



SIRC

Southern India Regional Council

Newsletter

August 2021 | Volume 47 | Part 2

The Institute of Chartered Accountants of India



CA. Jalapathi K, Chairman, SIRC of ICAI felicitating Thiru. Anbil Mahesh Poyyamozhi, Hon'ble Minister for School Education, Government of Tamil Nadu



CA. Jalapathi K, Chairman, SIRC of ICAI with CA. C. Kathiresan, Chairman, Chengalpattu District Branch of SIRC felicitating Thiru T. M. Anbarasan - Hon'ble Minister for Rural Industries, Government of Tamil Nadu.



CA. Sundararajan R, Regional Council Member, SIRC of ICAI honouring a Senior Member, CA. Srinivasan R, as part of "We Care" initiative.



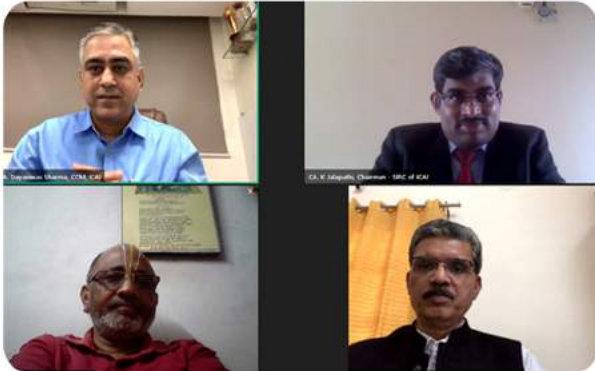
CA. Jalapathi K, Chairman, SIRC of ICAI felicitating, Thiru. K. Nandakumar IAS, Commissioner of School Education Department - Government of Tamil Nadu.

Programme on Various Initiatives and Schemes for the benefit of Members by Committee for Members in Practice of ICAI - 2nd July 2021



Resource person CA. D. Prasanna Kumar, Central Council Member seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. Jomon K George, Past Chairman, SIRC and CA. R. Sundararajan, Regional Council Member.

Programme on Important Initiatives by Members and Students Service Directorate - 3rd July 2021



Resource person CA. Dayaniwas Sharma, Central Council Member seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. R. Sundararajan, Regional Council Member.

Key Issues for Adopting Cloud Computing for Digital transformation - 8th July 2021



Resource person CA. Anand P. Jangid, Bengaluru seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. Dungar Chand U Jain, Immediate Past Chairman, SIRC of ICAI and CA. S. Panna Raj, Secretary, SIRC of ICAI.

Programme on Insurance Sector - 5th July 2021



Chief Guest CA. S. N. Rajeswari, Member IRDAI and Resource persons CA. S. N. Jayashimhan, Hyderabad, CA. P. S. Prabhakar, Chennai, CA. Venkatakrisnan, Chennai, CA. Vijayakumar, Chennai, seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. A. B. Geetha, Regional Council Member.

Programme on International Taxation - 6th July 2021



Resource persons CA. Karthik K Natarajan, Mumbai and CA. Nidhi Goyal, Delhi seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI, CA. Revathi S. Raghunathan, Treasurer, SIRC of ICAI, Dr. CA. Abhishek Murali, Regional Council Member, CA. Cotha Srinivas, Past Chairman, SIRC of ICAI.

Fraud Risks in Digital World- Tools and Tips & Cyber Security - Opportunities and Tools for SMPs - 9th July 2021



Resource person Mr. Sachin Dedhia, Mumbai seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI and CA. Dungar Chand U Jain, Immediate Past Chairman SIRC.

Opportunities and Contributions of CFO in SMEs, Auditors, Audit & CFO and Managing Finances for Growth - 16th July 2021



Resource person CA. M.P. Vijay Kumar, Central Council Member, CA. Venkatesh Bhat, Bengaluru and CA. Gaurav Agarwal, Bengaluru seen along with CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. R. Sundararajan, Regional Council Member.

Role of Committee of Creditors/ Resolution professional in the resolution of Sick Companies, Regulations of IBC - 20th July 2021



Resource person CA. V. Venkata Siva Kumar, Chennai seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. Revathi S. Raghunathan, Treasurer, SIRC of ICAI and CA. S. Panna Raj, Secretary, SIRC of ICAI.



Chairman's Communique

Beloved and Esteemed Colleagues,

Economy on the path of Recovery and Normalcy:

Under the astute leadership of Hon'ble Prime Minister of India Shri Narendra Modi, our country had tackled the second wave of Covid 19 pandemic as effectively and efficiently as possible with the concerted and concrete efforts by the State Governments, the health care specialists, the on-field personnel and numerous others.

SIRC is proud to share that we the ICAI, the Regional Councils, the Branches and other organs of ICAI, the Members and the Students have associated in this human and yeoman task by organizing and supporting Vaccination Camps and offering solace to the affected people financially and physically. SIRC acknowledges the contribution of each and every one which will go into the record books of ICAI as one of the institutions discharging its Corporate Social Responsibility (CSR) in a remarkable way.

One of the major classes of business entities that had to face hardship during this pandemic period is the Micro, Small and Medium Enterprises (MSME). Post-Covid situation also they are likely to face several challenges during this fiscal and perhaps in the next year or so as well. SIRC feels that our members can play a significant role in the survival and revival of those affected MSMEs by their in-depth expertise and exposure in business environment and guide them to prepare themselves to prosper in the days ahead.

The Central and State Governments have come with a slew of schemes in aid and support of these enterprises and in this respect our members, especially the members in practice can advise their clients to get the maximum benefits out of such schemes and be instrumental for their road to recovery and stabilization.

Programmes for the Members:

During the month of July 2021, SIRC conducted CPE Programmes in virtual mode on the conventional, contemporary, technical and futuristic subjects.

SIRC had organized two programmes jointly with the ICAI Committees, one on "Various Initiatives and Schemes for the Benefit of Members" by the Committee for Members in Practice of ICAI and another on "Important Initiatives" by Members and Students Service Directorate of ICAI.

Besides, State wise Virtual Interactive Session on Bank Audit Empanelment, allotment process of Public Sector Banks were conducted jointly with Professional Development Committee of ICAI with the active involvement of the Branches.

SIRC also conducted a Refresher Course for members appearing for DISA Examination between 5th and 10th July 2021.

All the programmes evoked phenomenal response and were well received and appreciated by the members.

SIRC expresses its sincere thanks to all the erudite resource persons who with their rich experience and wisdom shared their knowledge amongst our elite professional fraternity.

Through this column, I wish to place on record and applaud the efforts of all the Branches for their sustained efforts in conducting the programmes in their respective branch jurisdiction. I am happy to share that I had the opportunity to participate in some of the programmes and see for myself the support our members had extended to the programmes.

CSR Initiatives of SIRC

Adoption of Government Schools:

Coinciding with the Platinum Jubilee Celebrations of SIRC of ICAI, we have decided to adopt Government Schools and provide basic infrastructure requirements throughout the Southern region. Funds to be provided by members are intended to be channelised, through Regional Council office or through Branch (based on the location of the school) for this purpose. I call upon the members to come forward to extend financial support (particularly those members who have the Government School background) to help their alma mater. Interested Members may complete a Google form available at <https://bit.ly/SIRCAadopGovtschool> to enable us to coordinate.

Urban Afforestation Drive:

Trees have furnished us with two of life's essentials - food and oxygen. As we evolved, they provided additional necessities such as shelter, medicine, and tools. It is our prime duty to develop trees for the benefit of present and future generations. SIRC has taken the cause of planting tree saplings throughout Southern region with the coordinated efforts of its Branches. Members and their clients who are interested to involve themselves in this noble cause (for providing tree saplings and / or taking the saplings for planting and growing) may get in touch with us through a Google form available at <https://bit.ly/SIRCTreePlantation> so that the office of SIRC can do the needful.

Future Programmes:

SIRC continues to keep its activities vibrant and robust and the month of August 2021 will once again have activity filled period with numerous CPE programmes lined up to keep the members abreast of developments in different fields of their professional activities. Notable to mention a few are three different 70 hours CPE Programmes focusing on Young Members, Information Technology and Members in Industry and weekend morning session on Ind AS for Members in Industry.

15th August 2021 - 75th Independence Day:

On 15th August 2021 the country enters into its 75th Year of Independence. Let us celebrate the occasion in a befitting manner but within the precincts of protocol prescribed by the Government. Let us on this occasion record, honour and salute the freedom fighters, political leaders and the common man who have made selfless sacrifices in attaining our Independence. Let us pledge ourselves to be a valued citizen and perform our duties to make our Mother India great in all spheres of activities and be a world leader.

Virtual Interactions with Members:

SIRC has collated views/suggestions from our fraternity through Google forms on the following aspects:

- Inputs for Pre-Budget Memorandum for Government of Tamil-Nadu.
- Suggestions for the development of MSME Sector in Tamilnadu.
- Professional Inputs for Public Governance for State Governments in Southern Region.
- Survey on Information Technology adoption by CAs in practice.

We take the privilege of expressing our sincere gratitude to the members who have responded with their considered views. The inputs so received will be forwarded to the authorities concerned.

Publication of e-Newsletter:

As communicated in the last month Newsletter, henceforth the SIRC Newsletter will be in digital format only and will be sent by e-mail to the members whose mail ids are in our Self Service Portal (SSP). I request all the members to download the Newsletter and have it on your working desk to know about the programmes and to participate in such programmes.

70th Annual General Meeting:

The 70th Annual General Meeting of SIRC of ICAI will be held on Monday the 23rd August 2021 at 11.00 a.m. through a Virtual Conference/Other Audio Visual Means (OAVM), the details of which were published in SIRC Newsletter of last month and also elsewhere in this Newsletter.

Programmes for Students:

Students Committee and SICASA were active in conducting various virtual programmes for the benefits of students like:

Self-motivation	Communication skills
GST Automation in Tally	Careers in Corporate Sector
Mental Wellness	TDS Automation in Tally
Audit in and around EDP based accounting	Skills and Career Options
Access Controls and Security	Tally Accounting Package

SIRC Coaching Classes:

Regional Level online coaching classes for Foundation Course commenced on 15th July 2021 which is a runaway success with active involvement of all branches of SIRC for which we are grateful to the Chairmen and Members of the Managing Committees of the branches and personnel serving in those branches. We offer our special thanks to the readers of our SIRC Newsletter who have acceded to our request to promote these online coaching classes of SIRC.

SIRC is launching Rapid Revision classes for CA Intermediate and Final levels with effect from 1st September 2021 for the students appearing in November/December 2021 CA examinations. Similarly the regular coaching classes for May 2022 Intermediate and Final examinations are planned to commence from 6th October 2021. We seek the cooperation of our members to disseminate these details amongst the students' fraternity.

Signing off this month's interaction through SIRC Newsletter:

I wish to conclude this communication by drawing the quote by Dr. A. P. J. Abdul Kalam, Former President of India - 'To succeed in your mission, you must have single-minded devotion to your goal'.

In the service of Members and Students ever,

CA. JALAPATHI K
Chairman, SIRC of ICAI.



Leader's Thought

Dear Member,
Greetings to you

Covid has affected lot of citizens of the Country, I hope and wish all of our members are safe and secure now.

Experiences of people who have gone through the turmoil are very painful and unimaginable for the last 16 months of Covid. There are lot of members who were caught in the financial pressure and were short of funds because of hospitalisation on account of Covid. I have come to know that some young members who have not followed the Covid precaution protocols have passed away.

Friends, when I further analysed the reason for the members who could not meet the hospitalisation bills and were short of funds, I have come to know of few reasons. Most of them were CAs in Practice, they were not following the ICAI requirements of "Minimum Recommended Fee" which is recommendatory. So, is the client so indispensable, did the clients pay any advance to these members, did they visit them in hospital, did they contribute anything to their family after the member passed away. It was colleagues CAs who have supported, visited and contributed to families wherever possible. Clients are very clear, it is nothing personal but professional relationship. So why do most of our members get into the shoes of the client.

In this context, is it worthwhile to have huge debtors from clients or charge fee which is very low in order to retain the client or get worried that the client may leave if we increase the fee. Does the fee charged for years support your costs while the cost of living and office costs have increased multifold. It is time every member in practice takes this Pandemic as a best situation to review, revise and reassess their financials and ensure their increase in professional fee, collections and increase in quality of living and service. Also ensure there are no debtors from now on.

As you are aware due to increased usage of technology, there have been merger of banks, Government is using technology to great extent and has reduced the manual interaction in most of departments like GST, Income tax, RBI etc. This ensures that we all have to update our skill in every aspect to perform excellently.

In order to get assignments from Banks, PSUs or client, the buzz word which is increasingly being stressed is "Quality". To achieve this quality standard, we have to improve our processes of work, documentation and reporting. It also means we have to keep on enhancing our skill, our staff skill and the costs have to be taken care.

The speed at which the change is happening in various statutes is very fast and if we have to survive the competition, we have to be ready to face these challenging situations.

My appeal to all members is to change the focus to QUALITY, which in turn ensures us to scale higher performance because of PEER REVIEW by ICAI which is well recognised.

The Tax season is beginning and most of practicing CAs will be busy in filings of various returns. Please take all precautions for Covid, educate the client on "Minimum Recommended Fee" and let the Quality be the benchmark of our attainment.

I would like to conclude with this Quote "Time, Health and relationships..., these three things do not come with price tags. But when we lose them we realise the cost !".

Stay safe and stay healthy.

