



S I R C

Southern India Regional Council



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

NEWS LETTER JULY 2022 | VOL. 48 | PART 1

74TH CHARTERED ACCOUNTANTS DAY — JULY 1, 2022 —

Sub Regional Conference - ANUBHAAVA at Bagalkot
on 24th, 25th and 26th June 2022.
Organised by SIRC of ICAI
Hosted by Ballari and Kalaburgi Branches
of SIRC of ICAI



Chief Guest CA. China Masthan Talakayala, Chairman, SIRC of ICAI, Guest of Honour CA Pannaraj .S, Vice-Chairman, SIRC of ICAI seen along with CA Vinod Kumar Bagrecha, Chairman, Ballari Branch of SIRC of ICAI, CA Amogh Dharwadkar, Chairman, Kalaburgi Branch of SIRC of ICAI, CA Radheshyam Mundra, President Bagalkot District CA Association, CA Gajaraj .D Jain and CA pradeep Nandi, Secretary Ballari and Kalaburgi Branches of SIRC of ICAI respectively, past Chairman SIRC CA. E. Phalgun Kumar is also seen.

Sub- Regional Conference – PRAGYA
on 27th And 28th June 2022
Organised by SIRC of ICAI
Hosted by Tirupati Branch of SIRC of ICAI



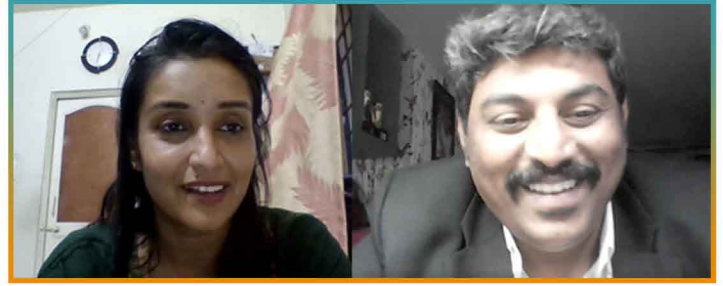
Chief Guest Sri. Bhumana Karunakar Reddy, MLA Tirupati Constituency, Andhra Pradesh was honoured by SIRC Chairman CA. China Masthan Talakayala and Tirupati Branch Chairman CA. C. Narasimhulu along with CCM CA. Prasanna Kumar. D, SIRC Past Chairman CA. E. Phalgun Kumar, Regional Council Members and Managing Committee Members of Tirupati Branch of SIRC.

Investor Awareness Programme
on 25th May 2022



Mrs. Vijayalakshmi Yanmantram, Chennai seen along with CA. A. B. Geetha, Regional Council Member, SIRC of ICAI.

Cross Cultural Team Management and Leadership
on 30th May 2022



CA. Sowmya Ram Iyer, Ahmedabad seen along with CA. S. Rajesh, Regional Council Member, SIRC of ICAI.

Legal Updates under Income Tax Act
on 1st June 2022



Resource Person Adv. Sathyanarayan. S, Chennai seen along with CA. A. V. Arun, Regional Council Member, SIRC of ICAI.

Enterprise Risk Management
on 3rd June 2022



Resource Person CA. Dipen V. Trivedi, Mumbai seen along with CA. Rekha Uma Shiv, Regional Council Member, SIRC of ICAI.

Recent Developments in Capital Gains
on 7th June 2022



Resource Person CA. Prachi Parekh, Mumbai seen along with CA. Subba Rao Muppala, Regional Council Member, SIRC of ICAI.

Important Aspects of Audit of SMEs for FY 2021-22
on 9th June 2022



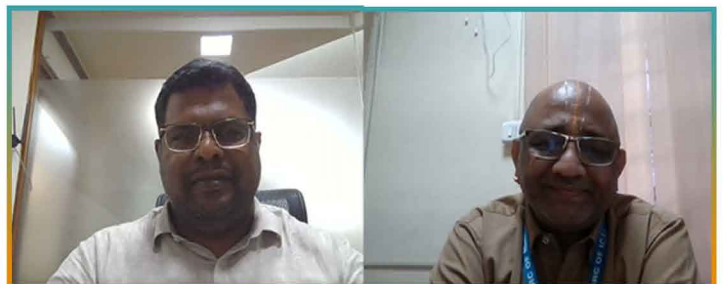
Resource Person CA. Nikhil Patel, Mumbai seen along with CA. Panna Raj S, Vice Chairman, SIRC of ICAI

CSR and Auditor's Responsibilities
on 12th June 2022



Resource Person CA. Kamal Garg, New Delhi seen along with CA. Rajesh S, Regional Council Member, SIRC of ICAI.

