting profession can leverage its due role. The award will be given in five broad categories:

### Eligibility Criteria of the Awards

An Individual undertaking research in the mentioned coverage areas.

Participant could be from any country as jurisdiction is international.

The research work should be published.

*The International Research Awards  
aspires to build  
Global Research Community.*

### Nomination Process and General Guidelines

1. An individual can submit published Research papers at <https://ira.icai.org/>
2. Research Paper should be nominated online by nominating agency in the form of Research Institution/Agency, Educational Institution, Corporates and individual. Self-nomination is not allowed.
3. Nomination will be accepted only between invite open date to close date.
4. Nominating agency has to submit nomination form for each recommendation.
5. One Research Paper is to be nominated in one category only.
6. Nomination must contain consent and contact details of Author & Co-Author. It should also contain contact details of Nominating Entity.
7. The awardee may be asked to present their Research Paper for the benefit of larger audience.
8. Decisions of the Panel of Judges (Jury) in all the matters relating to the Competition will be final.
9. Selection of awardees in specified categories are made through software, review by subject matter experts and then by eminent Jury.



For further information please write to:  
**Secretary, Research Committee, ICAI**  
Tel.: 011-30110435  
Email: ira@icai.in



FIRMS & MEMBERS  
REGISTER ON NOW

# CA Connect

Connect with the World  
of Prospective Clients with

## CONNECT TO ENGAGE

CA Connect is a portal for Chartered Accountants to be connected and get engaged Professionally across India. CA Connect Portal is an indigenous system of listing of CA Firms / Individual CA Practitioners on the platform of ICAI. The objective of this Website/Portal is to provide an effective platform for listing. Service seekers can search for the services offered by CA or CA Firm and connect with any CA listed on "CA Connect".

### Register on the portal as Professional !

**Individual Practitioner/ Firm  
of Chartered Accountants**

Mention membership number / FRN  
number with Date of Birth / Firm  
Constitution date at CA Connect portal.



**Additional fields  
to Enter**

Area of Specialization, Partner details,  
Preferred city of working, Website  
Address, Social Media link etc.



**Online  
Declaration**

### Key information displayed at portal to service seekers.

Area of Specialisation

Number of Partners

Firm Constitution Year

Preferred City of Working

Location

Portal enables the firm to make  
networks in their preferred cities or  
areas of specialisation.

**JOIN NOW**

CA CONNECT PORTAL



For any query, please write to:  
[caconnect@icai.in](mailto:caconnect@icai.in)



**CHARTERED ACCOUNTANTS'  
BENEVOLENT FUND [CABF]**  
The Institute of Chartered  
Accountants of India  
(Set up by an Act of Parliament)

## JOIN HANDS TO STRENGTHEN CABF : SPECIAL DRIVE

The Chartered Accountants' Benevolent Fund (CABF) was established in December, 1962 with the main objective to provide financial assistance for maintenance, and other similar purposes to needy members of the Institute, their wives, widows, children and dependent parent(s).

A dedicated CABF Portal ([cabf.icai.org](https://cabf.icai.org)) is functioning as One Stop solution for making CABF Contribution and grant of Financial Assistance.

During Covid pandemic, hundreds of ICAI members had lost their battle and many others were struggling hard to pass through that difficult time. The impact was deep and had certainly shattered their dreams. The Institute through the CABF had tried to help the members or their dependents in distress.

With an objective to augment funds to provide requisite support to members, it has been decided to launch special drive and to recognise the contributors. Details of the same are given below.

The Financial Assistance disbursed along with number of beneficiaries during the last five financial years has been produced below:-

| S No. | Particulars (Years)                   | 2018-2019  | 2019-2020  | 2020-2021  | 2021-2022   | 2022-2023  |
|-------|---------------------------------------|------------|------------|------------|-------------|------------|
| 1.    | Number of beneficiaries               | 111        | 88         | 280        | 877         | 221        |
| 2.    | Financial assistance disbursed (in ₹) | 1.12 Crore | 0.94 Crore | 3.97 Crore | 11.92 Crore | 3.67 Crore |

The Contribution is eligible for tax exemption under Section 80G of the Income Tax Act

**Link for Contribution as Life Member:**  
<https://cabf.icai.org/lifeMember>

**Link for Voluntary Contribution:**  
<https://cabf.icai.org/voluntaryMember>

Contribution can also be made by scanning the QR code or directly through NEFT/RTGS



**Name of A/C :** Chartered Accountants Benevolent Fund

**Name of Bank & Branch :** Axis Bank Ltd., Swasthya Vihar Branch

**A/C No. :** 913010046844303

**IFS code :** UTIB0000055

### SPECIAL DRIVE FOR CONTRIBUTION TO THE CHARTERED ACCOUNTANTS BENEVOLENT FUND (CABF)

The contributions/donations are accepted from the following:



**Members of ICAI**



**CA Firms**

The donors will be recognized as under: (All contributors exceeding ₹10,000 to receive congratulatory letter from the President, ICAI)

| Category of Contribution | Amount Not Less Than | Acknowledgement/Recognition   |
|--------------------------|----------------------|---|
| <b>CABF-Bronze</b>       | <b>₹ 1 Lakh</b>      | Special Bronze Shield – Along with Congratulatory Letter from the President to be sent by Post/Courier  |
| <b>CABF-Silver</b>       | <b>₹ 5 Lakh</b>      | Special Silver plated Shield – Along with Congratulatory Letter from the President to be handed over by Regional Chairman in Regional Council Meeting (Acknowledgement to be published in Regional Newsletter and quarterly list to be published in ICAI Journal) |
| <b>CABF-Gold</b>         | <b>₹11 Lakh</b>      | Special Gold plated Shield – Along with Congratulatory Letter from the President to be handed over at ICAI Head Office. (Acknowledgement to be published in ICAI Journal)   |
| <b>CABF-Platinum</b>     | <b>₹51 Lakh</b>      | Special Platinum plated Shield – Along with Congratulatory Letter from the President to be handed over by President & Vice President at ICAI Council Meeting. (Acknowledgement to be published in ICAI Journal with photograph taken during Council Meeting)      |

LET'S BE A PART OF THIS NOBLE MISSION FOR EXTENDING HELPING HAND TO MORE AND MORE PROFESSIONAL COLLEAGUES DURING UNFORTUNATE CIRCUMSTANCES

# UPDATES

## Corporate Law



**Contributed by:**  
CA. M. Asir Raja Selvan,  
Chennai  
asir@arsindia.com  
9500003636

## FEMA



**Contributed by:**  
CA. G. Murali Krishna,  
Hyderabad  
gmk@grandhiandassociates.in  
9849992493

## Goods & Services



**Contributed by:**  
CA. G. Saravana Kumar  
Madurai  
saravanakumar.g@bsls.pro  
99945346441

## Income Tax



**Contributed by:**  
CA.V.K. Subramani  
Chennai  
vksintax@gmail.com  
9944394495

## Information Technology



**Contributed by:**  
CA. Deephika S  
Chennai  
cadeephika@gmail.com  
9500026130

## Karnataka VAT-GST



**Contributed by:**  
CA. Annapurna D Kabra,  
Bengaluru  
annapurna@akaconsult.com  
9972077441

## SEBI



**Contributed by:**  
CA. V M V Subba Rao  
Nellore  
vmvsrao@gmail.com  
9390221100

## Tamil Nadu VAT

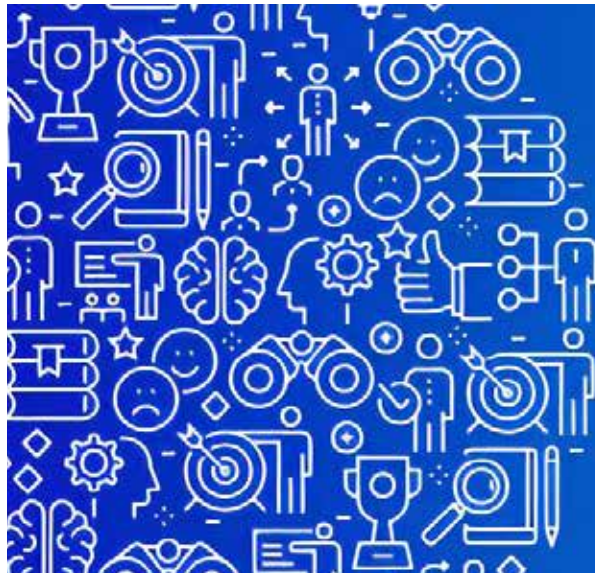


**Contributed by:**  
CA. V.V. Sampath Kumar  
Chennai  
vvsampat@yahoo.com  
6382977630

# Obituary

| Sl. No. | MRN    | Name                  | Status | Place          | Date of Death |
|---------|--------|-----------------------|--------|----------------|---------------|
| 1       | 019413 | DHAYALAN P            | FCA    | CHENNAI        | 28-02-2024    |
| 2       | 010799 | SACHITANAND K         | FCA    | BENGALURU      | 01-03-2024    |
| 3       | 008946 | JAYANTHILAL B         | FCA    | ERODE          | 03-03-2024    |
| 4       | 200231 | SHANKAR R             | FCA    | TIRUCHIRAPALLI | 05-03-2024    |
| 5       | 011395 | RAJASEKARAN T K       | FCA    | CHENNAI        | 08-03-2024    |
| 6       | 253972 | RAJAVENKATA LALITHNAG | FCA    | ROMPICHERLA    | 10-03-2024    |
| 7       | 200239 | JAYAKUMAR P T         | FCA    | CHENNAI        | 29-03-2024    |

May the Almighty, Architect of the Universe rest their soul in peace.