With warm regards

CA. Naresh Chandra Gelli
Member - SIRC of ICAI
Email : ca.nareshgelli@gmail.com

FORTHCOMING VIRTUAL CPE MEETINGS – AUGUST 2021

<https://bit.ly/sirclogin>

(Limited to 2500 members registering on first come first served basis)

Date	Timings	Topic	Resource Person(s)	Structured CPE	Fees (Rs)
4th Aug 2021 (Wed)	5PM-8PM	Meeting on Cloud Accounting Necessity & Advantages	CA. Sanjib Sanghi, Kolkata CA. Sarita Agrawal, Kolkata	3	100 +GST
5th, 6th & 7th Aug 2021 (Thu, Fri & Sat)	4PM-8PM	National Conference on Reimagine Internal Audit - Race for Relevance, organised by IASB of ICAI	Details have been hosted in the website	12	NIL
8th Aug 2021 (Sun)	7.30AM-9.30AM	Weekend Morning Session on Ind AS 115	CA. K. Raghu, Chennai	2	100 +GST
9th Aug 21 (Mon)	5PM-8PM	Scope and Opportunities for Young professional CA's in digital Environment Sustainability Reporting	CA. V. Swaminathan, Mumbai CA. Kaushal Shah, Ahmedabad	3	100 +GST
10th Aug 2021 (Tue)	5PM-7PM	"Provisions of FEMA, with reference to Export and Import"	Shri Ajit Shah, Mumbai	2	100 +GST
11th Aug 2021 (Wed)	5PM-8PM	Usage of Power BI and Data Analytics	CA. S. Rathinagiri, Sivakasi	3	100 +GST
12th, 13th & 14th Aug 2021 (Thu, Fri & Sat)	5PM-8PM	Sub- Regional Conference – Bengaluru, Karnataka	Details at page No.10	9	NIL
15th Aug 2021 (Sun)	7.30AM-9.30AM	Weekend Morning Session on Ind AS20 & Ind AS21	CA. Mohan R Lavi, Bengaluru	2	100 +GST
16th Aug 2021 (Mon)	5PM-8PM	Commonly Found Non-Compliances/Errors- Form 3CA/3CB/3CD, Tax audit report u/s 44AB of Income Tax Act 1961	CA. Ramnath V, Coimbatore	3	100 +GST
20th & 21st Aug 2021 (Fri & Sat)	5PM-8PM	Sub- Regional Conference- Pondicherry	Details at page No.9	6	NIL

FORTHCOMING VIRTUAL CPE MEETINGS – AUGUST 2021

<https://bit.ly/sirclogin>

(Limited to 2500 members registering on first come first served basis)

22 nd Aug 2021 (Sun)	7.30AM- 9.30AM	Weekend Morning Session on Ind AS102 & Ind AS103	CA. Dr. Gopal Krishna Raju, Chennai	2	100 +GST
23 rd Aug 21 (Mon)	4PM-7PM	Debate on CARO 2020 & New Code of Ethics, Expectations from Professionals	CA. Amarjit Chopra, Past President, ICAI & CA. Ganesh Balakrishnan, Hyderabad	3	100 +GST
24 th Aug 2021 (Tue)	5PM-8PM	Artificial Intelligence in Accounting	CA. Manish Muralidhar, Hyderabad	3	100 +GST
25 th Aug 2021 (Wed)	5PM-8PM	Data Analytics for Auditors (Practical case Studies)	CA. Deepjee Singhal, Mumbai	3	100 +GST
26 th Aug 2021 (Thu)	5PM-8PM	"Roles and Responsibilities of Independent Directors"	CA. Adv. Ashish Makhija, New Delhi	3	100 +GST
28 th Aug 2021 (Sat)	5PM-7PM	Investors Awareness Programme	Eminent Speaker	NIL	NIL
29 th Aug 2021 (Sun)	7.30AM- 9.30AM	Weekend Morning Session on Ind AS19 & Ind AS113	CA. Arunkumar, Chennai	2	100 +GST
30 th Aug 2021 (Mon)	5PM-8PM	Opportunities in Finance Advisory Services and Business Analytics	CS. B Ravichandran, Hyderabad CA. Mithun Jayaram, Bengaluru	3	100 +GST
5 th Sept 2021 (Sun)	7.30AM- 9.30AM	Weekend Morning Session on Ind AS101	CA. Chinnsamy Ganesan, Chennai	2	100 +GST

UPDATES Scan QR Code & Read

CORPORATE LAW



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OBITUARY REFERENCE

Sl. No.	MRN	Name	Status	Place	Demise
1	20491	SIVASUBRAMANIAN S	FCA	COIMBATORE	07-06-21

May the Almighty, architect of the Universe rest the soul in peace.

Virtual CPE Programmes conducted by SIRC of ICAI

Please note the link for Resources of Past Virtual and other programmes of SIRC of ICAI
<https://www.sirc-icai.org/past-programmes.php>

75th INDEPENDENCE DAY CELEBRATIONS

Sunday, 15th August 2021
Time : 9:00 AM
Venue: SIRC of ICAI
ICAI Bhawan,
No. 122, Mahatma Gandhi Road,
Nungambakkam, Chennai- 600034.



**National Flag Hoisting
At The Lawns of Institute's Premises**
(Covid 19 Protocol will be maintained)

CONGRATULATIONS



CA. Jagannadha Reddy Pakala, Bengaluru has been inducted as a Professional Director to the Board of Directors of the Sreenidhi Souharda Sahakari Bank Niyamita for a tenure of 5 years..

SIRC of ICAI Congratulates the Member.

CONGRATULATIONS



CA. C. Ramachandraiah, Kadapa has been elected as a Member of Andhra Pradesh Legislative Council.

SIRC of ICAI Congratulates the Member.



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India

31st July, 2021

ANNOUNCEMENT

Sub: **Clarification on spending of CSR funds for COVID-19 Vaccination**

The Ministry of Corporate Affairs had earlier clarified vide its circular dated 23.03.2021 that spending of CSR funds for CoVID-19 is an eligible CSR Activity.

In view of the continued spread of Corona Virus and in continuation to the aforesaid clarification, the Ministry has further clarified vide its circular dated 30th July, 2021 that spending of CSR funds for CoVID-19 vaccination for persons other than the employees and their families is considered to be an eligible CSR activity under item no (i) and (xii) of Schedule VII of the Companies Act, 2013.

Accordingly, the Companies may undertake the aforesaid activity subject to fulfillment of Companies (CSR Policy) Rules, 2014 and the circulars issued by the Ministry from time to time.

[Circular No: 13/2021]

Circular is available at the link-
<https://www.mca.gov.in/bin/dms/getdocument?mids=HbDqXuILtCYiShFT8wcuA%253D%253D&type=open>

Members may take note of the above and plan accordingly.

Sincerely Yours,

Chairman and Vice Chairman
Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India



SOUTHERN INDIA REGIONAL COUNCIL The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)

"ICAI Bhawan", No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.

70th ANNUAL GENERAL MEETING OF SIRC OF ICAI

NOTICE

NOTICE is hereby given that the Seventieth Annual General Meeting of the Members of the Southern India Regional Council of the Institute of Chartered Accountants of India will be held on Monday, the 23rd August, 2021 at 11.00 A.M. through a virtual conference (VC)/Other Audio Visual Means (OAVM) (Link: <https://www.sirc-icai.org/login.php>), to transact the following agenda:

- To receive the Annual Report of the Regional Council for the year ended 31st March 2021;
- To receive the Audited Financial Statements of the Regional Council for the year ended 31st March 2021 together with the Auditor's Report thereon; and
- To transact any other business that may be brought before the meeting including any resolution(s) received and / or any resolution that may be received from the member(s) subject to the fulfillment of conditions under Regulations 150 & 151 of CA Regulations, 1988 with the permission of the Chair.

BY ORDER OF THE
SOUTHERN INDIA REGIONAL COUNCIL OF ICAI

Place : Chennai
Date : 25.06.2021

Sd/-
CA. Panna Raj S.
Secretary, SIRC of ICAI

Note:

- To join the AGM, visit <https://www.sirc-icai.org/login.php> Once you have logged in, the link to join the AGM will be available one hour before the scheduled start time of the AGM.
- The Annual Report of SIRC for the period (2020-21), Financial Statements, Schedules forming part of the Financial Statements and Notes to Accounts have been hosted in the website (<https://bit.ly/SIRC70AGM>) and has also been displayed on the Notice Board at the Office of the Southern India Regional Council of the Institute of Chartered Accountants of India.
- Members desirous to have hard copy of the full version of these statements etc., may kindly email a request to padmashankar.t@icai.in along with their Name, ICAI Membership Number and latest complete postal address to do the needful (subject to the prevailing postal services due to Covid 19 pandemic).
- Please note that all participating members will be able to view the Elected Members & SIRC Officers. The Participating members audio will be made available, to be heard, by all members present and attending the AGM.
- Due to reason beyond the control, if any member is unable to participate through the proposed virtual mode, the meeting & any business transacted during the AGM will remain valid.
- No person other than a member whose name is borne on the regional register and has paid the annual membership fee should attend or will have access to the proceedings of the meeting through the proposed virtual mode.
- Any member facing difficulty in joining the virtual AGM on 23.08.2021 may get in touch with Mr. Rahman Ali, Sr. Executive Officer, SIRC of ICAI at 9940020956.



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



"ICAI Bhawan",
No.122, Mahatma Gandhi Road,
Nungambakkam, Chennai - 600 034.

SIRC CA Intermediate Rapid Revision

Online Coaching Classes
for
Nov 2021
Examinations

Commencement
Date :
1st September
2021

(Tentatively end by
15th October 2021)

Class Timings:
10.00 AM to 5.00 PM

Duration :
1.5 Months

For Registration, please visit
www.sirc-icai.org/view-batches.php

Accounting & Advanced Accounting				Corporate and Other Law	
CA. S. S. Prathap	CA. G. P. Karthikeyan	CA. K. Srinivasan	CA. D. Suman	CA. R. Mohan	CA. Puranoid Jayakumar
Costing		Direct Tax		Indirect Tax	
CA. B. Saravana Prasad	CA. Santhi Ganapathy	CA. P. Ramaswamy	CA. S. Sesharanan	CA. S. J. John Kennedy	CA. Sarjaya Kadi
Financial Management		Auditing and Assurance		Economics for Finance	
CA. K. Hitharan	CA. Vikas David	CA. R. Bharath Kumar			

Class Fee :

Group - 1
Rs. 2,800

Group - 2
Rs. 2,800

BOTH GROUP
Rs. 5,000

- SIRC of ICAI is the leader in grooming CAs for the past 50 years
- Expert and Experienced Faculty Team for SIRC Coaching Classes
- Be trained by the Leader... at very nominal cost
- State of the Art Online Platform for Coaching

For further query, please contact SIRC Coaching Classes

Ph: 044 - 30210380 Mob: 82205 22669

E-mail: sirc.intermediate@icai.in

CA. Jalapathi. K
Chairman, SIRC of ICAI
M: 98428 96673

CA. Panna Raj. S
Secretary, SIRC of ICAI
M: 94940 73398



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



SIRC CA FINAL RAPID REVISION

Online Coaching Classes for Nov 2021 Examinations

Time :
10.00 AM to 5.00 PM

FEES
GROUP-1
Rs. 3,400
GROUP-2
Rs. 2,550
BOTH GROUP
Rs. 5,500

Commencement Date:
1st September 2021

(Tentatively end by 15th October 2021)

For further query, please contact SIRC Coaching Classes

Helpline

Phone: 044 - 30210380
Mobile: 73585 06400
E-mail: sirc.final@icai.in

For Registration, please visit
www.sirc-icai.org/view-batches.php

Strategic Cost Management and Performance Evaluation

Direct Tax Laws

Indirect Tax Laws

Advanced Auditing and Professional Ethics

Some of the SIRC Faculty Members



CA B. Saravana Prasadh



CA S. Srinam



CMA. Tharun Raj



CA Vikas Oswal

Strategic Financial Management

Corporate and Economic Laws

Financial Reporting

CA, Jalapathi. K
Chairman,
SIRC of ICAI
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CA. Panna Raj. S
Secretary,
SIRC of ICAI
M: 94490 73398



CA L. Muralidharan



CA. R. Bharath Kumar



CA R. Raghav



CA K. Shanmughanathan



CA G.P. Kasthur Rangan



CA. H.A.K. Rao, FCA, Bangalore passed away on 3rd April 2021. He was first member to have been elected from Bangalore both for Regional Council and Central Council. He was Regional Council Member during the term 1961-1964 and Treasurer of SIRC in the year 1961-1962. He was elected consecutively for three terms to the Central Council for the terms 1964-1967, 1967-1970 and 1970-1973. May his soul rest in eternal shanthi.

CA. N. Nityananda, FCA, Bengaluru passed away on 21st July 2021. He was a Member, SIRC between 1988 and 1995. During this period he was Treasurer in the year 1988-89, Secretary in the year 1989-90, Vice-Chairman in the year 1990 to 22.01.1992 and Chairman in the year 1992-93.

He was Central Council Member of ICAI for three consecutive terms between 1995 and 2004.

He also held the position of Treasurer in the year 1981-82; Vice Chairman in the year 1985-86 and Chairman in the year 1986-87 in Bangalore Branch of SIRC of ICAI.

May his soul rest in eternal shanthi.



CA. G. Balasubramanian, FCA, Chennai passed away on 23rd July 2021. He was a Member of SIRC for three consecutive terms 1995-1998, 1998-2001 and 2001-2004. He was Treasurer of SIRC during the year 1997-98 and Secretary of SIRC during the year 2000-2001.

May his soul rest in eternal shanthi.