Standards on Auditing SA 700, 701, 705 & 706
on 13th June 2022



Resource Person CA. Bisworanjan Sutar, Bhubaneswar seen along with CA. R. Sundararajan, Treasurer, SIRC of ICAI.



Chairman's Communique

My Dear and Esteemed Members,
Greetings from SIRC.

Reliving the momentous occasion of formation of ICAI and related instances:

1st of July 1949 is one of the memorable days that will always etch in every member's thought as it is on this day ICAI was established by an Act of Parliament. ICAI and all its five Regional Councils and all its wings in India and abroad celebrates this day on 1st July with grandeur. Besides, ICAI has formulated a series of educative, social and CSR activities to commemorate the Chartered Accountants Day by all Branches and other Programme Organizing Units.

I join with my colleagues in SIRC and my professional fraternity in Southern Region to salute the members whose efforts ultimately concluded in the formation of ICAI on 1st July 1949. I pay my respects to CA. G.P. Kapadia, the First President of the Institute and his team who were the precursor when ICAI was formed and to all the Members of the Central Council, to the members of the Regional Councils and the members at Branches of the Regional Councils who have tirelessly been keeping the Flag of the ICAI flying to greater heights of glory.

Let us on this occasion take the pledge to confidently march ahead with more dynamism and renewed energy to usher in a new era in the field of accounting and auditing profession and contribute to the national growth as "Partner in Nation Building".

Chartered Accountants Day Celebrations at SIRC, Chennai:

The Chartered Accountants Day is being celebrated with physical presence after a gap of two years in a grand and befitting manner as a CA Week Programme to celebrate the memorable and momentous occasion.

The CA Week comprised of -

- On 24th June 2022 - Plantation of Saplings at ICAI's Institutional land at Irunkattukkottai, Sriperumbudur where CA. Rajendra Kumar P, Council Member and CA. R Sundararajan, Treasurer SIRC of ICAI and CA. Rekha Uma Shiv and members of the Institute had participated.
- An Outreach Programme for Industries was held jointly with SIPCOT Irungattukottai Manufacturer's Association. CA. Rajendrakumar P had addressed the representatives of Industrial Units at SIPCOT Irungattukottai
- On 27th June 2022 - Swachh Bharat Abhiyan in and around ICAI Premises.
- On 29th June 2022 - Financial and Literacy Programme in association with Save and Care NGO, Chennai.
- On 29th June 2022 - Distribution of educational materials to under-privileged children.

On the 1st of July the CA Day Celebrations commences with

- Walkathon from ICAI Bhawan, M.G. Road, Chennai via Sterling Road, College Road, Haddows Road and back to ICAI.
- Motivational Session by CA. M.P. Vijay Kumar, Former Central Council Member, ICAI;
- ICAI Flag Hoisting;
- Floral Tribute to First President of ICAI CA. G.P. Kapadia;
- Blood Donation Camp in association with Rajiv Gandhi Government General Hospital;
- Tree Plantation Drive;
- Games for Member's Children and Spouse; and
- Grand Finale to the CA Day Celebration with honouring of senior members of our profession.

I am happy to record that the tradition of hoisting the ICAI Flag came into being in the year 2006 and the credit goes to our Region when CA. T.N. Manoharan, then President of ICAI hoisted the ICAI Flag to mark the occasion of the 38th SIRC Regional Conference held at Tirupur.

All the 45 Branches of SIRC, CPE Study Circles, Chapters and Groups also celebrating the occasion in a befitting way.

Outreach Programme for Members and Students on the proposed scheme of Education and Training for CA Course:

The Board of Studies (Academics) organized an outreach programme for members and students on 25th June 2022 both in the morning and evening respectively on the proposed scheme of education and training for CA Course. CA. Rajendra Kumar, P, and CA. Cotha S. Srinivas, Central Council Members spoke on both the occasions giving a broad perspective of the new education and training and highlighted the salient features and benefits to the professional fraternity in the days ahead. CA. R Sundararajan, Treasurer SIRC of ICAI, CA. Revathi S. Raghunathan and CA. Rekha Uma Shiv and members of the Institute had participated.