**Want to be a Faculty for the Physical Train & Learn batches & FDP Programs in Colleges and Universities for programmes conducted by SIRC of ICAI?**

Services of the Members of the Institute of Chartered Accountants of India who are academically inclined and interested to groom future Graduates/Post Graduates by way of associating themselves in conducting the Train and Learn Batches to create curiosity and Interest in CA Course and also Create resource bases for Audit Assistants for CA Firms and FDP across Colleges and Universities on behalf of SIRC of ICAI in their respective cities are requested to fill the Google form from following link: <https://forms.gle/3hntRMLBmHaPzVH97>

For further enquiries or clarifications you can write to [sircdean@icai.in](mailto:sircdean@icai.in) or call 9176013747- SIRC of ICAI



**Connect, Collaborate and Enrich your Knowledge & Professional Excellence**

<https://learning.icai.org/>

**OUR  
STAKEHOLDERS**

Members

Students

MRA/MOU/SAFA Members

ICAI Digital Learning Hub is an integrated Learning Management System (LMS) which brings a new knowledge ecosystem in a collaborative pedagogical model and with participatory learning to improve learner outcomes.

Knowledge Repository  
for Professional &  
Academic Learning

Learning Content in  
Multiple Formats

Tailored to Suit  
Every Learner

**What's new in the Digital Learning Hub...**



**Leaderboard feature showcasing credits achieved**



**Badges to Members based on CPE Hours Earned**



**Assessments to evaluate learning outcomes**



**Communities to share Ideas**



**Web Cast Channels for Professional Updates**



**Virtual Coaching Classes Recorded Lectures for Students**



**Course Access to Government Officials, Bank Officials, MRA/MOU/SAFA Members**



**Skill India Courses for Non-Members**



**The Institute of Chartered Accountants of India**

*(Setup by an Act of Parliament)*

Follow us on :



# ICAI Call Sahayata

 **99975 99975**

**One Stop Support  
For Students, Members  
and other Stakeholders**

**9 a.m. to 9 p.m. from  
Monday to Saturday**

**SAHAYATA**



**The Institute of Chartered  
Accountants of India**

(Set up by an Act of Parliament)

**Published by:** Mr. S. Sabarigreesan, Deputy Secretary, ICAI on behalf of Southern India Regional Council of the Institute of Chartered Accountants of India, 'ICAI Bhawan'. # 122, Mahatma Gandhi Road, Nungambakkam, Chennai-34. Phone: 044-39893989, 30210321. Email: sirc@icai.in, Website: <http://www.sirc-icai.org/>  
**Designed by:** Rajkumar, 9445802341, S.P. Kovil, Chengalpattu. **Editor:** CA. Geetha A B, Chairperson, SIRC of ICAI.

Registered - RNI Reg. No. 28192/1975

# CORPORATE LAW

Contributed by: **CA. M. Asir Raja Selvan, Chennai**

The following is the important update in SEBI from 26<sup>th</sup> March 2024 to 24<sup>th</sup> April 2024.

## 1. Standardization of the Private Placement Memorandum (PPM) Audit Report

A circular **SEBI/HO/AFD/SEC-1/P/CIR/2024/22** dated 18<sup>th</sup> April 2024 was issued with regard to the Standardization of the Private Placement Memorandum (PPM) Audit Report of Alternative Investment Funds (AIFs). The details of the circular is given below :

In terms of Regulation 28 of SEBI (AIF) Regulations, 2012 and Clause 2.4 of SEBI Master Circular SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 (Master Circular) it is **mandatory for AIFs to carry out an annual audit of compliance with the terms of Private Placement Memorandum (PPM)**. In terms of Clause 2.4.2 of Master Circular, AIFs are required to submit Annual PPM Audit Reports to the Trustee or Board of Directors or Designated Partners of the AIF, Board of directors or Designated Partners of the Manager and SEBI, **within 6 months from the end of the Financial Year**.

In order to have **uniform compliance standards and for ease of compliance reporting, standard reporting format for PPM Audit Report** applicable to various categories of AIF has been prepared in consultation with pilot Standard Setting Forum for AIFs (SFA).

The said reporting format shall be hosted on the websites of the AIF Associations which are part of SFA within 2 working days of issuance of this circular. The associations shall assist all AIFs in understanding the reporting requirements and in clarifying or resolving any issues which may arise in connection with reporting to ensure accurate and timely reporting.

The PPM audit reports shall be submitted to SEBI by AIFs online on the SEBI Intermediary Portal (SI Portal) as per the aforesaid format.

In terms of Clause 2.4.1 of Master Circular audit of sections of PPM relating to 'Risk Factors', 'Legal, Regulatory and Tax Considerations' and 'Track Record of First Time Managers' shall be optional. In addition, 'Illustration of Fees and Expenses' and 'Glossary and Terms' shall also be optional.

All other provisions with respect to the filing of the PPM audit report specified in the Master circular shall remain unchanged.

The reporting requirement mentioned at paragraph 3 above **shall be applicable** for PPM audit reports to be filed for the **Financial Year ending March 31, 2024 onwards**.

To keep pace with the fast-changing landscape of AIF industry and for policy and supervision purposes, the aforesaid reporting format shall be reviewed periodically by pilot SFA in consultation with SEBI. In case of any revisions in the reporting format, revised format shall be made available on websites of the Associations which are part of SFA.

This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate the securities the securities market.



## Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2024

Govt of India, vide gazette notification no. S.O.1722(E) dated April 16, 2024, gave effect to the Press Note1 (2024 Series) of DPIIT whereby amendments are brought to FDI sectoral limits and entry routes in Space Sector. Accordingly, the entry route for space sector is now made automatic up to 74% in case of Satellites – Establishment and Operation, Satellite Data Products and Ground / User Segments. Beyond 74%, it shall be under Govt approval route. Similarly, in case of Launch Vehicles and associated systems, Creation of Spaceports and Manufacturing of components and systems for satellites, ground / user segments, the entry route is automatic up to 49% and beyond that it is under Govt approval route.

## Hedging of Gold Price Risk in Overseas Markets

Resident entities were not permitted to hedge the price risk of gold in overseas markets. In December 2022, for the first time RBI permitted resident entities to hedge price risk of gold using derivatives on exchanges in International Financial Services Centre (IFSC). Vide AP (DIR Series) Circular 01, dated April 15, 2024, RBI now extended the facility of hedging the price risk of gold using OTC derivatives in addition to derivatives on exchanges in IFSC, subject to the stipulations set out in the Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022, as amended from time to time.

## Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024

Vide FEM (Non-Debt Instruments) Amendment Rules, 2024, Notification No. S.O. 332(E), dated 24<sup>th</sup> January 2024, Schedule XI to the rules were introduced wherein a permissible holder may purchase or sell equity shares of a public Indian company which is listed or to be listed on an International Exchange under Direct Listing of Equity Shares on International Exchange Scheme.

Vide Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024, vide Notification No. FEMA. 395(2)/2024-RB, dated 23rd April, 2024 the mode of payment conditions are specified for the said Schedule XI related transactions. Inward remittance through banking channels or remittance to a foreign currency account of Indian company held in accordance with FEM (Foreign Currency Accounts by a person resident in India) Regulations, 2015 are permitted. This amendment is effective from the dates of its publication in the official gazette.

## Amendment to Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations 2016

Vide Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024 [Notification No. FEMA. 10R(3)/2024-RB, dated 23rd April, 2024], RBI has, with the above amendment, permitted **funds raised** through **direct listing of equity shares of Indian companies on International Exchanges**, to be held in foreign currency accounts with a bank outside India.

Prior to the amendment, funds raised through External Commercial Borrowings or American Depository Receipts or Global Depository Receipts were permitted to be held in foreign currency accounts with a bank account outside India.