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



SUB REGIONAL CONFERENCE OF SIRC OF ICAI - 2021 (Virtual Mode)

Hosted By: PONDICHERRY BRANCH OF SIRC OF ICAI

Day 1

20 Aug 2021, Fri
08.00 pm to 09.30 pm

Auditing Standards for Non-Companies

CA. M. P. VIJAYKUMAR
Central Council Member, ICAI

Day 1

20 Aug 2021, Fri
09.30 pm to 10.59 pm

Assessment of firm & its partners on Reconstitution / Dissolution under the new / amended provisions of Sec. 9B & 45(4) of Income Tax Act

CA. (Dr.) GIRISH AHUJA
New Delhi

Day 2

21 Aug 2021, Sat
04.45 pm to 06.15 pm

Facing GST Department Notices, enquiry, Audit and Assessment

CA. JATIN CHRISTOPHER
Bangalore

Day 2

21 Aug 2021, Sat
06.15 pm to 07.45 pm

Recent judgements and Analysis of Cash Transactions vis a vis undisclosed Income and taxation under section 115BE

Shri. KAPIL GOEL
Advocate, Delhi

CPE Credit 6 hours
Deligate Fee Nil
Regn Link : <https://forms.glu/VNoFyGvVRSQzsd>

CA, Jalapathi. K
Chairman, SIRC of ICAI

CA. Panna Raj. S
Secretary, SIRC of ICAI

For more details, please contact,
Mobile : 98423 33714
Branch : 9421 - 4300281
Email : pondicherry@icai.org

CA. V. Prabagarane
Chairman, Pondicherry Branch of SIRC

CA. M.S. Manjubashni
Secretary, Pondicherry Branch of SIRC

OBITUARY REFERENCES

CA. H.A.K. Rao, FCA, Bangalore passed away on 3rd April 2021. He was first member to have been elected from Bangalore both for Regional Council and Central Council. He was Regional Council Member during the term 1961-1964 and Treasurer of SIRC in the year 1961-1962. He was elected consecutively for three terms to the Central Council for the terms 1964-1967, 1967-1970 and 1970-1973. May his soul rest in eternal shanthi.

CA. N. Nityananda, FCA, Bengaluru passed away on 21st July 2021. He was a Member, SIRC between 1988 and 1995. During this period he was Treasurer in the year 1988-89, Secretary in the year 1989-90, Vice-Chairman in the year 1990 to 22.01.1992 and Chairman in the year 1992-93.

He was Central Council Member of ICAI for three consecutive terms between 1995 and 2004.

He also held the position of Treasurer in the year 1981-82; Vice Chairman in the year 1985-86 and Chairman in the year 1986-87 in Bangalore Branch of SIRC of ICAI.

May his soul rest in eternal shanthi.

CA. G. Balasubramanian, FCA, Chennai passed away on 23rd July 2021. He was a Member of SIRC for three consecutive terms 1995-1998, 1998-2001 and 2001-2004. He was Treasurer of SIRC during the year 1997-98 and Secretary of SIRC during the year 2000-2001.

May his soul rest in eternal shanthi.

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9th Aug 2021

Introducing the Code and Examination Process and Corporate Insolvency Resolution Process, Case Study

CA. IP. Revathi S Raghunathan
Chennai

12th Aug 2021

IBBI, IPA, IP, IU and other Regulations, Code of Ethics, Disciplinary Mechanism, Adjudicating Authority, Offences and Penalties, Case Study

CS. IP. Hari Babu Thota
Bangalore

10th Aug 2021

Liquidation Process and Voluntary Liquidation of Corporate persons, Adjudicating Authority, Offences and Penalties, Case study

CA. IP. Anantha S
Chennai

13th Aug 2021

Other Laws

CA. Adv. IP. Ramana Kumar
Chennai

11th Aug 2021

Insolvency Resolution for Individuals and Partnership Firms, Bankruptcy Order for Individuals and Partnership Firms, Administration of the Estate of the Bankrupt Case Study

CA. IP. Ritesh Mittal
Hyderabad

14th Aug 2021

Case Laws - Corporate Insolvency Resolution Process

CA. Adv. Ashish Makhija
Delhi

CA. Jalapathi. K
Chairman, SIRC of ICAI

Fees: Rs. 500 + GST

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

CA. Panna Raj. S
Secretary, SIRC of ICAI



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MOB: 82202 22000
E-mail: sirc.intermediate@icai.in

Resource Persons for CPE Programme during the month of August 2021



CA. Talluri Rajendra Prasad



Adv. CA. Bharat Agarwal



CA. Shashank Mouli



CA. Narasimhan Elangovan



CA. (Dr.) K. PAUL JAYAKAR



CA. S. Deepika



CA. Pankaj G Shah



CA. Uday Kulkarni



CA. Vivek Newatia



CA. Govind Mundhra



Dr. CA. Gopal Krishna Raju



CA. Pathanjali Srinivasan



Ms. Vanita Pattnaik



Ms. Ivy Chin

**Southern India Regional Council of
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**SUB REGIONAL CONFERENCE
ON LAWS DEALING WITH
ECONOMIC OFFENCES**

Thursday to Saturday,
12th August 2021 to 14th August 2021 | 5.00 pm - 8.00 pm

Hosted by:
Bengaluru Branch of SIRC of ICAI

VIRTUAL

NO DELEGATE FEES

Day -1 Thursday, 12.08.2021

Benami Law

CA Ashwani Taneja
Advocate (Ex-Member IIT),
Partner - IBA LEGAL

Dr. RN Dash
(Ex-DC, International Taxation
for India and Ex-Member and
Acting Chairman, Appellate Tribunal, FEMA)

Sh Amit Khemka,
Advocate Supreme Court of India
Partner - IBA LEGAL

Sh Ashish Tandon,
Chartered Accountant

Day -2 Friday, 13.08.2021

PMLA

CA Ashwani Taneja
Advocate (Ex-Member IIT),
Partner - IBA LEGAL

Dr. RN Dash
(Ex-DC, International Taxation
for India and Ex-Member and
Acting Chairman, Appellate Tribunal, PMLA)

Sh Amit Khemka,
Advocate Supreme Court of India
Partner - IBA LEGAL

Sh Ashish Tandon,
Chartered Accountant

Day -3 Saturday, 14.08.2021

**Black Money and Prosecution under Benami Law,
PMLA and Black Money and interplay with Income Tax Act, 1961**

CA Ashwani Taneja
Advocate (Ex-Member IIT),
Partner - IBA LEGAL

Dr. RN Dash
(Ex-DC, International Taxation
for India and Ex-Member and
Acting Chairman, Appellate Tribunal, PMLA)

Sh Amit Khemka,
Advocate Supreme Court of India
Partner - IBA LEGAL

Sh Ashish Tandon,
Chartered Accountant

For Registration:
Please visit
www.bangaloreicai.org

For Queries: LL - 080 4384 4858

Inaugural address by:
CA. Jalapathi K.
Chairman
SIRC of ICAI

Program Overview by:
CA. Panmaraj S
Secretary
SIRC of ICAI

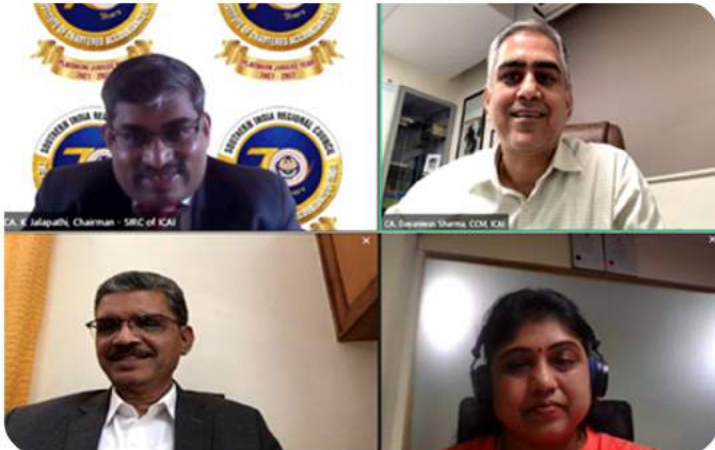
**CPE : 9 hrs
(3hrs / day)**

CA. B.T. Shetty
Chairman
Bengaluru Branch of SIRC of ICAI

CA. Srinivasa T
Vice-Chairman
Bengaluru Branch of SIRC of ICAI

CA. Divya S
Secretary
Bengaluru Branch of SIRC of ICAI

Networking & Merger - Collaborate, Consolidate and Grow - 27th July 2021



Resource person CA. Dayaniwas Sharma, Central Council Member seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. A. B. Geetha, Regional Council Member.

Weekend Morning Session on Ind AS 1 & Ind AS 8 - 31st July 2021



Chief Guest CA. M. P. Vijay Kumar, Central Council Member, ICAI and Resource person CA. G. N. Ramaswami, Chennai seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI and CA. S. Panna Raj, Secretary, SIRC of ICAI.

Disciplinary Mechanism - Common Professional Misconduct & Recent Amendments and Latest Developments in GST - 22nd July 2021



Resource persons CA. Rajendra Kumar .P, Central Council Member and CA. Ganesh Prabu, Chennai seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. R. Sundararajan, Regional Council Member.

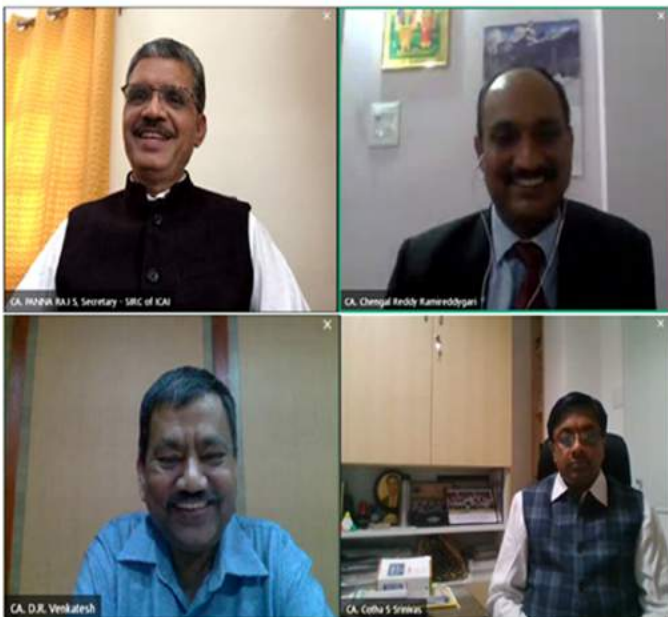
Contract Negotiation, Corporate Governance & Internal audit, Investor Relationship Management and Panel Discussion - 24th July 2021



Resource persons CA. Balasubramanya R, Bengaluru, CA. Sandhya Sriram, Bengaluru, CA. Pramod Gupta, Bengaluru, CA. Dinesh Daga, Udaipur, CA. Venkatesh Bhat, Bengaluru, CA. Amrish Choudhary, Bengaluru and CA. Dinesh Jain, Surat seen along with CA. S. Panna Raj, Secretary, SIRC of ICAI and CA. Revathi S. Raghunathan, Treasurer, SIRC of ICAI.

TDS & TCS Latest Developments, Overview of TDS - 26th July 2021

Panel Discussion : Road Ahead - Future of the CA Profession and Changing Challenges - 31st July 2021



Resource persons CA. Cotha S. Srinivas, Bengaluru and CA. D. R. Venkatesh seen along with CA. Panna Raj S, Secretary, SIRC of ICAI and CA. Chengal Reddy Ramireddygar, Regional Council Member.



Resource persons CA. Sunil H. Talati, Past President, ICAI, CA. G. Ramaswamy, Past President, ICAI, CA. Manoj Fadnis, Past President, ICAI and CA. S. Santhana Krishnan, Past Central Council Member, ICAI seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI and CA. S. Panna Raj, Secretary, SIRC of ICAI.

**Panel discussion on Faceless Appeal before Appellate Tribunal Expectation and Opportunities for Chartered Accountants
- 17th July 2021**



Resource person CA. Abraham George, Former Tribunal Member, Shri N R S Ganeshan, Former Tribunal Member, CA. G Ramswamy, Past President, ICAI, CA Ved Jain, Past President of ICAI and CA. Ramakrishnan, Chennai seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. S. Panna Raj, Secretary, SIRC of ICAI, CA. Revathi S. Raghunathan, Treasurer, SIRC of ICAI, CA. Naresh Chandra Gelli, SICASA, Chairman, CA. R. Sundararajan, Regional Council Member, CA. A.B. Geetha, Regional Council Member, Dr. CA. Abhishek Murali, Regional Council Member.

Free Covid -19 Vaccination Camp - 31st July 2021



Chief Guest Dr. Ezhilan Naganathan, M.D., Member of Legislative Assembly, Tamil Nadu seen along with CA. K. Jalapathi, Chairman, SIRC of ICAI, CA. Revathi S. Raghunathan, Treasurer, SIRC of ICAI, CA. R. Sundararajan, Regional Council Member .

New Publications



New Publications



Corporate Law Update – July 2021

The following are few of the important updates in Companies Act 2013 & SEBI LODR Regulations 2015 from 24th June to 25th of July 2021.

I. Relaxation of Additional fees for few more forms other than charge forms and extension of the applicability period

The Ministry of Corporate Affairs (MCA) vide its General Circular No.06 dated 3rd May 2021 relaxed levy of additional fees for certain forms under Companies Act, 2013 & LLP Act 2008.

Now as per General Circular 11/2021 dated 30th June 2021, it has been decided to grant additional time up to **31st August 2021** for companies / LLPs to file such forms (other than CHG 1, CHG 4 & CHG 9) without any additional fees which were / would be due for filing during **1st April 2021 to 31st July 2021**.