SIRC Newsletter - 48th Year of Publication:

I am feeling extremely happy to record through this column that this month's publication of SIRC Newsletter entered into its 48th year having started on 1st July 1975 with a four page newsletter. I recall and record the efforts taken by the then Chairman of SIRC CA. K. Ananthachari and his colleagues in the Regional Council in bringing out the Newsletter, first of the initiative by any Region during that time. Our SIRC Newsletter is the ambassador and if today I am penning my thoughts and sharing with the members as my predecessors did since 1975 it is because of the foresight of the then team in SIRC in bringing out an exclusive newsletter for SIRC. Needless to say, other Regions and Branches followed by bringing out their own newsletters at their respective places.

SIRC has dispensed with the physical printing of SIRC Newsletter since August 2021. As a Go- Green initiative, SIRC has been publishing E- Newsletter only.

Sub-Regional Conferences:

As reported in my last month's communiqué two Sub-Regional Conferences were held. The first SIRC Sub-Regional Conference was hosted by Ballari and Kalaburagi Branches at Bagalkot between 24th and 26th June 2022. The uniqueness was that the conference had a two-dimensional aspect, both as a Sub-Regional and Residential Conference.

The second SIRC Sub-Regional Conference was hosted by Tirupati Branch of SIRC and held at Tirupati on 27th and 28th June 2022. Chief Guest Sri Bhumana Karunakar Reddy, MLA, Tirupathi Constitution, Andhra Pradesh inaugurated the Conference.

The response to these two Sub-Regional Conferences was phenomenal and the deliberations were of high order. SIRC propose to conduct Sub-Regional Conference in other States in the Region, the details of which will be hosted in the SIRC Website. I request members to participate as before in large numbers and make our programmes successful. I congratulate the Chairmen and Members of the Managing Committee of both the branches for the wonderful show of organizational acumen.

Branch Day Celebrations – Chengalpattu District Branch of SIRC of ICAI:

I had the pleasure and privilege of participating as Chief Guest on the occasion of 7th Year of Branch Formation Day of Chengalpattu District Branch of SIRC of ICAI on 20th June 2022. The Branch within a span of six years have been performing amazingly and admirably catering to around 3000 members and over 10000 students.

Few months back the Branch did Bhoomi Pooja for construction of branch building at a vantage location. I wish to record their commendable achievement through this column. I wish the Branch to grow further from strength to strength and achieve the best results at all times.

Branch Programmes:

I was given the honour to partake in the Two Day National Conference conducted under the auspices of the Professional Development Committee of ICAI and hosted by Mangaluru Branch on 7th and 8th June 2022. The occasion gave me an opportunity to interact with the members and share my thoughts on the profession.

The Branches of SIRC observed 5th June as World Environment Day in an appropriate and befitting way. I had the honour of participating in the programme organized by the Hyderabad Branch of SIRC of ICAI and delighted to share the dais with the Chief Guest Hon'ble Justice Shri A. Abhishek Reddy, Judge, High Court of Telangana, Guest of Honour Shri L. Sharman, District Collector of Hyderabad, CA. M. Devaraja Reddy, Past President of ICAI and host of galaxy of our professional fraternity.

Interaction with Chairmen and Secretaries of Branches of SIRC of ICAI:

Thanks to the advancement of technology, we in SIRC could interact as often as possible with the Chairmen and other office-bearers of the Branches to discuss matters of professional interest and review of functioning of the branch activities. On 21st of June, 2022, I had the interaction with the Chairmen and Secretaries of all the 45 Branches together through virtual platform where we discussed amongst many the methodology of celebrating the Chartered Accountants Day, improvement in the infrastructure at the branch level, registration for the World Congress and many other matters of professional interest.

The meeting was very effective as we could Gather the views of the men at the helm of affairs at the Branches. Such meetings of interaction invariably help us in improving the standard of service to the members and students.