## Unauthorised Foreign Exchange Transactions

RBI has issued A.P. (DIR Series) Circular No.02 dated April 24, 2024 through which RBI has stated that it has come across instances of unauthorized entities offering foreign exchange (forex) trading facilities to Indian residents with promises of disproportionate/exorbitant returns. It was observed that to facilitate unauthorized forex trading, certain entities have taken recourse to engaging local agents who open accounts in the name of individuals, proprietary concerns, trading firms etc., at different bank branches for collecting money towards margin, investment, charges, etc., RBI cautioned AD Banks in this regard and gave reference to various provisions of FEMA which regulate unauthorized forex transactions, as below:

- Section 3 (a) of the Foreign Exchange Management Act (FEMA), 1999, in terms of which, *“no person shall deal in or transfer any foreign exchange or foreign security to any person not being an ‘Authorized Person’, unless under general or special permission of the Reserve Bank;”*

- Regulation 4 read with Schedule I of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/2000-RB dated May 3, 2000), as amended from time to time, in terms of which, *“a person, whether resident in India or resident outside India, may enter into a foreign exchange derivative contract with an authorized dealer or on recognized exchanges, only;”*
- Para 3 (1) of the Electronic Trading Platforms (Reserve Bank) Directions, 2018 dated October 05, 2018, in terms of which, *“no entity shall operate an Electronic Trading Platform (ETP) without obtaining prior authorization of the Reserve Bank;”*
- Press releases dated February 03, 2022, September 07, 2022 and February 10, 2023 issued by the Reserve Bank, cautioning against unauthorized forex trading platforms; and
- ‘Alert List’ issued by the Reserve Bank containing names of entities which are neither authorized to deal in forex under FEMA, 1999 nor authorized to operate ETP for forex transactions under the Electronic Trading Platforms (Reserve Bank) Directions, 2018.

Further, RBI advised AD Cat-I banks to report the accounts being used to facilitate unauthorized forex trading to the Directorate of Enforcement, Government of India, for further action.

## Case Law:

AURO LOGISTICS LTD, R. SWARUP REDDY VERSUS THE ASSISTANT DIRECTOR (SRO) DIRECTORATE OF ENFORCEMENT, THE SPECIAL DIRECTOR, THE ADDITIONAL DIRECTOR DIRECTORATE OF ENFORCEMENT, CHENNAI

### Facts of the case:

- On the basis of a complaint dated January 29, 2018 lodged under Section 16(3) of the Foreign Exchange Management Act, 1999 [“FEMA, 1999”] by the Assistant Director, Directorate of Enforcement, Hyderabad, the Special Director, Directorate of Enforcement, Southern Regional Office (SRO), Chennai, issued a show cause notice dated February 23, 2018 to the appellants under Section 7 of the Act of 1999 read with Regulations 8, 9(1) and 13 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 for non-repatriation of the export proceeds.
- Subsequent to the issuance of the show cause notice, the Assistant Director (SRO), Directorate of Enforcement, Southern Regional Office, Chennai, vide letter dated February 06, 2020, directed the appellants to appear on February 19, 2020 before the Additional Director for adjudication proceedings. Thereafter, the appellants sought further time and copies of the documents relied upon by the respondents.
- There was exchange of communication between the parties and, ultimately, by the notice dated September 09, 2020 issued by the Assistant Director (SRO) Chennai, the appellants were required to be present for hearing on September 23, 2020 before the Additional Director, Directorate of Enforcement.
- It is the case of the appellants that the initial show cause notice having been issued by the Special Director, he is “the Adjudicating Authority” and the further proceedings are required to be conducted by him alone and not by the Additional Director. Therefore, the appellants filed writ petitions, quashing the notice dated September 09, 2020.
- Learned Senior Counsel for the appellants further submits that the notification dated September 27, 2018, issued by the Central Government exercising the power under Section 16 of the Act of 1999, wherein the pecuniary jurisdiction of the Officers of the Enforcement Directorate and transferring the cases were revised, is prospective in nature, but in the case on hand the said notification is given retrospective effect.
- He pointed out that the Special Director issued notice way back on February 23, 2018, prior to the issuance of notification revising the pecuniary jurisdiction, and hence the savings clause contained in the notification to the effect that “except as respects things done or omitted to be done before such supersession...” comes to the aid of the appellants, and accordingly Special Director alone shall continue to be ‘Adjudicating Authority’.
- Learned Senior Counsel for the appellants submits that the “adjudication” under Section 13 of the Act of 1999 is by an “Adjudicating Authority” appointed under Section 16 of the Act of 1999, which speaks of “the” “Adjudicating Authority”. The use of the word “the” clearly indicates specificity of the Adjudicating Authority, which, in the present case, is admittedly Special Director. Once “the” Adjudicating Authority is fixed and issues a show cause notice, any other authority cannot adjudicate the notice. That being so, the authority, to wit, who issued the show cause notice to the appellants, is “the” Adjudicating Authority who can conduct inquiry under the Rule 4(3) of Adjudication Rules, 2000.

- During the interim period, i.e., from the date of issuance of show cause notice dated February 23, 2018 till the date of issuance of the letter dated February 06, 2020, directing the appellants to appear before the Additional Director, the notification dated September 27, 2018 was issued enhancing the pecuniary jurisdiction, limits of the Adjudicating Authorities and empowered them to be Adjudicating Authorities to hold inquiry for the purpose of adjudicating under Section 13 of the Act of 1999.

The notification dated September 27, 2018 reads thus:

*“S.O.4990(E) – In exercise of the powers conferred by section 16 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in supersession of the notification of the Government of India in the Ministry of Finance, Department of Revenue, published in the Gazette of India, Extraordinary, Part-II, section-3, sub-section (ii) vide number S.O. 2564(E), dated the 30th September, 2014, except as respects things done or omitted to be done before such supersession, the Central Government hereby appoints the following officers of the Directorate of Enforcement specified below as adjudicating authorities to hold an inquiry for the purpose of adjudication under section 13 of the said Act.*

| <b>No</b> | <b>Designation of Officers</b>                   | <b>Monetary Limit</b>   |
|-----------|--|---|
| <b>1</b>  | <i>Director of Enforcement</i>                   | <i>Cases involving amount exceeding rupees twenty five crores</i>                         |
| <b>2</b>  | <i>Principal Special Director of Enforcement</i> |   |
| <b>3</b>  | <i>Special Director of Enforcement</i>           |   |
| <b>4</b>  | <i>Additional Director of Enforcement</i>        | <i>Cases involving amount upto rupees twenty five crores but not less than ten crores</i> |
| <b>5</b>  | <i>Joint Director of Enforcement</i>             | <i>Cases involving amount upto rupees ten crores but not less than five crores.</i>       |
| <b>6</b>  | <i>Deputy Director of Enforcement</i>            | <i>Cases involving amount upto rupees five crores and not less than two crores</i>        |
| <b>7</b>  | <i>Assistant Director of Enforcement</i>         | <i>Cases involved of amount not exceeding rupees two crores</i>                           |

- For cases involving amounts up to Rs. 25 Crore, the Additional Director of Enforcement is the Adjudicating Authority. Prior to the said notification, for cases involving the amount up to Rs. 25 Crore, the Adjudicating Authority was the Special Director of Enforcement.
- The substratum of the contentions of learned Senior Counsel for the appellants is that the person issuing the show cause notice is “the” Adjudicating Authority and all proceedings pursuant to the show cause notice issued by him shall be continued and concluded by the person issuing the show cause notice and no other. Much emphasis was laid by learned Senior Counsel on the use of the word “the” Adjudicating Authority. According to him, the use of the word “the” specifies a particular person.
- However the Counsel for ED referred the judgement of Apex Court in “Canon India Private Limited” wherein it was clarified that the proper officer need not be the very officer who cleared the goods, but may be his successor in office or any other person authorized to exercise the powers within the same office.
- He further states that from a reading of Section 16 of the Act of 1999 and Rule 4 of the Adjudication Rules, 2000, it cannot be inferred that the adjudicating authority is a “persona designata”. The persona designata is a person selected to act in his private capacity and not as a member constituting a class. The authority is constituted by designation as the Adjudicating Authority having pecuniary jurisdiction in terms of the Act. It is obvious that even though the Adjudicating Authority may get transferred or retire or may otherwise cease to hold the office, his successor in office can pick up the thread of the proceedings from the stage where it was left by his predecessor and can function as an Adjudicating Authority.

**Held that:**

The *persona designata* is a person who is described as an individual, as opposed to a person ascertained as a member of a class. At the first instance, the show cause notice was issued by the Adjudicating Authority. Adjudicating Authority referred to in Rule 4 of the Adjudication Rules, 2000 does not refer to a designation of an authority or a person. It does not suggest that the Adjudicating Authority shall only be the Special Director or the Principal Special Director or the Additional Director. It only says, “the Adjudicating Authority” and, as such, by no stretch of imagination it can be inferred that the Adjudicating Authority is a *persona designata*.