List of additional forms provided with waiver of additional fee as per Circular no. 06/2021 (updated on 01.07.2021)

Sl. No.	Form Id	Form Description
52	DPT-3	Return of deposits
53	IEPF-2	Statement of unclaimed or unpaid amounts
54	NDH-1	Annual accounts along with the list of all principal places of business in India established by foreign company
55	FC-3	Return of Statutory Compliances

II. Relaxation of time for filing Charge related forms – Extension of time

The Ministry of Corporate Affairs (MCA) vide its General Circular No.07 dated 3rd May 2021 relaxed levy of additional fees for Charge related forms under Companies Act, 2013 & LLP Act 2008.

Now as per General Circular 12/2021 dated 30th June 2021, it has been decided to grant additional time up to **31st August 2021** for companies / LLPs to file Charge related forms (CHG 1, CHG 4 & CHG 9) without any additional fees which were / would be due for filing during **1st April 2021 to 31st July 2021**.

III. Companies (Incorporation) Fifth Amendment Rules, 2021

G.S.R. 503(E).—In exercise of the powers conferred by sub-sections (1) and (3) of section 16, and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014, namely.

The key changes in Companies (Incorporation) Rules, 2021 are :

Rule 33A - Allotment of a new name to the existing company under section 16(3) of the Act.

(1) In case a company fails to change its name or new name, as the case may be, in accordance with the direction issued under sub-section (1) of section 16 of the Act within a period of three months from the date of issue of such direction, the letters “ORDNC” (which is an abbreviation of the words “Order of Regional Director Not Complied”), the year of passing of the direction, the serial number and the existing Corporate Identity Number (CIN) of the company shall become the new name of the company without any further act or deed by the company, and the Registrar shall accordingly make entry of the new name in the register of companies and issue a fresh certificate of incorporation in Form No.INC-11C:

Provided that nothing contained in sub-rule (1) shall apply in case e-form INC-24 filed by the company is pending for disposal at the expiry of three months from the date of issue of direction by Regional Director, unless the said e-form is subsequently rejected.

(2) A company whose name has been changed under sub-rule (1) shall at once make necessary compliance with the provisions of section 12 of the Act and the statement, "Order of Regional Director Not Complied (under section 16 of the Companies Act, 2013)" shall be mentioned in brackets below the name of company, wherever its name is printed, affixed or engraved:

Provided that no such statement shall be required to be mentioned in case the company subsequently changes its name in accordance with the provisions of section 13 of the Act."

This amended Rules shall come into force from 1st September 2021.

IV. Commencement Notification with regard to the amendment in Sec 16:

S.O. 2904(E).—In exercise of the powers conferred by sub-section (2) of section 1 of the Companies (Amendment) Act, 2020 (29 of 2020), the Central Government hereby appoints the 1st September, 2021 as the date on which the provisions of section 4 of the said Act shall come into force.

In **section 16** of the principal Act, (Companies Act, 2013)—

(i) in sub-section (1), in clause (b), for the words "period of six months", the words "**period of three months**" shall be substituted;

(ii) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) If a company is in default in complying with any direction given under sub-section (1), the Central Government shall allot a new name to the company in such manner as may be prescribed and the Registrar shall enter the new name in the register of companies in place of the old name and issue a fresh certificate of incorporation with the new name, which the company shall use thereafter:

Provided that nothing in this sub-section shall prevent a company from subsequently changing its name in accordance with the provisions of section 13."

i.e., the concerned sections as amended by the said amendment Act is notified on 22nd July 2021.

V. Relaxation in timelines for compliance with regulatory requirements:

SEBI, vide Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/587 dated 30th June 2021, in view of the COVID-19 pandemic situation, provided relaxations in timelines with various regulatory requirements by the trading members / clearing members / depository participants as under:

Sl. No.	Submission / Compliance	Current Timeline/ Period of exclusion	Proposed timeline / Period of exclusion
1	Maintaining call recordings of orders / instructions received	Till June 30, 2021	Till July 31, 2021
2	Client Funding Reporting	Till June 30, 2021	Till July 31, 2021
3	To operate the trading terminals from designated alternate locations	Till June 30, 2021	Till July 31, 2021
4	KYC application form and supporting documents	Till June 30, 2021, documents may be	Till July 31, 2021, documents may be

	of the clients to be uploaded on system of KRA within 10 working days	uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after June 30, 2021 to clear the backlog.	uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after July 31, 2021 to clear the backlog.
5	Issue of Annual Global Statement to clients	Till June 30, 2021. *Relaxation is provided only if the client has requested for a physical statement.	Till July 31, 2021. *Relaxation is provided only if the client has requested for a physical statement.

VI. **Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to Covid-19**

SEBI, vide Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2021/597 dated 20th July 2021, in view of the COVID-19 pandemic situation, provided relaxations in timelines with various regulatory requirements by Debenture Trustees as under:

S.No.	Regulatory requirements of SEBI circular dated November 12, 2020	Current timeline	Extended timeline
1.	Submission of reports/ certifications to Stock Exchanges as per clause 2.1 of the circular	July 15, 2021	
	a. Asset Cover Certificate		August 31, 2021
	b. A statement of value of pledged securities		August 31, 2021
	c. A statement of value for Debt Service Reserve Account (DSRA) or any other form of security offered		August 31, 2021
	d. Net worth certificate of guarantor (secured by way of personal guarantee)		October 31, 2021
	e. Financials/ value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)		October 31, 2021
	f. Valuation report and title search report for the immovable/ movable assets, as applicable.		October 31, 2021

I. Review of Foreign Direct Investment (FDI) policy on Insurance

The Government of India has reviewed the extant FDI policy on Insurance sector and Department for Promotion of Industry and Internal Trade (DIPP) vide Press Note 2 (2021 series), dated 14/06/2021, has increased the sectoral limit to 74% from the present 49% under automatic route. Sectoral limit for insurance intermediaries like insurance brokers, re-insurance brokers, insurance consultants, etc as may be notified by IRDA shall continue to be 100% under automatic route. The above decision will take effect from the date of corresponding FEMA notification.

The said amendment will be effective upon amendment related to FEM (NDI) Rules, 2019 is published in official gazette.

II. Extension of the validity of registration certificates issued under The Foreign Contribution (Regulation) Act, 2010 ("FCRA")

Keeping in view the exigencies arising out of COVID-19 situation and to ensure smooth transition to the amended FCRA regime, the Central Government, in its public notice dated 18th May 2021, in exercise of the powers conferred by section 50 of the FCRA, 2010 has further decided that the registration certificates expiring / expired during the period between 29th September 2020 and up to 30th September 2021 shall remain valid up to 30th September 2021.

III. Advisory from State Bank of India regarding opening of FCRA Account:

As per FCRA (Amendment) Act, 2020, every person who is registered or proposing to register under FCRA shall mandatory open FCRA Account with State Bank of India, New Delhi Main Branch, New Delhi and shall use such FCRA Account only to receive foreign contributions. In this regard, SBI vide its letter dated June 6, 2021 has issued an advisory to all existing FCRA registered entities wherein the Standard Operating Procedure (SOP) has been shared and it has reiterated that no entity is required to visit New Delhi for opening such FCRA Account.

IV. International Financial Services Centres Authority (Procedure for making regulations), Regulations, 2021, dated July 5, 2021:

Vide above notified regulations the International Financial Services Centres Authority (IFSCA) has kept in place the process for framing regulations which would be required for its operations. Such process includes making public consultation and incorporating the suggestions received from general public.

V. International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021, dated July 16, 2021:

Vide above regulations, IFSCA notified the eligibility criteria, documentation process, issue size, pricing norms, etc applicable for issuance and listing of securities (both equity and debt securities) by entities located in IFSC. Detailed guidelines were provided separately for initial public offers, follow on public offers, rights issues and preferential issues, listing of start-up and SME companies, secondary list of specified securities, listing of Special Purpose Acquisition Companies, applicable listing obligations and disclosure requirements, etc.

VI. FEMA Case Law

SHRI ADNAN SAMI KHAN, SMT. SABAH SAMI KHAN VERSUS THE SPECIAL DIRECTOR DIRECTORATE OF ENFORCEMENT, MUMBAI

Contravention of Regulation 7 of Foreign Exchange Management (Acquisition and Transfer of Immovable property in India) Regulations, 2000

Brief facts of the case: Mr. Adnan Sami Khan ('appellant 1'), a well-recognized Bollywood singer, a Pakistani national has been staying in India since 1997 and was allotted PAN in the year 1998. In the year 2003, he acquired 8 residential flats and 5 car parking lots in a Mumbai based residential society, and by that time he was not granted Indian Citizenship. Subsequently he transferred 5 of said residential flats to his wife Sabah Sami Khan, a UAE citizen ('appellant 2').

Regulation 7 of Foreign Exchange Management (Acquisition and Transfer of Immovable property in India) Regulations, 2000 reads as follows:

Prohibition on acquisition or transfer of immovable property in India by citizens of certain countries - No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal or Bhutan without prior permission of the Reserve Bank shall acquire or transfer immovable property in India, other than lease, not exceeding five years

Enforcement Directorate (ED) issued notice to both the appellants saying that the acquisition was in contravention of FEMA as prior permission from RBI was not taken as the appellant 1 was a Pakistani national, and that he cannot transfer of property to his wife as he himself was not eligible to hold said properties. Accordingly, ED issued show cause notice levying penalty under section 13(1) of FEMA and proposed to confiscate the properties under section 13(2) of FEMA.

Appellant 1 initially replied that he was not aware of regulations and confirmed that he appointed a firm of advocates to look after legalities regarding acquisition of properties. In fact, the said firm of advocates applied to RBI for prior approval but was rejected. Hiding the fact, the appellant 1 went ahead in purchase of properties. Later he disregarded the fact and went on to claim that he was not aware of such advocates, and not aware of any such application to RBI for its approval.

He also claimed that the properties were purchased in Indian currency from his earning in India, and also a bank loan from Axis Bank. He claimed that bank officials filled the application on his behalf and said that bank officials wrongly mentioned 'Indian' as his nationality in the loan application. He also contended that he provided an indemnity bond to bank officials wherein he clearly mentioned as 'Indian Inhabitant (proposed)' giving emphasis to the fact that his citizenship has been under consideration with Govt of India.

Subsequently, Appellant 1 made an application to RBI for its post facto approval in relation to said transactions, but ED passed an order levying penalty and confiscation of properties without waiting for result of said application. However, the said application was also rejected by RBI later on.

Appellant 2 contended that she has been a citizen of UAE and so she is not required to obtain any prior approval of RBI. She also contended that she paid around INR 5 Cr towards said properties to appellant 1 time to time towards fittings and other interior works.

Now, the question is whether the ED was right in levying penalty, and whether ED has the right to confiscate the properties under FEMA based on the facts of the case?

HELD THAT:

National of the countries specified under Regulation 7 of the Regulations can acquire or transfer immovable properties in India, provided that such a person obtains the requisite permission from the Reserve Bank of India. If the national so fails to apply for such a permission, the Reserve Bank of India has the power to accord an ex post facto permission with regards to the said transaction.

The transaction in question is not a commercial transaction and as a matter of fact the appellant still resides in the flats.

The flats were purchased using Indian Rupees, out of monies earned in India on which Income tax has been paid, as well as monies loaned from India banks. The loans have been duly repaid. The appellant pursuant to purchase of the flats had also applied to the Government of India for grant of Citizenship and was granted a certificate of naturalization on 01.01.2016.

Section 13(2) of FEMA provides discretion to ED regarding confiscation of properties and not mandatory in nature, whereas penalty under section 13(1) is mandatory in nature. Since there is no foreign exchange involved in the transactions and accordingly no loss to exchequer, the impugned order is set-aside as far as exercise of discretion under Section 13(2) of the Act. Tribunal opined that absence of prior approval from RBI does not affect the title to the properties. It considered the said failure as a procedural non-compliance which attracts only penalty and upheld the acquisition of properties by appellant 2.

Tribunal held that the finding arrived under section 13(1) shall remain intact. In view of changing his stand from time to time, the tribunal increased the penalty on appellant 1 from INR 20 Lacs to INR 50 Lacs under section 19(6) of FEMA.

VII. Update on Compounding Orders issued under FEMA Regulations:

a. Stueve Engineering India Private Limited

Regulation	Regulation 3.1(l) A(2) of Notification No. FEMA 395/2019-RB
Contravention	Failure to issue equity instruments, to the person resident outside India making such investment, within the prescribed time limit.
Date of Order	04-06-2021
Compounding Fee	₹96,250/-

b. TV2Z India Development and Support Pvt Ltd

Regulation	Rule 4 of FEM (Non -Debt Instruments) Rules, 2019
Contravention	Failure to comply with reporting requirements by a person resident outside India for an investment in India.
Date of Order	01-06-2021
Compounding Fee	₹51,343/-

c. M/s PSS Marmi Granites LLP

Regulation	Regulation 9 read with Regulation 12 of Notification No. FEMA 23(R)/2015-RB
Contravention	Failure to realize export proceeds with the prescribed time limit
Date of Order	11-06-2021
Compounding Fee	₹58,558/-

GOODS & SERVICES TAX

Contributed by: CA. G. Saravana Kumar, Madurai

GST UPDATES

Various Measures implemented by the Government based on 43rd GST Council decision – Part II

1. **Rationalization of late fee for delay in filing GSTR 3B and GSTR 1 returns – Notification No 19/2021-CT & 20/2021-CT dated 01st June, 2021**

Following are the details of late filing fee payable for belated filing of GSTR 3B returns and GSTR 1 returns.

S. No.	Class of registered persons	Amount
(1)	(2)	(3)
1.	Registered persons whose total amount of central tax + State Tax payable in the said return is nil	CGST 250 + SGST 250
2.	Registered persons having an aggregate turnover of up to rupees 1.5 crores in the preceding financial year, other than those covered under S. No. 1	CGST 1000 + SGST 1000
3.	Taxpayers having an aggregate turnover of more than rupees 1.5 crores and up to rupees 5 crores in the preceding financial year, other than those covered under S. No. 1	CGST 2500 + SGST 2500
4.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year other than those covered under S.No. 1	CGST 5000 + SGST 5000

2. **Rationalization of late fee for belated filing of GSTR 4 returns – Notification No 21/2021**

Late fee for belated filing of GSTR 4 returns has been rationalized from the FY 2021-22 as follows:

Tax payers having nil tax liability – Maximum late fee of Rs. 500 (Rs. 250 + Rs. 250) per return

Other tax payers – Maximum late fee of Rs. 2000 (Rs. 1000 CGST + Rs. 1000 SGST) per return.

3. **Rationalization of late fee for belated filing of GSTR 7 returns – Notification No 22/2021**

Late fee for belated filing of GSTR 7 returns from the tax period June 2021 has been rationalized.

Late fee payable is Rs. 50 per day per return subject to a maximum of Rs. 2000 per return.

4. **Government departments and local authorities are exempt from the requirement of raising E-Invoice – Notification No 23/2021 dated 01st June, 2021**

Governments departments and local authorities are exempted from raising e-invoice.

5. **One time amnesty scheme for GSTR 3B returns – Notification No 20/2021-CT dated 01st June, 2021**

As one time measure, the government has waived late fee for tax periods from July 2017 to April 2021 as per the details below if the returns are filed between 01.06.2021 to 31.08.2021

- i. Tax payers having nil tax liability – Maximum late fee of Rs. 500 (CGST Rs. 250 + SGST Rs. 250) per return
- ii. Other tax payers – maximum late fee of Rs. 1000 (CGST Rs. 500 + SGST Rs. 500)

Clarification regarding extension of limitation under GST Law in terms of Hon'ble Supreme Court's Order dated 27.04.2021 – GST - Circular No. 157/13/2021-GST dated 20th July, 2021

Following clarifications were issued vide above circular regarding the applicability of extension of limitation given by Hon'ble Supreme court vide its order dated 27.04.2021 in Miscellaneous Application No. 665/2021 in SMW(C) No. 3/2020.

(a) Proceedings that need to be initiated or compliances that need to be done by the taxpayers: -

These actions would continue to be governed only by the statutory mechanism and time limit provided/ extensions granted under the statute itself. Various Orders of the Hon'ble Supreme Court would not apply to the said proceedings/ compliances on part of the taxpayers.

(b) Quasi-Judicial proceedings by tax authorities: -

The tax authorities can continue to hear and dispose off proceedings where they are performing the functions as quasi-judicial authority. This may inter alia include disposal of application for refund, application for revocation of cancellation of registration, adjudication proceedings of demand notices, etc.

Similarly, appeals which are filed and are pending, can continue to be heard and disposed off and the same will be governed by those extensions of time granted by the statutes or notifications, if any.

(c) Appeals by taxpayers/ tax authorities against any quasi- judicial order: -

Wherever any appeal is required to filed before Joint/ Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where a proceeding for revision or rectification of any order is required to be undertaken, the time line for the same would stand extended as per the Hon'ble Supreme Court's order.

5. In other words, the extension of timelines granted by Hon'ble Supreme Court vide its Order dated 27.04.2021 is applicable in respect of any appeal which is required to be filed before Joint/ Additional Commissioner (Appeals), Commissioner (Appeals), Appellate Authority for Advance Ruling, Tribunal and various courts against any quasi-judicial order or where proceeding for revision or rectification of any order is required to be undertaken, and is not applicable to any other proceedings under GST Laws.

INCOME TAX UPDATES

Contributed by: CA.V.K. Subramani

1. Extension of time limits of certain compliances to provide relief to tax payers in view of the severe pandemic: The CBDT in Circular No.12 of 2021 dated 25th June, 2021 has given extension of time for certain compliances. They are as under:

1) Objections to Dispute Resolution Panel (DRP) and Assessing Officer under section 144C of the Act for which the last date of filing under that Section is 1st June, 2021 or thereafter, may be filed within the time provided in that section or by 31st August, 2021, whichever is later;

2) The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21 , required to be furnished on or before 31st May, 2021 under Rule 31A of the Income-tax Rules,1962 (hereinafter referred to as "the Rules"), as extended to 30th June, 2021 vide Circular No.9 of 2021 , may be furnished on or before 15th July. 2021;

3) The Certificate of Tax Deducted at Source in Form No.16, required to be furnished to the employee by 15th June, 2021 under Rule 31 of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021 , may be furnished on or before 31st July, 2021 ;

4) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64D for the Previous Year 2020-21 , required to be furnished on or before 15th June, 2021 under Rule 12CB of the Rules, as extended to 30th June, 2021 vide Circular No.9 of 2021 , may be furnished on or before 15th July, 2021 ;

5) The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64C for the Previous Year 2020-21, required to be furnished on or before 30th June, 2021 under Rule 12CB of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021 , may be furnished on or before 31st July, 2021 ;

6) The application under Section 10(23C), 12AB, 35(1)(ii)(ia)(iii) and 80G of the Act in Form No. 10A Form No.10AB for registration / provisional registration/ intimation! Approval/ provisional approval of Trusts/ Institutions/ Research Associations etc. required to be made on or before 30th June, 2021 may be made on or before 31st August, 2021;

7) The compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the Act, for which the last date of such compliance falls between 1st April,2021 to 29th September, 2021 (both days inclusive), may be completed on or before 30th September, 2021;

8) The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30th June, 2021 , required to be furnished on or before 15th July, 2021 under Rule 37 BB of the Rules, may be furnished on or before 31st July, 2021 ;

9) The Equalization Levy Statement in Form No.1 for the Financial Year 2020- 21 , which is required to be filed on or before 30th June, 2021 , may be furnished on or before 31st July, 2021 ;

10)The Annual Statement required to be furnished under sub-section (5) of section 9A of the Act by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21 , which is required to be filed on or before 29th June, 2021 , may be furnished on or before 31st July, 2021;

11) Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending on 30th June, 2021, which is required to be uploaded on or before 15th July, 2021, may be uploaded by 31st August, 2021;

12) Exercising of option under sub-section (1) of Section 245M of the Act in Form No. 34BB which is required to be exercised on or before 27th June, 2021 may be exercised on or before 31st July, 2021.

2. Guidelines under section 194Q: The CBDT vide Circular No 13 of 2021 dated 30th June, 2021 has given guidelines for compliance under section 194Q which is as under.

Finance Act, 2021 inserted a new section 194Q in the Income-tax Act 1961 (hereinafter referred to as "the Act") which takes effect from 1st day of July, 2021. It applies to any buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of value exceeding fifty lakh rupees in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1 % of such sum exceeding fifty lakh rupees as income-tax.

2. Buyer is defined to be person whose total sales or gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of good is carried out. Central Government has been authorised to specify by notification in the Official Gazette, person who would not be considered as buyer for the purposes of this section.

3. Sub-section (3) of section 194Q of the Act empowers the Board (with the approval of the Central Government) to issue guidelines for the purpose of removing difficulties. Various representations have been received by the Board for issuing guidelines for removing certain difficulties.

In exercise of power contained under sub-section (3) of section 194Q of the Act, the Board, with the approval of the Central Government, hereby issues the following guidelines. These guidelines at some places have also tried to remove difficulties in implementing the provisions of section 194-Q and sub-section (1H) of section 206C of the Act using power contained in sub-section (4) of section 194-Q of the Act and sub-section (1-I) of section 206C of the Act.

4. Guidelines: 4.1 Applicability on transactions carried through various Exchanges: 4.1.1 It has been represented that there are practical difficulties in implementing the provisions of Tax Deduction at Source (TDS) contained in section 194-Q of the Act in case of certain exchanges and clearing corporations. It has been stated that sometime in these transactions there is no one to one contract between the buyers and the sellers. **4.1.2** In order to remove such difficulties, it is provided that the provisions of section 194Q of the Act shall not be applicable in relation to,-(i) transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre; (ii) transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of the CERC; and

For this purpose,- (i) "recognized clearing corporation" shall have the meaning assigned to it in clause (i) of the Explanation to clause (23 EE) of section 10 of the Act; (ii) "recognized stock exchange" shall

have the meaning assigned to it in clause (ii) of the Explanation 1 to sub-section (5) of section 43 of the Act; and (iii) "International Financial Services Centre" shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.

4.2 Calculation of threshold for the financial year 2021-22: **4.2.1.** Since section 194Q of the Act would come into effect from 1st July, 2021, it was requested to clarify how the threshold of fifty lakh rupees specified under this section shall be computed and whether the tax is required to be deducted in respect of advance paid before 1st July 2021 and sum credited thereafter. **4.2.2** It hereby clarified that,- (i) Since section 194Q of the Act mandates buyer to deduct tax on credit of sum in the account of seller or on payment of such sum, whichever earlier, the provision of this sub-section shall not apply on any sum credited or paid before 1st July 2021. If either of the two events had happened before 1st July 2021, that transaction would not be subjected to the provisions of section 194Q of the Act. (ii) Since the threshold of fifty lakh rupees is with respect to the previous year, calculation of sum for triggering TDS under section 194Q shall be computed from 1st April, 2021. Hence, if a person being buyer has already credited or paid fifty lakh rupees or more up to 30th June 2021 to a seller, the TDS under section 194Q shall apply on all credit or payment during the previous year, on or after 1st July 2021, to such seller.

4.3 Adjustment for GST, purchase returns: **4.3.1** It is requested to clarify that whether adjustment is required to be made for GST or purchase returns for the purpose of tax deduction under section 194Q of the Act. Vide Circular No 17 of 2020 dated 29th Sept 2020 it was clarified that no adjustment on account of GST is required to be made for collection of tax under sub-section (1H) of section 206C of the Act since the collection is made with reference to receipt of amount of sale consideration. However, the situation is different so far as TDS is concerned. It has been clarified in Circular No 23 of 2017 dated 19th July 2017 as under "wherever in terms of the agreement or contract between the payer and the payee, the component of 'GST on services' comprised in the amount payable to a resident is indicated separately, tax shall be deducted at source under Chapter XVII-B of the Act on the amount paid or payable without including such 'GST on services' component. GST for these purposes shall include Integrated Goods and Services Tax, Central Goods and Services Tax, State Goods and Services Tax and Union Territory Goods and Services Tax. **4.3.2** Accordingly with respect to TDS under section 194Q of the Act, it is clarified that when tax is deducted at the time of credit of amount in the account of seller and in terms of the agreement or contract between the buyer and the seller, the component of GST comprised in the amount payable to the seller is indicated separately, tax shall be deducted under section 194Q of the Act on the amount credited without including such GST. However, if the tax is deducted on payment basis because the payment is earlier than the credit, the tax would be deducted on the whole amount as it is not possible to identify that payment with GST component of the amount to be invoiced in future. **4.3.3** Further, with respect to purchase return it is clarified that the tax is required to be deducted at the time of payment or credit, whichever is earlier. Thus, before purchase return happens, the tax must have already been deducted under section 194Q of the Act on that purchase. If that is the case and against this purchase return the money is refunded by the seller, then this tax deducted may be adjusted against the next purchase against the same seller. No adjustment is required if the purchase return is replaced by the goods by the seller as in that case the purchase on which tax was deducted under section 194Q of the Act has been completed with goods replaced.

4.4 Whether non-resident can be buyer under section 194Q of the Act: 4.4.1 It is requested to clarify if the provisions of section 194Q of the Act shall apply to a buyer being a non-resident. To remove difficulties, it is clarified that the provisions of section 194Q of the Act shall not apply to a non-resident whose purchase of goods from seller resident in India is not effectively connected with the permanent establishment of such non-resident in India. For this purpose, "permanent establishment" shall mean to include a fixed place of business through which the business of the enterprise is wholly or partly carried on.

4.5 Whether tax is to be deducted when the seller is a person whose income is exempt: 4.5.1 It is requested to clarify if the provisions of section 194Q of the Act shall apply to a seller whose income is exempt. To remove difficulty, it is clarified that the provisions of section 194Q of the Act shall not apply on purchase of goods from a person, being a seller, who as a person is exempt from income tax under the Act (like person exempt under section 10) or under any other Act passed by the Parliament (Like RBI Act, ADB Act etc.). **4.5.2** Similarly, with respect to sub-section (1 H) of section 206C of the Act, it is clarified that the provisions of this sub-section shall not apply to sale of goods to a person, being a buyer, who as a person is exempt from income tax under the Act (like person exempt under section 10) or under any other Act passed by the Parliament (Like RBI Act, ADB Act etc.). **4.5.3** The above clarifications would not apply if only part of the income of the person (being a seller or being a buyer, as the case may be) is exempt.

4.6 Whether tax is to be deducted on advance payment? : 4.6.1 It is requested to clarify if the provisions of section 194Q of the Act shall apply to advance payment made by the buyer. It is clarified that since the provisions apply on payment or credit whichever is earlier, the provisions of section 194Q of the Act shall apply to advance payment made by the buyer to the seller.

4.7 Whether provisions of section 194Q of the Act shall apply to buyer in the year of incorporation? 4.7.1. It is requested to clarify if the provisions of section 194Q of the Act shall apply to a buyer in the year of its incorporation. It is clarified that under section 194Q of the Act a buyer is required to have total sales or gross receipts or turnover from the business carried on by him exceeding ten crore rupees during the financial year immediately preceding the financial year in which the purchase of good is carried out. Since this condition would not be satisfied in the year of incorporation, the provisions of section 194Q of the Act shall not apply in the year of incorporation.