- The notice issued by the Special Director, who at the relevant and material time was the Adjudicating Authority, subsequently, because of the fresh notification, the Adjudicating Authority notified by the Central Government is the Additional Director and the Additional Director is empowered to conduct the adjudication proceedings.
- In view of the aforesaid, the contention of the appellants that the person who issues the show cause notice under Rule 4(i) of the Adjudication Rules, 2000 would alone be the Adjudicating Authority till the culmination of the proceedings cannot be comprehended and needs to be rejected.

### Update on Compounding Orders issued under FEMA Regulations:

#### M/s Kerry Ingredients (M) Sdn Bhd- India (Liaison Office)

|                 |  |
|-----------------|--|
| Section         | Regulation 5 of Notification No. FEMA 22/2000-RB dated May 03, 2000, along with Regulation 4(d) and Regulation 4(l) of Notification No. FEMA 22(R) /RB-2016 dated March 31, 2016                               |
| Contravention   | Failure to comply with the provisions of opening a liaison office, applying for the extension of validity period of the liaison office and submission of Annual Activity Certificate (AAC) before the due date |
| Date of Order   | 26-03-2024   |
| Compounding Fee | ₹ 1,76,135   |

#### M/s McDermott International Management S de RL (Project Office)

|                 |  |
|-----------------|--|
| Regulation      | Regulation 4(f)(ii) read with Regulation 4(l) of Notification No. FEMA 22(R) /RB-2016 dated March 31, 2016   |
| Contravention   | Failure to comply with the provisions of opening a bank account with an AD Category-I bank [Regulation 4(f)(ii)] and submission of Annual Activity Certificate (AAC) before the due date [Regulation 4(l)] |
| Date of Order   | 07-03-2024   |
| Compounding Fee | ₹ 2,50,000   |

#### Deepak Gupta

|                 |   |
|-----------------|---|
| Regulation      | Rule 9 of Foreign Exchange Management (Non-debt Instrument) rules, 2019 read with Regulation 4 (3) to Notification No. FEMA 395/2019-RB dated October 17, 2019  |
| Contravention   | Failure to comply with the provisions of transfer of equity instruments of an Indian Company by or to a person resident outside India and reporting requirements of Form FC-TRS within the stipulated time period |
| Date of Order   | 12-03-2024  |
| Compounding Fee | ₹ 74,223  |

# GOODS & SERVICES TAX

Contributed by: **CA. G. Saravana Kumar, Madurai**

## Case Law Updates

### 1. Reply furnished by the tax payer not considered – Non-application of mind by the proper officer – HC set aside the order – Decolene Fibers Pvt. Ltd. Versus Commissioner DGST and ors 2024 4 TMI 1002 – Delhi HC

**Facts of the Case** – A show cause notice proposing a demand of Rs. 88L was served on the petitioner. Petitioner's counsel filed a detailed reply dated 17.10.2023. However, the impugned order dated 30.12.2023 did not take into consideration the reply submitted by the Petitioner and is a cryptic order. The order stated that *"And whereas, in response to the DRC-01, the Taxpayer submitted his reply in DRC-06 and the reply of the registered person, as well as data available on GST Portal has been checked / examined and the reply / submission of the taxpayer is not found to be satisfactory."* The Proper Officer has opined that the reply is unsatisfactory.

**Decision** – The Court held that the observation in the impugned order dated 30.12.2023 was not sustainable for the reasons that the reply filed by the petitioner is a detailed reply with supporting documents. Proper Officer had to at least consider the reply on merits and then form an opinion. He merely held that the reply is unsatisfactory, which ex-facie shows that Proper Officer has not applied his mind to the reply submitted by the petitioner.

In view of the above points, the High Court set aside the order passed and remitted the matter back to the proper officer for re-adjudication.

### 2. Appellate authority cannot assume original jurisdiction and proceed further – M/s Rahul Packaging Versus Union of India & Ors – 2024 4 TMI 997 – Delhi HC

Facts of the case –

- Adjudication order was preceded by Show Cause Notice proposing to reject the application seeking refund dated 23.11.2021 (noticed as 25.11.2021 in the impugned order). The Show Cause Notice was issued by a Superintendent.
- As per the petitioner, Superintendent was not competent to issue Show Cause Notice and it is only the officers of the rank of the Assistant Commissioner and above, who could have issued the Show Cause Notice.
- The Appellate Authority has clearly held that the impugned order i.e. the adjudication order dated 14.12.2021 was not sustainable as the Show Cause Notice was issued by a Range Superintendent and he was not the competent authority to do so.
- The Appellate Authority has held that the Adjudicating Authority has not applied its independent mind and rejected the refund merely on the basis of the report of Range Superintendent, which was bad in law.
- After holding that the Show Cause Notice had been issued by an incompetent authority and reply to the Show Cause Notice had also been considered by the authority not competent in law and the authority competent had not applied its independent mind while rejecting the application, the Appellate Authority proceeded to consider the case of the petitioner on merits and thereafter, upheld the rejection of the refund application.

## Held

- The Court held that the course adopted by the Appellate Authority is not sustainable for the reason that once the Appellate Authority comes to the conclusion that the Show Cause Notice was issued by an officer who was not competent; reply was also considered by an incompetent authority and the Competent Authority had not applied its independent mind, the Appellate Authority could not have assumed original jurisdiction and proceeded further with the matter. The Appellate Authority could have only quashed the Show Cause Notice and the proceedings emanating therefrom while reserving the right of the Proper Officer to initiate appropriate proceedings in accordance with law.

- Levy of penalty – the e-way bill had expired one hour fifteen minutes prior to interception – intent to evade tax or not M/S LD Goyal Steels Pvt Ltd versus State of UP and 2 others – 2024 (4) TMI 1059 – Allahabad HC
- Fact of the case – The petitioner has transported goods with proper e-invoice and e-way bill. The only defect pointed out by the department is that e-way bill had expired one hour fifteen minutes prior to interception. The petitioner submitted that the vehicle break down was the cause for the delay. Counsel appearing on behalf of the respondents have submitted that in the event the e-way bill expired, there is a provision in the portal that allows the transporter/consignor/consignee to seek extension of the e-way bill. Undisputedly, such extension was not carried out by the petitioner, and therefore, the contravention of the Rules has taken place and the penalty imposed under Section 129(3) of the Act is in order and is required to be sustained.
- Held – This Court in M/s Hindustan Herbal Cosmetics v. State of U.P. and Others (Writ Tax No.1400 of 2019 decided on January 2, 2024) and M/s Falguni Steels v. State of U.P. and Others (Writ Tax No.146 of 2023 decided on January 25, 2024) held that mens rea to evade tax is essential for imposition of penalty. The factual aspect in the present case clearly does not indicate any mens rea whatsoever for evasion of tax. The goods were accompanied by the relevant documents and the explanation of the petitioner with regard to slow movement of the goods clearly indicate that the truck had broken down resulting in delay. This factual aspect should have been considered by the authorities. The Court directed the respondents to refund the amount of tax and penalty deposited by the petitioner within a period of four weeks from date.

## INCOME TAX

Contributed by: **CA.V.K. Subramani, Erode**

**I. Time limit for e-verification of ITRs filed electronically:** In the Notification No.2 of 2024 the time limit for verification of ITRs after uploading was specified. A corrigendum on 4<sup>th</sup> April, 2024 was issued to substitute para 5 of the Notification No.2 of 2024 which is incorporated and reads as under:

1. In pursuance of the powers conferred under Rule 14 of the Centralised Processing of Returns Scheme, 2011, Notification No. 5 of 2022, dated 29-7-2022 was issued by the DGIT(Systems) specifying the time limit for verification of Income Tax Return (ITR) as 30 days from the date of transmitting the data of ITR electronically.

2. It is clarified that:

- (i) Where the return of income is uploaded and e-verification/ITR-V is submitted within 30 days of uploading – In such cases the date of uploading the return of income shall be considered as the date of furnishing the return of income.
- (ii) Where the return of is uploaded but e-verification or ITR-V is submitted after 30 days of uploading – In such cases the date of e-verification/ITR-V submission shall be treated as the date of furnishing the return of income and all consequences of late filing of return under the Act shall follow, as applicable.

3. The duly verified ITR-V in prescribed format and in the prescribed manner shall be sent either through ordinary or speed post or in any other mode to the following address only:

Centralised Processing Centre, Income Tax Department, Bengaluru – 560500, Karnataka.

4. The date on which the duly verified ITR-V is received at CPC shall be considered for the purpose of determination of the 30 days period from the date of uploading of return of income.

5. It is further clarified that where the return of income is not verified within 30 days from the date of uploading or till the 'due date' for furnishing the return of income as per the Income-tax Act, 1961 – whichever is later – such return shall be treated as invalid due to non-verification. This notification is effective from 01.04.2024.