4.8 Whether provisions of section 194Q of the Act shall apply to buyer if the turnover from business Rs 10 crore or less? 4.8.1. It is requested to clarify if the provisions of section 194Q of the Act shall apply to a buyer who has turnover or gross receipt exceeding Rs 10 crore but total sales or gross receipts or turnover from business is Rs 10 crore or less. It is clarified that for the purposes of section 194Q of the Act, a buyer is required to have total sales or gross receipts or turnover from the business carried on by him exceeding ten crore rupees during the financial year immediately preceding the financial year in which the purchase of good is carried out. Hence, the sales or gross receipts or turnover from business carried on by him must exceed Rs 10 crore. **His turnover or receipts from non-business activity is not to be counted for this purpose.**

4.9 Cross application of section 194-0, sub-section (1H) of section 206C and section 194Q of the Act: 4.9.1 It is requested to clarify how section 194-0, sub-section (1H) of section 206C and section 194Q of the Act, apply on the same transaction. **4.9.2** Under sub-section (3) of section 194-0 of the

Act, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of chapter XVII of the Act. **4.9.3** Under second proviso to sub-section (1H) of section 206C of the Act, provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provisions of this Act on the goods purchased by him from the seller and has deducted such tax. **4.9.4** Under sub-section (5) of section 194Q of the Act, the provision of this section shall not apply to a transaction on which (i) tax is deductible under any of the provisions of this Act; and (ii) tax is collectible under the provisions of section 206C, other than a transactions on which sub-section (1H) of section 206C applies. **4.9.5** After conjoint reading of all these provisions the following is clarified: (i) If tax has been deducted by the e-commerce operator on a transaction under section 194-0 of the Act [including transactions on which tax is not deducted on account of sub-section (2) of section 194-0], that transaction shall not be subjected to tax deduction under section 194Q of the Act. (ii) Though sub-section (1H) of section 206C of the Act provides exemption from TCS if the buyer has deducted tax at source on goods purchased by him, to remove difficulties it is clarified that this exemption would also cover a situation where instead of the buyer the e-commerce operator has deducted tax at source on that transaction of sale of goods by seller to buyer through e-commerce operator. (iii) If a transaction is both within the purview of section 194-0 of the Act as well as section 194Q of the Act, tax is required to be deducted under section 194-0 of the Act and not under section 194Q of the Act. (iv) Similarly, if a transaction is both within the purview of section 194-0 of the Act as well as sub-section (1H) of section 206C of the Act, tax is required to be deducted under section 194-0 of the Act. The transaction shall come out of the purview of subsection (1H) of section 206C of the Act after tax has been deducted by the e-commerce operator on that transaction. Once the e-commerce operator has deducted the tax on a transaction, the seller is not required to collect the tax under sub-section (1H) of section 206C of the Act on the same transaction. It is clarified that here primary responsibility is on e-commerce operator to deduct the tax under section 194-0 of the Act and that responsibility cannot be condoned if the seller has collected the tax under sub-section (1H) of section 206C of the Act. This is for the reason that the rate of TDS under section 194-0 is higher than rate of TCS under sub-section (1H) of section 206C of the Act. (v) If a transaction is both within the purview of section 194-Q of the Act as well as sub-section (1H) of section 206C of the Act, the tax is required to be deducted under section 194-Q of the Act. The transaction shall come out of the purview of sub-section (1H) of section 206C of the Act after tax has been deducted by the buyer on that transaction. *Once the buyer has deducted the tax on a transaction, the seller is not required to collect the tax under sub-section (1H) of section 206C of the Act on the same transaction. However, if, for any reason, tax has been collected by the seller under sub-section (1H) of section 206C of the Act, before the buyer could deduct tax under section 194-Q of the Act on the same transaction, such transaction would not be subjected to tax deduction again by the buyer. This concession is provided to remove difficulty, since tax rate of deduction and collection are same in section 194Q and subsection (1H) of section 206C of the Act.*

3. Guidelines under section 9B and section 45(4): The CBDT vide Circular No.14 dated 2nd July,2021 have given guidelines for newly inserted sections 9B and 45(4) which reads as under.

Finance Act, 2021 inserted a new section 9B in the Income-tax Act 1961 (hereinafter referred to as "the Act"). This section mandates that whenever a specified person receives any capital asset or stock

in trade or both from a specified entity, during the previous year, in connection with the dissolution or reconstitution of such specified entity, then it shall be deemed that the specified entity have transferred such capital asset or stock in trade or both, as the case may be, to the specified person (hereinafter referred to as "deemed transfer"). This deemed transfer would be in the year in which such capital asset or stock in trade or both are received by the specified person. Any profits and gains arising from such deemed transfer is deemed to be the income of such specified entity of the previous year in which such capital asset or stock in trade or both were received by the specified person. Further, it is chargeable to income-tax as income of such specified entity under the head "Profits and gains of business or profession" or under the head "Capital gains", in accordance with the provisions of this Act. It has also been provided that the fair market value of the capital asset or stock in trade or both, on the date of its receipt by the specified person, shall be deemed to be the full value of the consideration received or accruing as a result of such deemed transfer. The definitions of terms "reconstitution of the specified entity", "specified entity" and "specified person" are provided in section 9B of the Act.

2. Similarly the Finance Act 2021 substituted sub-section (4) of section 45 of the Act. This newly substituted sub-section (4) now provides that where a specified person receives any money or capital asset or both from a specified entity, during the previous year, in connection with the reconstitution of such specified entity, then any profits or gains arising from receipt of such receipt by the specified person shall be chargeable to income-tax as income of the specified entity under the head "Capital gains". It has been further deemed that this income shall be the income of the specified entity of the previous year in which such money or capital asset or both were received by the specified person. A formula to calculate such profits and gains has also been provided in this sub-section. The definitions of terms "reconstitution of the specified entity", "specified entity" and "specified person" shall be as provided in section 9B of the Act while the terms "self-generated goodwill" and "self-generated asset" have been defined in this sub-section. It has been further clarified that when a capital asset is received by a specified person from a specified entity in connection with the reconstitution of such specified entity, the provisions of sub-section (4) of section 45 of the Act shall operate in addition to the provisions of section 9B of the Act and the taxation under the said provisions thereof shall be worked out independently. Both, the new section 9B and substituted sub-section (4) of section 45 are applicable for the assessment year 2021-22 and subsequent assessment years.

3. Sub-section (4) of section 9B of the Act provides that if any difficulty arises in giving effect to the provisions of this section and sub-section (4) of section 45 of the Act, the Board may, with the approval of the Central Government, issue guidelines for the purposes of removing the difficulty. For this purpose, the Central Board of Direct Taxes, with the approval of the Central Government, hereby issues the following guidelines.

Guidelines 4. It is noticed that the amount taxed under sub-section (4) of section 45 of the Act is required to be attributed to the remaining capital assets of the specified entity, so that when such capital assets get transferred in the future, the amount attributed to such capital assets gets reduced from the full value of the consideration and to that extent the specified entity does not pay tax again on the same amount. It is further noticed that this attribution is given in the Act only for the purposes of section 48 of the Act. It may be seen that section 48 of the Act only applies to capital assets which are not forming block of assets. For capital assets forming block of assets there is sub-clause (c) of clause (6) of section 43 of the Act to determine written down value of the block of asset and section

50 of the Act to determine the capital gains arising on transfer of such assets. However, the Act has not yet provided that amount taxed under sub-section (4) of section 45 of the Act can also be attributed to capital assets forming part of block of assets and which are covered by these two provisions. To remove difficulty, it is clarified that rule 8AB of the Income Tax Rules, 1962 (hereinafter referred to as "the Rules") notified vide Notification No. 76 dated 02.07.2021 also applies to capital assets forming part of block of assets. Wherever the terms capital asset is appearing in the rule 8AB of the Rules, it refers to capital asset whose capital gains is computed under section 48 of the Act as well as capital asset forming part of block of assets. Further, wherever reference is made for the purposes of section 48 of the Act, such reference may be deemed to include reference for the purposes of sub-clause (c) of clause (6) of section 43 of the Act and section 50 of the Act.

5. For the removal of doubt it is further clarified that in case the capital asset remaining with the specified entity is forming part of a block of asset, the amount attributed to such capital asset under rule 8AB of the Rules shall be reduced from the full value of the consideration received or accruing as a result of subsequent transfer of such asset by the specified entity, and the net value of such consideration shall be considered for reduction from the written down value of such block under sub-clause (c) of clause (6) of section 43 of the Act or for calculation of capital gains, as the case may be, under section 50 of the Act.

6. For the purposes of understanding and for removing difficulties, if any, the application of section 9B of the Act and sub-section (4) of section 45 of the Act is explained with the help of the following examples:

Example 1: There are three partners "A", "B" and "C" in a firm "FR", having one-third share each. Each partner has a capital balance of Rs 10 lakh in the firm. There are three pieces of lands "S", "T" and "U" in that firm and there is no other capital asset in that firm. Book value of each of the land is Rs10 lakh. All these three lands were acquired by the firm more than two years ago. Partner "A" wishes to exit. The firm revalues its lands based on valuation report from a registered valuer as defined in rule 11 U of the Rules, and as per that valuation report fair market value of lands "S" and "T" is Rs 70 lakh each, while fair market value of land "U" is Rs.50 lakh. On the exit of partner "A", the firm decides to give him Rs.11 lakh of money and land "U" to settle his capital balance. In accordance with the provisions of section 9B of the Act, it would be deemed that the firm "FR" has transferred land "U" to the partner "A" at its fair market value of Rs 50 lakh. Let us assume that the indexed cost of acquisition of land "U" is Rs.15lakh. Now on account of the deeming provisions of section 9B of the Act, it is deemed that the firm "FR" has transferred land "U" to partner "A". Thus, an amount of Rs.50 lakh less Rs.15 lakh would be charged to tax in the hands of firm "FR" under the head "Capital gains". For partner "A", the cost of acquisition of this land would be Rs.50 lakh. Hence, the amount of Rs. 35 lakh is charged to long term capital gains and let us assume that the tax is Rs.7 lakh (assume no surcharge or cess just for ease of calculation and illustration purposes). This, net book profit after tax of Rs.33 lakh (capital gains of Rs. 40 lakh without indexation less tax of Rs 7 lakh) is to be credited in the capital account of each of the three partners, i.e. Rs 11 lakh each. Thus partner "A" capital account would increase to by Rs.11 lakh. This exercise is required to be carried out since section 9B of the Act mandates that it is to be deemed that the firm " FR" has transferred the land " U" to partner "A" and the long term capital gains of Rs 35 lakh is chargeable to tax in the hands of the firm "FR" . As against capital balance of Rs 10 lakhs, partner "A" has received Rs 61 lakh (i.e.Rs.11 lakh of money plus land " U" of fair market value of Rs 50 lakh). Thus Rs 40 lakh is required to be charged to tax under subsection (4) of section 45 of the Act.

This shall be in addition to an amount of Rs 35 lakh charged to tax under section 9B of the Act. On account of clause (iii) of section 48 of the Act, read with rule 8AB of the Rules, this Rs 40 lakh is to be attributed to the remaining assets of the firm "FR" on the basis of increase in their value due to revaluation based on the valuation report of registered valuer. In this case as per revaluation there are only two capital assets remaining; lands "S" and "T". In both cases the value has increased by Rs 60 lakh each. Thus, out of Rs 40 lakh, Rs.20 lakh shall be attributed to land "S" and Rs. 20 lakh to land "T". When either of these lands gets sold, this amount attributed to them would be reduced from sales consideration under clause (iii) of section 48 of the Act. The amount of Rs 40 lakh which is charged to tax under sub-section (4) of section 45 of the Act shall be charged as long term capital gains in view of sub-rule (5) of rule 8AA of the Rules, since the amount of Rs 40 lakh is attributed to land "S" and land "T" which are both long-term capital assets at the time of taxation of Rs 40 lakh under sub-section (4) of section 45 of the Act.

Example 2: There are three partners "A", "B" and "C" in a firm "FR", having one-third share each. Each partner has a capital balance of Rs 10 lakh in the firm. There are three pieces of lands "S", "T" and "U" in that firm and there is no other capital asset in that firm. All these three lands were acquired by the firm more than two years ago. Book value of each of the land is Rs 10 lakh. Partner "A" wishes to exit. The firm sells land "U" for its fair market value of Rs 50 lakh. Let us assume that the indexed cost of acquisition of land "U" is Rs 15 lakh. Thus, an amount of Rs 50 lakh less Rs 15 lakh would be charged to tax in the hands of firm "FR" under the head "Capital gains". Hence, the amount of Rs 35 lakh is charged to long term capital gains and let us assume that the tax is Rs 7 lakh (assume no surcharge or cess just for ease of calculation and illustration purposes). This, net book profit after tax of Rs33 lakh (capital gains of Rs 40 lakh without indexation less tax of Rs 7 lakh) is to be credited in the capital account of each of the three partners, i.e. Rs 11 lakh each. Thus partner "A" capital account would increase to Rs 21 lakh. Partner "A" decides to exit the firm "FR". The firm revalue its lands "S" and "T" based on valuation report from a registered valuer as defined in rule 11U of the Rules, and as per that valuation report fair market value of lands "S" and "T" is Rs.70 lakh each. On the exit of partner "A", the firm decides to give him Rs 61 lakh of money to settle his capital balance. Thus, as against capital balance of Rs 21 lakh, partner "A" has received Rs 61 lakh of money. Thus Rs 40 lakh is required to be charged to tax under sub-section (4) of section 45 of the Act. This will be in addition to Rs 35 lakh already charged to capital gains. On account of clause (iii) of section 48 of the Act, read with rule 8AB of the Rules, this Rs 40 lakh is to be attributed to the remaining assets of the firm "FR" on the basis of increase in their value due to revaluation based on the valuation report of registered valuer. In this case as per revaluation there are only two capital assets remaining; lands "S" and "T". In both cases the value has increased by Rs 60 lakh each. Thus, out of Rs 40 lakh, Rs.20 lakh shall be attributed to land "S" and Rs. 20 Lakh to land "T". When either of these lands gets sold, this amount attributed to them would be reduced from sales consideration under clause (iii) of section 48 of the Act. The amount of Rs. 40 lakh which is charged to tax under sub-section (4) of section 45 of the Act shall be charged as long term capital gains in view of sub-rule (5) of rule 8AA of the Rules, since the amount of Rs 40 lakh is attributed to land "S" and land "T" which are both long term capital assets at the time of taxation of Rs. 40 lakh under sub-section (4) of section 45 of the Act.

Note: The final result in both example 1 and 2 is same due to the operation of section 9B of the Act.

Example 3: There are three partners "A", "B" and "C" in a firm "FR", having one-third share each. Each partner has a capital balance on Rs.100 lakh in the firm. There is a piece of land "S" of book value of

Rs.30 lakh. There is patent "T" of written down value of Rs.45 lakh. And there is cash of Rs.225 lakh. The land was acquired by the firm more than two years ago. The patent was acquired/developed/registered one year back. Partner "A" wishes to exit. The firm revalued its land and patent based on valuation report from a registered valuer as defined in rule 11U of the Rules, and as per that valuation report fair market value of land "S" is Rs. 45 lakh and fair market value of patent "T" is Rs 60 lakh. As per the valuation report there is also self-generated goodwill of Rs.30 lakh. On the exit of partner "A", the firm decides to give him Rs 75 lakh in money and land "S" to settle his capital balance. In accordance with the provisions of section 9B of the Act, it would be deemed that the firm "FR" has transferred land "S" to the partner "A" at its fair market value of Rs. 45 lakh. Let us assume that the indexed cost of acquisition of land "S" is Rs. 45 lakh. Now on account of the deeming provisions of section 9B of the Act, it is deemed that the firm "FR" has transferred land "S" to partner "A". However, since the sale consideration is equal to indexed cost of acquisition, there will not be any capital gains tax. For partner "A", the cost of acquisition of this land would be Rs. 45 lakh. The net book profit 15 lakh (capital gains 15 lakh without indexation) is to be credited in the capital account of each of the three partners, i.e. Rs 5 lakh each. Thus partner "A" capital account would increase to Rs 105 lakh. This exercise is required to be carried out since section 9B of the Act mandates that it is to be deemed that the firm "FR" has transferred the land "S" to partner "A". Thus, any gain in the books is to be apportioned to partners' capital accounts. As against capital balance of Rs 105 lakh, partner "A" has received Rs 120 lakh (money of Rs. 75 Lakh plus land "S" of fair market value of Rs 45 lakh). Thus Rs 15 Lakh is required to be charged to tax under subsection (4) of section 45 of the Act. On account of clause (iii) of section 48 of the Act, read with rule 8AB of the Rules and this guidance note, this Rs 15 lakh is to be attributed to the remaining capital assets of the firm "FR" on the basis of increase in the value due to revaluation of existing capital assets, or due to recognition of the value of self-generated goodwill, based on the valuation report of registered valuer. In this case as per this report the value of patent "T" has increased by 'Rs 15 lakh and the self-generated goodwill value has been recognised at Rs.30 lakh. Thus one-third on Rs.15 lakh (i.e. 'Rs 5 lakh) would be attributed to patent "T", while two-third of 'Rs 15 lakh (i.e. Rs 10 lakh) would be attributed to self-generated goodwill. Rs.5 lakh attributed to patent "T" shall not be added to the block of the assets and no depreciation shall be available on the same. When patent "T" gets transferred subsequently, this Rs 5 Lakh attributed shall be reduced from the full value of the consideration received or accruing as a result of transfer of patent "T" by the firm "FR", and the net value shall be considered for reduction from the written down value of the intangible block under sub-clause (c) of clause (6) of section 43 of the Act or for calculation of capital gains, as the case may be, under section 50 of the Act. (Refer guidance in paragraph 5 of this circular). Let us say that Patent T is sold for Rs 25 lakh. Rs5 lakh shall be reduced from Rs.25 lakh and only net amount of 20 lakh shall be considered for reduction from the written down value of the intangible block under sub-clause (c) of clause (6) of section 43 of the Act or for calculation of capital gains, as the case may be, under section 50 of the Act. Similarly when goodwill gets sold subsequently, Rs10 lakh would be reduced from its sales consideration under clause (iii) of section 48. The amount of Rs 15 lakh which is charged to tax under sub-section (4) of section 45 of the Act shall be charged as short term capital gains, as Rs.5 lakh is attributed to the Patent "T" which is part of block of assets and Rs 10 lakh is attributed to self-generated goodwill. In accordance with sub-rule (5) of Rule 8AA of the Rules, both of these are to be characterised as short term capital gains.

Note: For the purpose of calculation of depreciation under section 32 of the Act, the written down value of the block of asset "intangible" of which Patent "T" is would remain at Rs 45 lakh and would

not be increased to Rs 60 lakh due to revaluation during the year. In this regard it may be highlighted that the following provisions are relevant in determining the amount on which depreciation is allowable under the Act: • Explanation 2 of sub-section (l) of section 32 of the Act provides that the term "written down value of the block of assets" shall have the same meaning as in clause (c) of sub-section (6) of section 43 of the Act.

Clause (c) of sub-section (6) of section 43 of the Act, with respect to block of assets, inter alia, provides that the aggregate of the written down values of all the assets falling within that block of assets at the beginning of the previous year is to be increased by the actual cost of any asset falling within that block, acquired during the previous year. This clause does not allow any increase on account of revaluation.

Sub-section (l) of section 43 of the Act which defines "Actual cost" as actual cost of the assets to the assessee. In revaluation, there is no actual cost to the assessee. Further, section 32 of the Act does not allow depreciation on goodwill. If in the given example "self-generated goodwill" is replaced by "self-generated asset", even then the depreciation will not be admissible on the amount of Rs30 lakh recognised in valuation. In this regard it may be highlighted that the above mentioned provisions, in the immediate preceding paragraph, are also applicable to "self-generated asset" and since there is no actual cost to assessee in case of " self-generated asset", depreciation is not allowable under section 32 of the Act on an asset whose actual cost is nil.

4. Processing returns with refund claims under section 143(1) in non-scrutiny cases: The CBDT in Order No.225/98/2020ITA-II dated 5th July, 2021 took note of the fact that that due to certain technical issues or for other reasons not attributable to the assessee concerned, several returns for various assessment years up to the assessment year 2017-18 which were otherwise filed validly under section 139 or 142 or 119 of the Income-tax Act, 1961 ('Act') could not be processed under sub-section (1) of section 143 of the Act. Consequently, intimation regarding processing of such returns could not be sent within the period of one year from the end of the financial year in which such returns were filed as prescribed in the second proviso to sub-section (l) of section 143 of the Act. This has led to a situation where the taxpayer is unable to get his legitimate refund in accordance with provisions of the Act, although the delay is not attributable to him. To resolve the grievances of such taxpayers, Board had earlier issued instructions/orders under section 119 of the Act from time to time relaxing the prescribed statutory time limit for processing of such validly filed returns with refund claims in non-scrutiny cases. As per the earlier order dated 10th July, 2020, time frame was given till 31.10.2020 to process such returns with refund claims. The matter has been re-considered by Board in view of pending taxpayers' grievances related to issue of refund. To mitigate genuine hardship being faced by the taxpayers on this issue, Board, by virtue of its powers under section 119 of the Act, hereby relaxes the time-frame prescribed in second proviso to sub-section (1) of section 143 and directs that all validly filed returns up to assessment year 2017-18 with refund claims, which could not be processed under sub-section (1) of section 143 of the Act and which have become time-barred, subject to the exceptions mentioned in para below, can be processed now with prior administrative approval of Pr.CCIT/CCIT concerned. The intimation of such processing under sub-section (l) of section 143 of the Act can be sent to the assessee concerned by 30.09.2021. All subsequent effects under the Act including issue of refund shall also follow as per the prescribed procedures. To ensure

adequate safeguards, it has been decided that once administrative approval is accorded by the Pr.CCIT/CCIT, the Pr.CIT/CIT concerned would make a reference to the DGIT(Systems) to provide necessary enablement to the Assessing officer on a case to case basis. 4. The relaxation accorded above shall not be applicable to the following returns: (a) returns selected in scrutiny; (b) returns remain unprocessed, where either demand is shown as payable in the return or is likely to arise after processing it; (c) returns remain unprocessed for any reason attributable to the assessee.

5. Rule 8AB for computation of short-term capital gains and written down value under section 50 where depreciation has been obtained: The CBDT in exercise of the powers conferred by proviso to section 50 read with section 295 of the Income-tax Act, 1961, have inserted rule 8AB which reads as under.

(a) For the purposes of proviso to section 50, the written down value of the block of the asset and short term capital gains, if any, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with this rule.

(b) Where the goodwill of the business or profession was the only asset or one of the assets in the block of asset "intangible" for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, the written down value of this block of asset for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with section 43(6)(c) (ii).

(c) Where the reduction under sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021, exceeds the aggregate of the following amounts, namely:-(i) the written down value of the block of assets at the beginning of the previous year relevant to the assessment year commencing on the 1st day of April, 2021 without giving effect to reduction under sub-item (B) of item (ii) of sub-clause (c) of clause (6) of section 43; and(ii) the actual cost of any asset falling within the block of assets "intangible", other than goodwill, acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021, such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(d) Without prejudice to the provisions of sub-rule (3) and section 55, where the goodwill of the business or profession was the only asset in the block of asset "intangible" for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, and the block of asset ceases to exist on account of there being no further asset acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021 in that block, there will not be any capital gains or loss on account of the block of asset having ceased to exist.

(e) The capital gains or loss on transfer of goodwill, during the previous years relevant to the assessment year 2021-22 or subsequent assessment years, shall be determined in accordance with the provisions of section 48, section 49 and clause (a) of sub-section (2) of section 55.

Don't Miss the Opportunity - Date extended for Karnataka Karasamadhana Scheme 2021

- The Karasamadhana scheme is introduced Fourth time under Commercial Taxes laws in Karnataka in last three years with different features and reliefs. In simple terms the word 'Kara' means tax and 'Samadhana' means Relief. Basically, the scheme is introduced for giving relief to dealers registered under different Karnataka Commercial Taxes. This is second time in history of Karasamadhana scheme, wherein it is made applicable even for the assessment orders which are passed after the scheme is notified. This gives extensive relief to dealers to complete their pending assessment or withdraw their appeal already filed by getting relief of enormous interest and penalty. The Commercial taxes, Karnataka has introduced Karasamadhana scheme per GO No. FD 49 CSL 2021, Bengaluru dated 29th March 2021 and GO No. FD 49 CSL 2021, Bengaluru dated 17th July 2021 for extension of time limit.
- **Waiver of Interest and Penalty:** The scheme of waiver of penalty and interest as applicable under different Commercial Taxes i.e. The Karnataka Sales Tax Act (KST) 1957, The Karnataka Value Added Tax Act (KVAT)2003, The Central Sales Tax (CST) Act 1956, The Karnataka Tax on Professions, Trades, Calling and Employments (KPTCE) Act 1976, The Karnataka Tax on Luxuries (KTL) Act 1979, The Karnataka Agriculture Income Tax (KAIT) Act 1957, The Karnataka Entertainment Act (KET) 1958 and The Karnataka Tax on Entry of Goods Act (KTEG) 1979.
- **Due date for Assessment orders:** The scheme grants waiver of 100% Interest and Penalty payable by the dealer under the above Acts relating to the Assessments/Re-Assessments/Rectifications already completed or to be completed on or before **31.8.2021**.
- **Payment of tax dues:** The Payment of arrears of tax should be made on or before **31.12.2021** and in case there are no arrears of tax and there is arrear of only penalty and interest then such penalty and interest will be waived.
- **Penalty for non- filing of Returns and VAT 240:** Under the Karnataka VAT Act, it also grants waiver of penalty of Section 72(1)(a) or 72(1)(b) and Section 74(4) and consequential Interest subject to that Returns and Form VAT 240 are filed and the taxes are admitted and paid in full.
- **No waiver of Penalty:** If the penalty is levied under section 10-A of CST Act 1956(**Imposition of penalty in lieu of Prosecution**) then such penalty is not eligible for waiver under this scheme.
- **Withdrawal of Appeal:** If any appeal is filed to Appellate Authority or Court, then the appeal can be withdrawn before filing the application for waiver of Interest and Penalty in **Annexure-I**. Such appellant should file the declaration as specified in **Annexure-II**. Such application and declaration should be filed separately for each year.
- **Amount paid at the time of Appeal:** Any amount paid at the time of filing the appeal or other applications shall be eligible for adjustment towards arrears of tax outstanding for the assessment year for which the benefits are claimed. The dealer will not be eligible for refund of amount that may become excess as a result of adjustments under this scheme.
- **Refund of Interest and Penalty already paid before introduction of Karasamadhana scheme:** In respect of cases where any appeal or other application is not filed, the dealer is not eligible for refund of any penalty or interest already paid either in full or in part under this scheme.
- **Can dealer file appeal after opting for this Scheme?** The dealer shall not file the appeal or other applications before any Appellate Authority or Court or shall not seek rectification of orders/proceedings after filing application for availing the benefits of the scheme or after availing the benefits of this scheme.
- **Not Eligible for this Scheme:** Where state has filed an appeal before the Karnataka Appellate Tribunal or the Central Sales Tax Appellate Authority or Where State has filed an appeal or revision or any kind of application before the High Court or Supreme Court or The Competent Authority has initiated Suo Moto Revision proceedings as on the date of this Government order or Any rectification is made to the Assessment order after **31.8.2021**
- **Website to file Application:** The website to file the application is <http://ctax.kar.nic.in> or <http://gst.kar.nic.in>
- **Format of Annexure under Different Commercial Tax Acts**