**II. Partial modification of Circular No.3 of 2023 dated 28.03.2023 by Circular No.6 of 2024 dated 23.04.2024:** The CBDT in Circular No.6 of 2024 dated 23.04.2024 has made partial modification of its earlier Circular No.3 of 2023 with regard to inoperative PANs leading to higher rate of TDS/TCS being given relief by linking PAN -Aadhaar before 31<sup>st</sup> May, 2024. The Circular reads as under:

Circular No. 3 of 2023 dated 28.03.2023 issued by the Board detailed the consequences of PAN becoming inoperative as under:

“Consequent to the notification substituting rule 114 AAA of the Income-tax Rules, 1962 (the Rules) vide Notification No. 15 of 2023 dated 28<sup>th</sup> March, 2023, it is hereby clarified that a person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule 114AAA shall face the following consequences as a result of his PAN becoming inoperative:

- (i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him;
- (ii) interest shall not be payable to him on such refund for the period, beginning with the date specified under sub-rule (4) of rule 114AAA and ending with the date on which it becomes operative;
- (iii) where tax is deductible under Chapter XVII-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA;
- (iv) where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC.”

As per sub-rule (4) of rule 114AAA of the Income-tax Rules, 1962, the above consequences shall have effect from the date specified by the Board. The Board vide Circular No. 03 of 2023 dated 28<sup>th</sup> March, 2023 had specified that the consequences shall take effect from 1<sup>st</sup> July, 2023 and continue till the PAN becomes operative.

Several grievances have been received from the taxpayers that they are in receipt of notices intimating that they have committed default of ‘short deduction/collection’ of TDS/TCS while carrying out the transactions where the PANs of the deductees / collectees were inoperative. In such cases, as the deduction/collection has not been made at a higher rate, demands have been raised by the Department against the deductors/collectors while processing of TDS/TCS statements under section 200A or under section 206CB of the Act, as the case maybe.

With a view to redressing the grievances faced by such deductors/collectors, the Board, in partial modification and in continuation of the Circular No. 3 of 2023, hereby specifies that for the transactions entered into up to 31.03.2024 and in cases where the PAN becomes operative (as a result of linkage with Aadhaar) on or before 31.05.2024, there shall be no liability on the deductor / collector to deduct / collect the tax under section 206AA/206CC, as the case maybe, and the deduction/collection as mandated in other provisions of Chapter XVII-B or Chapter XVII-BB of the Act, shall be applicable.

**III. Extension of due date for filing of Form No. 10 A / 10 AB under the Income-tax Act, 1961:** The CBDT vide Circular No 7 of 2024 dated 25<sup>th</sup> April,2024 has extended the due date for filing Forms No 10A and 10AB. The circular reads as under:

1. On consideration of difficulties reported by the taxpayers and other stakeholders in the electronic filing of Form No. 10A /10 AB, the Central Board of Direct Taxes (the Board) in exercise of its powers under section 119 of the Income-tax Act, 1961 (the Act) extended the due date for filing Form No. 10A to 31.08.2021 by Circular No. 12 /2021 dated 25.06.2021, to 31.03.2022 by Circular No. 16/2021 dated 29.08.2021, to 25.11.2022 by Circular No. 22 /2022 dated 01.11.2022 and further to 30.09.2023 by Circular No. 6/2023 dated 24.05.2023, and extended the due date for filing Form No. 10AB to 30.09.2022 by Circular No. 8/2022 dated 31.03.2022 and further to 30.09.2023 by Circular No. 6/2023 dated 24.05.2023.
2. Representations have been received in the Board with a request to condone the delay in filing Form No. 10A / 10AB, as the same could not be filed in such cases within the last extended date, i.e., 30.09.2023.
3. On consideration of the matter, with a view to avoid and mitigate genuine hardship in such cases, the Board, in exercise of the powers conferred under section 119 of the Act, hereby extends the due date of making an application / intimation electronically in -(i) Form No. 10A, in case of an application under clause (i) of the first proviso to clause (23C) of section 10 or under sub-clause (i) of clause (ac) of sub-section (1) of section 12A or under clause (i) of the first proviso to sub-section (5) of section 80G or in case of an intimation under fifth proviso of sub-section (1) of section 35 of the Act, till 30.06.2024; (ii) Form No. 10AB, in case of an application under clause (iii) of the first proviso to clause (23C) of section 10 or under sub-clause (iii) of clause (ac) of sub-section (1) of section 12A or under clause (iii) of the first proviso to sub-section (5) of section 80G of the Act, till 30.06.2024.

4. It may be also noted that extension of due date as mentioned in paragraph 3(ii) shall also apply in case of all pending applications under clause (iii) of the first proviso to clause (23C) of section 10 or sub-clause (iii) of clause (ac) of sub-section (1) of section 12A or under clause (iii) of the first proviso to sub-section (5) of section 80G of the Act, as the case may be. Hence, in cases where any trust, institution or fund has already made an application in Form No.10 AB under the said provisions on or before the issuance of this Circular, and where the Principal Commissioner or Commissioner has not passed an order before the issuance of this Circular, the pending application in Form No.10 AB may be treated as a valid application.
- 4.1 Further, in cases where any trust, institution or fund has already made an application in Form No. 10AB, and where the Principal Commissioner or Commissioner has passed an order rejecting such application, on or before the issuance of this Circular, solely on account of the fact that the application was furnished after the due date or that the application has been furnished under the wrong section code, it may furnish a fresh application in Form No. 10AB within the extended time provided in paragraph 3(ii) i.e. 30.06.2024.
5. It is also clarified that if any existing trust, institution or fund who had failed to file Form No.10A for A Y 2022-23 within the due date as extended by the CBDT circular no. 6/2023 dated 24.05.2023 and subsequently, applied for provisional registration as a new trust, institution or fund and has received Form No. 10AC, it can avail the option to surrender the said Form No. 10AC and apply for registration for A Y 2022-23 as an existing trust, institution or fund in Form No. 10A within the extended time provided in paragraph 3(i) i.e. 30.06.2024.

**IV. Transfer to subsidiary company is not liable to tax as capital gain. Even erroneous admission of the same as income cannot lead to levy of tax thereon:** In *Pr.CIT v. Ansal Properties and Infrastructure Ltd (2024) 460 ITR 341 (Del)* the assessee transferred 'trunk infrastructure' to its wholly owned subsidiary company also being an Indian company. The surplus of Rs.7005.71 lakh was admitted in the return of income and it was taxed in assessment. In appeal CIT (Appeals) held that the transfer of infrastructure assets related to business carried on by the assessee and since it is a receipt on account of assets employed in the business it is liable to tax. The tribunal however, held that an assessee would employ both capital assets and trading assets in his business and therefore transfer of 'trunk infrastructure' being capital work in progress, on transfer, the surplus generated could not be treated as income, in view of the provisions of section 47(iv) of the Act. The court held that merely because the assessee inadvertently offers a receipt for levy of tax, it cannot be levied if it does not otherwise constitute income of the assessee. Thus, the decision was in favour of the assessee.

**V. Only issues involving substantial questions of law could be agitated before High Court:**

In *Pr.CIT v. Champalal Gopiram Agarwal (2024) 460 ITR 277 (Guj)* the assessee purchased and sold shares of two companies through stock exchange besides making payments through banking channels and holding them in demat form. The tribunal observed that the AO proceeded on the basis of the financials of the company and concluded the transactions as accommodation entries and hence they were fictitious. It held that the AO made the assessment purely on the basis of assumption without any material on record. The decision was in favour of the assessee. When the matter reached the court, it was held that there was no question of law involved and hence the appeal was dismissed. Similar such observation as regards the involvement of substantial question of law being the prerequisite for appeal before the High Court could be found in *Pr.CIT v. Aditya Coke (P) Ltd (2024) 460 ITR 734 (Guj.)*

**VI. When the original writ against initiation of reassessment proceedings has been disposed of and subsequent to assessment revision under section 264 is permissible:** In *Ratan Industries Ltd v. Pr.CIT (2024) 460 ITR 504 (All)* the assessee filed a writ before the High Court against reopening of assessment under section 147. Subsequent to such reassessment, the assessee filed a revision petition under section 264 relating to the assessment made. The PCIT rejected the revision on the ground that the assessee had filed a writ challenging the initiation of reassessment. The assessee again filed another writ against rejection of revision under section 264. It was held that once the court had permitted the concerned authority to proceed with reassessment and it was completed the writ filed against such reassessment has become infructuous. Hence, there is no bar in passing order of revision under section 264 as regards, reassessment made by the Assessing Officer.

**VII. If the payee has not paid tax on the income say even loss the payer cannot absolve himself from the consequences of disallowance under section 40(a)(ia) and being treated as assessee in default under section 201(1):** In *Academy of Medical Sciences v. CIT (2024) 460 ITR 592 (SC)* the apex court affirmed the decision of the *Kerala High Court (2018) 403 ITR 74* that if the payee has not paid tax, the payer cannot avail of the beneficial provisos under sections 40(a)(ia) & 201(1). The conditions in this regard are (i) there should be return of income under Section 139;(ii) with computation of income including such amounts received; and (iii) payment of tax on such income. Only if all the three conditions are satisfied, would the beneficial provision be applicable to an assessee who failed to deduct tax at source.



In the present case, admittedly, resident-receiver to whom the assessee paid or credited the lease rent has filed a return belatedly and not paid any tax due on the income declared. When there is no tax paid on the income declared; even if for reason of a loss return, there cannot be any claim raised by the assessee in default to absolve him from the consequences flowing from Sections 201(1) and 40(a)(ia). He will then be treated as an 'assessee in default' and would be liable to pay the amount of TDS with interest as also subject to the expenses being disallowed under section 40(a)(ia).

**VIII. DRP can give directions only when the assessment proceedings are pending. When the assessment is completed regardless of its validity it cannot give direction post assessment:** In *Undercarriage and Tractor Parts (P) Ltd v. Dispute Resolution Panel (2024) 460 ITR 401(Bom)* the assessment was completed based on the draft assessment order. The assessee informed the AO that it would file its objections before Dispute Resolution Panel (DRP) and requested the AO, not to pass the order. The assessee filed its objections with DRP unaware of the order already passed by the AO. Also, the assessee filed appeal against the order before CIT (Appeals). The assessee informed the DRP that the assessment order was already passed by the AO which has been challenged by it before CIT (Appeals). In spite of that the DRP issued directions after being aware of all that has happened already. A fresh assessment order was passed by the AO again based on the directions of DRP. The assessee challenged the validity of order of DRP by means of writ when the assessment order was already passed. The court held that the DRP can give directions only in respect of pending assessments. Since the assessment order though legally challenged by the assessee was already passed, the directions of DRP were quashed since the assessment proceedings were not pending at that time.

## INFORMATION TECHNOLOGY

Contributed by: **CA. Deephika S, Chennai**

### Technology updates for April 2024

In this issue of the SIRC newsletter, for this column on Technology updates we are exploring the intricacies of audit trail compliance under the Companies Act and its implications. Within the realm of corporate governance, maintaining clear and reliable audit trails is essential for accountability and regulatory adherence. This issue aims to delve into the challenges, best practices, and emerging trends surrounding audit trail compliance.

As per MCA notification dated 24th March 2021 a new proviso was inserted in Rule 3- sub rule (1) of Companies (Accounts) Rules, 2014:

Every company shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

\*Above mentioned is applicable from 1st April 2023.

This requirement requires every entity to maintain record of changes that have been made to the data, including records of any changes like new data, updating or deleting data. This record should include.

- Who made the change - user ID/name /IP address?
- When changes were made - date/time
- When changes were made to the data- respective voucher reference

The above configuration should be enabled at all times, and there must be no option to disable the same. As per the ICAI's Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition), the illustrative list of controls to be followed for testing compliance of this regulation is given under:

- Controls to ensure that the audit trail feature has not been disabled or deactivated.
- Controls to ensure that User IDs are assigned to each individual and that User IDs are not shared.

- Controls to ensure that changes to the configurations of the audit trail are authorized and logs of such changes are maintained.
- Controls to ensure that access to the audit trail (and backups) is disabled or restricted and access logs, whenever the audit trails have been accessed, are maintained.
- Controls to ensure that periodic backups of the audit trails are taken and archived as per the statutory period specified under Section 128 of the Act.

The key point to understand from the implementation guide is that accounting software does not only including accounting packages which passes journal entries like Tally, SAP FI or Oracle Financials, **but includes IT environment including applications, web-portals, databases, interfaces, data warehouses, data lakes, cloud infrastructure, or any other IT component used for processing and or storing data for creation and maintenance of books of account.** This way the IT infrastructure products implemented for running the accounting application are also required to be tested for audit trail.

*Key points for auditors to consider during statutory audit for audit trail implementation.*

1. Evaluated controls over front end and back-end access controls (i.e.) people having access to the application for making entry, and people having access to the database of the application.
2. Review the list of applications used by the management and check if will qualify for accounting software or not, if it qualifies to be accounting software then include it for audit trail evaluation.
3. Check if logs/ audit trail is maintained for all type if transactions processed in the application, e.g. Master data like vendor master, price master, customer master and transaction data like purchase orders, sales orders, invoices, journal entries etc. It is best if the auditor takes sample transaction for evaluating for audit trail compliance.
4. Take management representation from the organization for implementation of audit trail in lines with the companies act regulations.
5. If the organization is using outsourced services for accounting, Payroll or any other function then it is suggested to take service auditor certificate on service organizations certificate under SAE 3402, or SSAE 16 or SOC2, to ensure controls are implemented at the outsourced service provider, or the auditor can also the representation of the management of the outsourced service provider for implementation of audit trail for the packages used for providing services to the auditee.

## KARNATAKA VAT-GST

Contributed by: **CA. Annapurna D Kabra, Bengaluru**

The power to legislate as the power to arrest and prosecute are incidental to the power to levy and collect goods and service tax. The Goods and Services Tax is a unique tax, in as much as the power as well as field of legislation are to be found in a single article, i.e., Article 246A. The scope of article 246A is significantly wide as it grants the power to make all laws 'with respect to' goods and services tax. The expression 'with respect to' goods and services tax used in article 246A, being a constitutional provision, must be given its widest amplitude and would include the power to enact criminal law with regard to goods and services tax. The term 'Arrest' is not defined in GST law. "Arrest implies taking into custody a person under some lawful command or authority". The arrest provisions are applicable only in exceptional circumstances and with the prior authorization of the Commissioner.

The GST Law also stipulates that arrests can be made only in those cases where the person is involved in offences specified for the purposes of arrest and the tax amount involved in such offence is more than the specified limit. The offence can be bailable offence or non bailable offence. The "bailable offence" means an offence which is shown as bailable in the first schedule, or which is made bailable by any other law for the time being in force; and "non-bailable offence" means any other offence. The "cognizable offence" means an offence for which, and "cognizable case" means a case in which, a police officer may, in accordance with the first schedule or under any other law for the time being in force, arrest without warrant. The "non-cognizable offence" means an offence for which, and "non-cognizable case" means a case in which, a police officer has no authority to arrest without warrant

| <b>Non bailable 2(a) and cognizable (Section 132(a), (b)(c) &amp; (d) of CGST Act 2017)</b>                        | <b>Bailable 2(a) and Non-cognizable (Other offences under section 132 of CGST Act 2017)</b>  |
|--|--|
| Other than bailable and non-cognizable offence. Section 2(c)-Arrest without warrant                                | bailable as per first schedule or by other law Section 2(l)- No arrest without warrant   |
| Serious in Nature- Murder, Rape, Dowry etc. Offences non bailable in nature...                                     | less serious in nature/less gravity like assault, cheating, theft, causing hurt, mischief and defamation. Such offences are bailable in nature |
| Warrant from court not required for arrest Generally punishable with more than three years                         | Require warrant from court for arrest Generally punishable with less than three years  |
| Can investigate without Magistrate Permission. The Bail cannot be claimed as right and court alone can grant bail. | Cannot investigate without magistrate permission. The bail can be claimed as right and granted as a matter of course by police officer         |

As per section 69, where the Commissioner has reasons to believe that a person has committed any offence specified in clause (a) or clause (b) or clause (c) or clause (d) of sub-section (1) of section 132 which is punishable under clause (i) or (ii) of sub-section (1), or sub-section (2) of the said section, he may, by order, authorise any officer of central tax to arrest such person. The Commissioner should have reason to believe that any of the following offences are committed which have the following punishments prescribed u/s 132:

1. Supplies any goods or services or both without issue of any invoice, in violation of the provisions of this Act or the rules made thereunder, with the intention to evade tax (Section 132(1)(a))
2. Issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or utilization of input tax credit or refund of tax (Section 132(1)(b))
3. Avails input tax credit using such invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill (Section 132(1)(c))
4. Collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due. (Section 132(1)(d))

In case of the above offences, if the amount exceeds 5 crores then there will be an imprisonment for five years with fine and such offence shall be cognizable and non bailable. If the amount exceeds 2 crores but less than 5 crores, then there will be an imprisonment for three years with fine and such offence shall be non-cognizable and bailable. In case the amount exceeds 1 crore and does not exceed 2 crores in case of 132(1)(b), then there will be an imprisonment for one year with fine and such offence shall be non-cognizable and bailable. The quantum of the amount will be computed GSTIN wise. If the offences are other than Section 132(a), (b)(c) & (d) of CGST Act 2017 then such offences are bailable and non-cognizable. The Instruction 2/2022-23 (GST Investigation) (F.No GST/Inv/Instructions/2021-2022) consist of the guidelines for arrest and bail in relation of offence punishable under the CGST Act 2017.