Sl. No	Particulars	Form No
1	Applications under KST and CST	Annexure-I
2	Applications under KVAT and CST	Annexure-IA
3	Applications under KTEG Act/KTPTC&E/KTL Act/KAIT Act	Annexure-IB
4	Applications under KET	Annexure-IC
5	Specific Penalties under KVAT Act (Section 72(1)(a), section 72(1)(b)/72(3-B/74(4))	Annexure-ID

- The above annexure has to be filed separately for each assessment year electronically. The signed copy of the application downloaded shall be submitted to the concerned Assessing Authority and Recovery officer as prescribed.
- **Verification and Passing of order by Concerned Authority:**
- After filing the application for waiver, the concerned authority will scrutinize and compute the actual arrears of tax, interest and penalty and if any discrepancy is found then the concerned Authority shall intimate to the applicant within 15 days from the date of application.
- After receipt of information from the concerned Authority, the applicant can pay the balance taxes within 15 days from the date of receipt of application or on or before 15th January 2021 whichever is earlier.
- The applicant shall become ineligible to avail this scheme if any partial amount is still outstanding as arrears on the specified date. The Applicant should file the application for waiver of penalty and interest and declaration for withdrawal of appeal.
- If the applicant fails, then the concerned Authority shall pass the speaking order rejecting the application. On satisfaction of the eligibility of scheme of the applicant, the Assessing officer shall pass the order for waiving the balance amount of arrears of penalty and interest payable as per **Annexure III** separately under the Relevant Act for each Assessment year relating to the relevant tax periods.
- The order shall be passed within thirty days from the date of making payment and will be served within ten days of passing the order. The concerned Authority shall assist the applicant for correct quantification of interest and penalty.
- Assessments \ re-assessments done in the case of Unregistered dealers/ in respect of Pre-registration periods under KVAT Act are eligible to avail the benefits available under the CKSS-2019 subject to fulfillment of other conditions. In the absence of TIN (Taxpayer's Identification Number) as in the case with URDs. The four-digit number 2900 for URDs shall be entered.
- The above four-digit Number (2900) is applicable to all the URD cases and under all the Acts. However, the Act under which the application is being filed shall be specifically mentioned so as to consider the case for wavier under the Relevant Act.
- If the Assessment or Re-assessments or Rectification Orders or any other proceedings passed pursuant to remanding of the cases by First Appellate Authority or Karnataka Appellate Tribunal or Revisional Authority or High Court or Supreme Court are eligible for availing the benefits under the Scheme.
- If any difficulty arises in implementation of this order, the Commissioner of Commercial Taxes may issue such instructions as are necessary or expedient for removing such difficulty.
- Therefore, the inference from the above notification is that the Application has to be filed separately for each assessment year under the Respective Commercial Tax Acts except in case of Karnataka Entertainment Tax wherein the application can be filed for each week/monthly as applicable electronically. The Copy of the Relevant Assessment order/Re assessment order and penalty order and proof of withdrawal of appeal or any other proceedings to be enclosed along with the Application. The scheme can be applied immediately after filing Form VAT 240. Once the scheme is approved by the concerned Authority then the Jurisdictional officer cannot reopen the case for any additional liability. If the dealer has preferred the appeal and paid 30% of disputed amount then such amount paid can be adjusted towards the tax due though 30% would have been paid for taxes, interest or penalty as the case may be. If the Appeal order has levied only interest and penalty and 30% of interest and penalty is paid at the time of appeal,

then such amount can be claimed as refund under the state law. There is no Provision of Revision of Application of Karasamadhana Scheme. The Author believes that the option to file for the scheme should be analysed diligently by examining the intricacies of Assessment orders/Proceedings under the Commercial Taxes law.

SEBI

Contributed by: CA. VMV Subba Rao, Nellore



भारतीयप्रतिभूतिऔरविनिमयबोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CFD/CMD1/P/CIR/2021/602

July 23, 2021

To

All listed entities that have listed their specified securities
All Recognized Stock Exchanges

Madam / Sir,

Sub: Holding of Annual General Meeting (AGM) by top 100 listed entities by market capitalization – Reg.

1. Regulation 44(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR' / 'LODR') requires top 100 listed entities by market capitalization to hold their AGM within a period of five months from the date of closing of the financial year.
2. SEBI is in receipt of representations from listed entities and the Institute of Chartered Secretary of India (ICSI) requesting extension of time to the top 100 listed entities for holding their AGM *inter-alia* due to the CoVID-19 pandemic.
3. After consideration, it has been decided to extend the timeline for conduct of AGM by top-100 listed entities by market capitalization. Accordingly, such entities shall hold their AGM **within a period of six months** from the date of closing of the financial year for 2020-21.
4. This Circular shall come into force with immediate effect. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 101 and 102 of the LODR and the relaxations contained herein are subject to the provisions of the Companies Act, 2013 and rules made thereunder.
5. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

Yours faithfully,

Amy Durga Menon
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Corporation Finance Department
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MADRAS HIGH COURT Judgments in VAT CST GST

Input Tax Credit, Sales without C forms : Hon'ble Supreme Court in TVS Motor Co. Ltd. Vs. State of TN, (2019) 13 SCC 403, observed that " We are only concerned with clause (c) of this subsection(5) of Section 19 of TNVAT Act 2006 which provides that ITC would not be allowed on the purchase of goods sold as such or used in the manufacture of other goods and sold in the course of interstate trade or commerce falling u/s 8(2) of the CST Act. Very nature of the ITC scheme, which is a concession and not a right, and hence, would lead the Court, to the conclusion that it was open to the legislature to make such a provision. **Infra Engineers India Vs. The CTO, Mandaveli Assessment Circle, W.P.No.31730 of 2014 dated 09.04.2021 (Through Video Conferencing)**

Normal Loss, ITC reversal : The reversal of ITC involving Section 17(5)(h) of the CGST Act 2017 by the revenue, in cases of loss by consumption of input which is inherent to manufacturing loss is misconceived, as such loss is not contemplated or covered by the situations adumbrated under Section 17(5)(h). **M/s.ARS Steels & Alloy Intl Pvt. Ltd.,Vs. STO, Group-I, Inspection, Intelligence-I, Chennai-6.W.P.Nos.2885 of 2020 DTD: 24.06.2021**

Intimation : Petitioner challenged the communication dated 17.08.2020 that puts the petitioner to notice that the respondent proposes to reverse IGST of Rs.3,53,620/- and the same is payable with appropriate interest. The challenge is that the communication amounts to a demand for which no proper show cause notice or notice of any sort. Respondent stated that the impugned communication is only an intimation of IGST payable. Hence, it is directed observed by the court that the petitioner will file a reply to the same within a period of 4 weeks from today and further proceedings may be taken thereafter in accordance with law. **M/s.SLT Cement Marketers Pvt. Ltd. Vs. The Superintendent of GST and CE, Chennai Outer Commissionerate, Chennai - 40 W.P. No.12360 of 2020 DATED: 17.06.2021**

Appeal: Though pleadings are complete in the matter, learned counsel for the petitioner states that the petitioner prefers to file statutory appeals challenging the impugned orders of assessment passed in terms of the TNVAT Act, 2006. Hence, in line with the decision of the Supreme Court in a series of judgments, viz., In Re: Cognizance for Extension of Limitation dated 23.03.2020, 06.05.2020, 10.07.2020, 08.03.2021 extending the limitation for filing of appeals, petitioner is granted 30 days' time from today to file appeals. **M/s.Parasakthi Cement Inds Ltd Vs The STO, Gudiyatham (East) Circle, W.P. Nos.886 of 2021etc DATED: 18.06.2021**

Rate of tax, CST: Allahabad High Court in The Commissioner, Sales Tax, UP Vs The Educational Supplying Co. Ltd., (1970) 27 STC 34, wherein, it has been held that there is no requirement that the selling dealer must also be a registered dealer to sell the goods at concessional rate. The Court held that the petitioner cannot be subjected to higher tax as the officers acting as assessing officer under the CST Act, 1956 act as counterparts of each other. Under these circumstances, this Court disposed this writ petition by directing the respondent to pass appropriate orders on merits based on the submission of the petitioner in its reply dated 14.12.2010 within a period of sixty days from the date of receipt of this order. Petitioner may at its discretion file additional reply, if any, within a period of thirty days from the date of receipt of this order. **M/s.Navnidhi Steel & Engineering Co. Pvt. Ltd., Vs CTO., R.S-II(FAC), Enforcement (North),Chennai – 6. W.P. No. 28806 of 2010 dtd 27.05.2021**

C form Purchases : Purchase of High-Speed Diesel from the suppliers in other States at concessional rate of CST against C forms is covered by a decision of this Court in M/s Ramco Cements Ltd case (W.P.Nos.19458 to 19460 of 2018 dated 26.10.2018). The State has, after the date of the above order, filed a WA in W.A.No.3403 of 2019 challenging the decision in the case of Ramco Cements (Supra) that has been considered and dismissed by a Division Bench of this Court on 09.03.2020. It is also stated that the SLP filed by the Commercial Taxes Department before the SC in S.L.P. Nos.15785 to 15788 of 2020 challenging the order of this Court in the case of M/s Ramco Cements Ltd. (supra) have come to be dismissed by a three Judge Bench, vide Judgment dated 24.03.2021. **M/s.Global Calcium Pvt Limited, Hosur, Krishnagiri. Vs. AC,Hosur (North)-I, Hosur. 2.Principal Commissioner & CCT, Chennai - 5. W.P. No.20190 of 2020 DTD: 25.03.2021**

Natural Justice: The reply objection for the proposal notice could not be filed in time as the consultant of the petitioner was affected by COVID-19. In support of this submission, medical records have been filed. This document is not in dispute. The impugned order has come to be passed on 30.03.2021 without affording an opportunity of personal hearing. The impugned order is set aside with directions. **M/s.Covestro (India) P Ltd, Vs The STO, Anna Salai Assessment Circle W.P. No.12814 of 2021 DATED: 17.06.2021**

Refund: Rejection of refund for the reason that the Form W has not been filed within the stipulated time of 180 days. Eligibility of the petitioner to zero-rated sales is not disputed. In similar circumstances, view has been taken by this Court in the case of M/s.Sri Laxmi Exports vs. AC(CT) in W.P. Nos.9674 to 9679 of 2014, drawing support from an earlier decision of this Court in Sara Leathers (30 VST 581) that the period of 180 days mentioned in Section 18 of the TNVAT Act, is only suggestive and not mandatory. Hence, the relief sought for in this regard, the petitioner being entitled to the same, in substantive terms, is allowed. **M/s.Beekay Fabricators, Vs The AC(ST), Peelamedu (North) Assessment Circle, W.P. Nos.19318 DTD: 21.06.2021**

INFORMATION TECHNOLOGY

Contributed by: CA. Deephika S, Chennai

Information Technology Bulletin – August 2021

Digital Transformation Tools for Chartered Accountant in Practice

By digitizing workflows from client onboarding to billing collection an audit firm can effectively bring a new and a more efficient way to manage audit life cycle. Implementation of a practice management tools could drastically reduce the turnaround time and increase efficiency of the resources.

Office management tool helps you to get organized take control of work in your organization. You'll be able to track tasks, understand progress of work, log expenses and invoice clients, it also helps to automate work and take control of work in your organization. With increased efficiency, you can increase customers, top line as well as bottom line.

Committee for Capacity Building of Members in Practice (CCBMP) of Institute of Chartered Accountants of India, has arranged the practice management software for members in practice, in form of cloud software designed for managing the Professional Practice in an effective way. The scope and function of aforesaid software Assignment management – Long duration, Assignment Management – Short duration, Work allocation and tracking, Timesheet recording, Variance and Profitability analysis, Leave management, Expense management, Meeting management, Mobile based GPRS based attendance management, Mobile app and portal based system, Customer Relationship Management (CRM), Invoicing, Collection Management, BI and Analytics tool.

Digital Accounting and Assurance Board (DAAB) of The Institute of Chartered Accountants of India has released a Digital Competency Maturity Model (DCMM) for Professional Accounting Firms – Version 2.0 and Implementation Guide” for assessing current digital competence of their firms, and further use the guidance provided to build their firms competencies for digital transformation journey of their own growth and of the profession at large.

DCMM 2.0 evaluates the practice unit on adaptation of advanced and emerging technologies basis the following

1. Does the firm render Analytics/ Big Data driven services?
2. Is the firm using various tools for exclusive analytics driven/ Big Data services?
3. What is the extent of automation of office tasks – such as automated accounting tools from scanning vouchers to automatic passing entries, etc.
4. Has the firm adopted Robotic Process Automation in performing various office tasks?
5. Has the firm deployed any tools pertaining to Artificial Intelligence in accounting/ office operations?
6. Has the firm informed and educated client/ staff regarding impact of cyber risks?
7. Has the firm attempted to digitally transform/ perform process reengineering for any of its client's business?

Usage of automated software for rendering services helps the professional accounting firm to automate repeated tasks, create repositories for future reference, perform risk analysis, engagement planning, resource and time management including tracking, field management, maintaining client documentation and issue of reports and other deliverables. The features also include options to create/ maintain customized checklists, assign questions, templates, data storage and retrieval, etc.

Link to related material

https://learning.icai.org/committee/digital-insights/digital_competency_maturity_model_version_2.0/

<https://cmpbenefits.icai.org/practice-management-software/>