## SEBI

Contributed by: **CA. V M V Subba Rao, Nellore**

**The 205<sup>th</sup> meeting of the SEBI Board was held in Mumbai today.**

**The SEBI Board, *inter-alia*, approved the following:**

1. **Amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014 in order to provide a framework for Unit Based Employee Benefit Scheme** The Board approved the proposal to provide a framework for Unit Based Employee Benefit schemes (UBEB) for the employees of investment manager/manager of InvIT/REIT. The investment manager/manager may receive the units of InvIT/REIT in lieu of management fees, for the purpose of providing unit based employee benefits. Such units shall be allotted directly to the Employee Benefit Trust so that these units are used exclusively for the UBEB scheme.

## 2. Flexibility to Venture Capital Funds, registered under the erstwhile SEBI (Venture Capital Regulations), 1996 ('VCF Regulations'), to deal with unliquidated investments of their schemes upon expiry of tenure by opting to migrate into SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations')

With a view to address the issues faced by VCFs registered under the erstwhile VCF Regulations with respect to their inability to fully liquidate the investments of their schemes within the tenure of the scheme, the Board has approved a proposal to provide an option to such VCFs to migrate into AIF Regulations and avail the facilities available for AIFs to deal with unliquidated investments.

Salient features of the framework for migration are as under:

- A separate sub-category shall be created under Category I AIFs - VCFs called "Migrated VCFs".
- VCFs registered under the erstwhile VCF Regulations may opt for registering themselves as Migrated VCFs. No application fee or registration fee shall be levied for the same. Migrated VCFs shall not be subject to any additional investment conditions which were not applicable to them under the erstwhile VCF Regulations.
- Migrated VCFs can avail the flexibilities under AIF Regulations with respect to extension of tenure, liquidation period and Dissolution Period, to deal with unliquidated investments.
- Schemes of VCFs whose tenure has expired and opt for migration shall be provided a one year additional liquidation period, as long as they do not have any investor complaint with regard to non-receipt of funds or securities.

The option to migrate shall be available for a period of 12 months from the date of notification of amendment to AIF Regulations in this regard.

## 3. Amendments to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to modify provisions relating to disclosure of financial results in the offer documents, record date, due-diligence certificate and reduction in face value of debt securities and Non-convertible Redeemable Preference Shares

### 3.1 Facilitating listed entities to disclose audited financials for the last three years in the offer document through insertion of a web-link and QR code of the stock exchange website, where such financials are hosted

In order to reduce the size of the offer document, the Board approved the proposal that issuers which have listed outstanding non-convertible securities as on the date of the offer document may be allowed to disclose audited financials for the last three years through insertion of a web-link and QR code in the offer document/ placement memorandum.

### 3.2 Standardization of the record date for identifying eligible holders

In order to address the inconsistencies relating to fixation of record dates and to bring uniformity and standardization in terms of market practice followed by various issuers, the Board approved the proposal that record date for the payment of interest (or dividend)/ repayment of principal of debt securities/ non-convertible redeemable preference shares shall be 15 days prior to the due dates of such payment obligations.

### 3.3 Harmonization of the format of due diligence certificate provided by Debenture Trustee under the NCS Regulations and Master Circular for Debenture Trustees

The Board approved the proposal to align the formats specified under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 in line with that specified in Master Circular for Debenture Trustees.

### 3.4 Reduction in denomination of face value to Rs.10,000/- for privately placed debt securities (NCDs) and Non-Convertible Redeemable Preference Shares (NCRPS) at the option of the Issuer, subject to the appointment of the Merchant Banker

To enhance participation of non-institutional investors in the bond market while safeguarding the interest of such investors, the Board approved the proposal to provide an option to the Issuers to issue NCDs or NCRPS through private placement mode at a reduced face value of Rs. Ten thousand along with the requirement to appoint a Merchant Banker. Such NCDs and NCRPS shall be plain vanilla, interest/ dividend bearing instruments. However, credit enhancements shall be permitted in such instruments.

#### **4. Amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for providing flexibility regarding publication of financial results in newspapers for entities that have listed only Non- Convertible Securities.**

In order to reduce cost of compliance for the listed entity, the Board approved the proposal that entities with only listed non-convertible securities, shall have the option to give an intimation (in the form of a window advertisement) with a reference to QR code and link of website of listed entity and stock exchange in the newspapers regarding the financial results of the listed entity instead of disclosure of full financial results.

The above option can be exercised by the issuers as under:

- 4.1 For outstanding non-convertible securities, the listed entity shall obtain prior approval of Debenture Trustee.
- 4.2 For future issuances, the listed entity has to either make a disclosure in the offer document or obtain prior approval from the Debenture Trustee.

#### **5. Flexibility for increased participation by Non-Resident Indians (“NRIs”), Overseas Citizens of India (“OCIs”) and Resident Indian (“RIs”) individuals in SEBI registered Foreign Portfolio Investors (FPIs) based out of International Financial Services Centres (“IFSCs”) in India and regulated by the International Financial Services Centres Authority (“IFSCA”)**

5.1 The Board approved a regulatory framework for providing flexibility for increased contribution by NRIs, OCIs and RI Individuals, in the corpus of certain FPIs based out of IFSCs in India and regulated by IFSCA. The flexibility for such increased participation shall be subject to certain conditions to manage regulatory risk.

5.2 100% contribution limits shall be available subject to the FPI submitting copies of PAN cards of all their NRI/OCI/RI individual constituents, along with their economic interest in the FPI, to the DDP. If a constituent does not have a PAN, the FPI shall submit a suitable declaration along with copies of prescribed Identity documents such as Indian passport, OCI Card, Aadhaar, etc. Similar disclosure shall also be required in case of indirect holding in the FPI through non-individual constituents that are majority contributed to/owned/controlled by NRI/OCI/RI individuals on a look through basis.

5.3 Alternatively, funds set up in IFSC and regulated by IFSCA, desirous of having upto 100% aggregate contribution in their corpus from NRIs/OCIs/RI individuals, shall not be required to submit the above mentioned documents, provided they satisfy the following conditions in terms of IFSCA's regulatory framework:

1. Pooling: Contribution of all investors of the fund are pooled into one investment vehicle that is registered as an FPI, with no side-vehicles.
2. Pari-passu and Pro-rata: The corpus of the fund is a blind pool (i.e. common portfolio) with no segregated portfolios. All investors in the fund shall have pari-passu and pro-rata rights in the fund.
3. Diversification of investors: The fund has a minimum of 20 investors with each investor contributing not more than 25% to the corpus of the fund.
4. Diversification of investments: A maximum of 20% of the corpus of the fund may be invested in the equity shares of an Indian listed entity.
5. Independent Investment Manager: The investors in the fund do not have a say in the investment decisions of the fund. The Investment Manager (IM) is completely independent with respect to taking investment decisions for the fund.
6. The IM of the fund is an Asset Management Company of a SEBI registered Mutual Fund which is sponsored by a RBI regulated Bank or its IFSC based subsidiary/branch.

5.4 Apart from the extant provisions of SEBI (FPI) Regulations, the above mentioned FPIs shall be bound by disclosure obligations with respect to all entities holding any ownership, economic interest, or exercising control in the FPI on a look through basis (in terms of SEBI circular dated August 24, 2023) if:

1. such FPI holds more than 33% of their Indian equity AUM in a single Indian corporate group; or such FPI along with its investor group holds more than INR 25,000 crore of equity AUM in the Indian markets.
2. such FPI along with its investor group holds more than INR 25,000 crore of equity AUM in the Indian markets.

## **6. Streamlining of prudential norms for passive schemes with respect to exposure to securities of group companies of the sponsor to facilitate a level playing field for mutual funds**

- 6.1 Currently, Mutual Fund schemes are not allowed to invest more than 25% of their net asset value (NAV) in group companies of the sponsor. This restricts the passive funds to effectively replicate the underlying index, in cases where group companies of sponsor comprise of more than 25% in the index. This also puts such AMC's to a relative disadvantage as compared to other AMC's who may not have a sponsor group company(ies) comprising more than 25% in the underlying index.
- 6.2 Accordingly, to streamline the aforesaid norm and create a level playing field for all AMC's, the Board approved amendment to SEBI (Mutual Funds) Regulations, 1996 to allow equity passive schemes, on indices to be specified by SEBI, to take exposure up to the weightage of the constituents in the underlying index. This exposure would, however, be subject to an overall cap of 35% investment in the group companies of Sponsor.

## **7. AMC's to have an institutional mechanism for deterrence of potential market abuse including front-running**

- 7.1 Considering the recent front-running instances observed by SEBI, the Board approved amendments to SEBI (Mutual Funds) Regulations, 1996 ('Regulations') for enhancing the existing regulatory framework by requiring Asset Management Companies (AMC's) to put in place a structured institutional mechanism for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities. The mechanism shall consist of enhanced surveillance systems, internal control procedures and escalation processes to identify, monitor and address specific types of misconduct including front running, insider trading, misuse of sensitive information, etc.

The Board also approved amendments to the Regulations to a) enhance responsibility and accountability of management of AMC's for such an institutional mechanism; and b) foster transparency by requiring AMC's to have a whistle blower mechanism.

- 7.2 While SEBI will specify the broad framework of the institutional mechanism, the industry body i.e. Association of Mutual Funds in India ('AMFI'), in consultation with SEBI, shall specify detailed standards for such an institutional mechanism.
- 7.3 Further, with respect to the requirement of recording of all communication by Dealers and Fund Managers, the Board approved exemption from the requirement of recording face to face communication, including out of office interactions, during market hours. This will be made effective after implementation of the institutional mechanism by the AMC's.

## **8. Ease of Doing Business for Market Infrastructure Institutions (MIIs)**

- 8.1 With the objective of easing compliance requirements and removing redundant provisions applicable to MIIs, under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Board approved various proposals including the proposal that the MIIs may continue to disclose their shareholding pattern in the format applicable to listed companies and are no longer additionally required to disclose it in a separate format.
- 8.2 Other decisions related to ease of doing business like issuance of Consolidated Account Statement in electronic form by default, rationalization of inspection period of commodity warehouses, etc. will be issued by way of circular(s).

Mumbai,  
April 30, 2024

# TAMIL NADU VAT

Contributed by: **CA. V.V. Sampath Kumar, Chennai**

**Effective Opportunity:** A sum of Rs.3,42,347/- was appropriated towards discharge of tax liability under the impugned reassessment order. The petitioner was not heard before the impugned reassessment order was issued although the petitioner's reply appears to have been taken into consideration. For the purpose of providing another opportunity to the petitioner, the Hon'ble court has interfered with the impugned reassessment order and the impugned reassessment order is quashed and the matter is remanded for reconsideration by the assessing officer. **M/s.K.R.K.Enterprises, Attur Vs STO, Attur (Town) Circle, Thennangudipalayam. W.P.No.4986 of 2024 DATED: 29.02.2024**

**Remand directions:** The reason for reversing ITC was that the supplier of goods was found to be non-existent. The statute imposes the obligation on the registered person availing of ITC to establish the genuineness of the transaction by placing on record relevant documents such as the tax invoices, e-way bills, lorry receipts, proof of payment to the supplier, etc. At the same time, it should be noticed that such impugned order was issued on 31.05.2023 and the petitioner has approached this Court belatedly. It should also be noticed that it appears prima facie that the ingredients of Section 74 were satisfied. In order to safeguard the interest of revenue in the facts and circumstances, the petitioner shall remit 10% of the disputed tax demand as a condition for remand and stating so, the court issued directions. **M/s.Yashwin Enterprises, vs I. DC(ST), South-III, Chennai-35. 2.AC (ST)(FAC), Adyar Assessment Circle, Chennai-35 WP No.4655 of 2024 DATED: 26.02.2024**

**Non-participation:** The documents on record indicate that the petitioner was put on notice, albeit by uploading the intimation and notices on the GST portal. The petitioner did not participate in proceedings and, therefore, could not place on record documents to contest the reversal of ITC. The petitioner submits that the petitioner would remit 10% of the disputed tax demand. By taking into account the overall facts and circumstances, the Hon'ble Court ruled that the impugned order is quashed subject to the petitioner remitting 10% of the disputed tax demand within 2 weeks from the date of receipt of a copy of this order. **M/s. Sri Ram Oil Mill, Tiruppur. Vs DCTO-1, Chennai-1, Chennai-1 Assessment Circle, W.P.No.4742 of 2024 DATED: 28.02.2024**

**Directions of Remand:** Amount mentioned in SCN and the amount in the proceedings does not tally and hence the impugned order is liable to be interfered with and stating so, impugned order is set aside with directions. **M/s.Shamoon Moiz vs DCTO, Broadway Assessment Circle, Chennai-3. WP No.4775 of 2024 DATED: 29.02.2024**

**GST on Seigniorage Fee:** The petitioner assails the SCN issued under the TNGST Act, 2017 in relation to the imposition of GST under the reverse charge mechanism on the seigniorage paid by the petitioner to the Government. The judgment of the Division Bench of this Court in a batch of writ petitions, A.Venkatachalam v. AC (ST), Palladam II Assessment Circle, W.P.Nos.30974 of 2022 batch is applicable. Considering this, the Hon'ble Court issued the following directions amongst others :“(i) Writ petitioners shall submit their objections / representations within 4 weeks from the date of receipt of a copy of this order (ii) Upon receipt of the objections / representations from the writ petitioners, the authority concerned shall proceed with the adjudication, However, the orders of adjudication shall be kept in abeyance until the Nine Judge Constitution Bench decides the issue as to the nature of royalty.(iii) No recovery of GST on royalty until the Nine Judge Constitution Bench of Apex Court takes a decision”. **S.Subramani vs STO (FAC) RS, Intelligence, Salem. W.P.Nos.4890, 4894, 4896 & 4898 of 2024 DATED: 28.02.2024**

**Granting of Personal hearing:** Section 75(4) of the TNGST Act mandates that a personal hearing be granted either if such hearing is requested for or if an order adverse to the assessee is proposed to be issued. In this case, not only was the reply dated 27.12.2023 was disregarded, but no personal hearing was granted in spite of request. Hence, the impugned assessment order is quashed with specific directions **M/s.Karthigeya Moulds & Dies Pvt. Ltd, Vs I.AC (ST)(FAC),Thirumudivakkam Assessment Circle, 2.DC (ST)(FAC), Chengalpattu Zone, Chengalpattu-101. WP No.5063 of 2024 DATED: 29.02.2024**

**Personal Hearing:** The statute mandates that a personal hearing be provided either if requested for or if an order adverse to the taxpayer is proposed to be issued. Since such personal hearing was not provided and the reply was not taken into consideration, the order impugned herein calls for interference and setaside with directions. **M/s.Natural Remedies Pvt. Ltd. Vs I. JC of State Tax, Hosur. 2.AC of State Tax (FAC), Hosur South- III Assessment Circle, 3. AC of State Tax (FAC), Hosur South- I Assessment Circle, W.P.No.4537 of 2024 DATED: 23.02.2024**

**Realisation certificates:** The Court observed that on record there are several BRCs, which appear to correspond to the 33 shipping bills, which form the subject matter of the impugned order. Thus, there is prima facie evidence that the export proceeds were realized. In order to provide an opportunity to the petitioner to place these documents before the respondent for consideration, interference with the impugned order is warranted and stating so, the impugned order is quashed and the matter is remanded for reconsiderations. **M/s.Alaska Export vs AC of Customs (BRC-DBK), Export Commissionerate, Chennai-1. W.P.No.23909 of 2023 DATED: 21.02.2024**

**Goods moment documents:** Persons availing of and utilising input tax credit (ITC) is under the statutory obligation to establish the genuineness of transactions by producing all relevant documents in such regard. Since the object of ITC is to avoid the cascading effect, it may also be necessary to examine whether taxes were paid at each leg of the transaction. However, it may not be possible for the petitioner to establish the movement of goods at the earlier legs of the transaction. But the assessing officer concluded that the petitioner was not eligible for ITC on the basis of a finding that no toll details are available with regard to actual movement of goods from Karaikal to Coimbatore. The Hon'ble Court was of the view that a further opportunity should be provided to the petitioner to establish this aspect either on the basis of documents already submitted or by submitting additional documents. Solely for this reason, the impugned order calls for interference and stating so, the impugned assessment order is quashed with directions. **M/s.Kannappan Alloy and Steel Company Private Limited, vs AC (ST), Palladam-2 Assessment Circle, WP No.33255 of 2023 DATED: 21.02.2024.**

**Non-speaking order:** The impugned order reveals that the assessing officer merely referred to the reply dated 21.12.2023 to the SCN and recorded that the reply is not acceptable. The said findings clearly do not contain any reasons for rejecting the petitioner's reply and for confirming the proposed levy of tax, interest and penalty notwithstanding such reply. Therefore, the impugned order, which is completely unreasoned, calls for interference and this W.P. was allowed by quashing the impugned assessment order dated 31.12.2023. **M/s.Rainbow Stones Private Limited vs AC (ST)(FAC), Hosur (North 2) Circle, Hosur W.P.No.4510 of 2024 DATED: 26.02.2024.**