Azadi Ka Amrit Mahotsav – 75 Years of Independence:

ICAI celebrated 8th June as ICONIC Day as “Partners in Nation Building” throughout the country with variety of programmes such as -

- Financial and Literacy Drive
- Mega Career Counselling
- Sustainable India – Go Green
- CA Students Talent Search
- Motivational Speeches
- Seminars

Memorandum of Understanding by ICAI with Government of Tamil Nadu on MSME and Start-ups:

I am extremely happy to inform you that SIRC took the lead in coming out with a Memorandum of Understanding with the Government of Tamil Nadu for MSME and Start-ups. This historic occasion is scheduled on 6th July 2022 at Chennai when ICAI and the Government of Tamil Nadu will sign the Memorandum of Understanding with the object of addressing the issues concerning MSMEs and Start-ups and enhancing their competence and improving their visibility amongst the business community in the State of Tamil Nadu. Through this column I thank the Government of Tamil Nadu for associating ICAI in this strategic initiative.

International Yoga Day Celebrations:

SIRC celebrated the International Yoga Day for three days on 20th, 21st and 22nd June 2022. Large number of members and students with their families attended the programme. While the programme on 20th and 22nd were through virtual mode, the programme on 21st was with physical presence. The programmes were well received.

MSME and GST Day:

SIRC, as in the last year, celebrated the MSME Day on 27th June 2022 jointly with Hindustan Chamber of Commerce and Industry. CAs Business Solution Providers for MSMEs by CA. Subhashini Ganapathi, MSME Central Government.

Schemes by Shri Gaddi Ravi, IEDS, Joint Director, MSME and MSME Funding by Shri P.V. Sudhanidhi, Senior Manager (Training), Bank of Baroda spoke on the occasion.

We also had several CPE study circle meetings during the month of June 2022. On behalf of SIRC and through this column I record our warm and hearty thanks to all the resource persons whose support and participation has given us a morale booster to strengthen and expand the continuing professional education programmes.

Future Programmes:

The month of July would continue to have regular CPE study circle meetings on varied subjects with focus on conventional topics such as Taxation, Corporate Law and contemporary topics as a series on Standards on Auditing (SAs), futuristic topics on technology, IBC, etc., I request members to participate in large numbers. The details of the programmes are published elsewhere in this Newsletter.

Career Counselling:

The results of 10th, 11th and 12th school education in the State of Tamil Nadu was released during 20th June 2022 and so also other States have come out or will be coming out with the results. It is high time that we approach the students and guide them explaining the value of our CA Course. You would have also noticed from the print media that there has been more influx of students opting to pursue B.Com. Course with the intention of taking CA up as their career path.

I would therefore urge upon the Branches to conduct regular Career Counselling Programme and at the same time request members to assist the branches in identifying the educational institution, that is schools and colleges wherever they are connected with such institutions.

Coaching Classes:

Southern Region is considered the knowledge hub for the students pursuing CA Course. We have already commenced classes for Foundation in hybrid mode with both physical presence and virtual platform. The response has been phenomenal. SIRC has also scheduled Coaching Classes for Intermediate and Final Courses on all subjects to be handled by eminent faculties. SIRC requests members to disseminate the information among their articled assistants and encourage them to join for the classes which are conducted at affordable cost and without any profit motive.

Student Related Activities:

SICASA and also the Branches of SICASA conducted its monthly study circle meetings involving the students in the organization of such programmes to give the students an opportunity to exhibit their intrinsic talent of presentation of technical papers, leadership and organization skill.

Creation of Endowments:

SIRC is having several Endowments created by members for recognizing the students for their performance in their examinations. SIRC requests members to institute endowments to encourage the students for which you may please approach SIRC for complete details. It will be a great contribution for the betterment of students' fraternity.

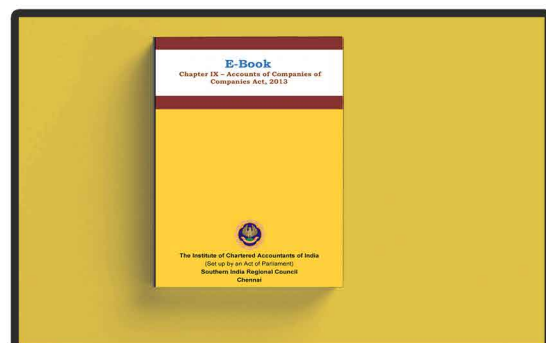
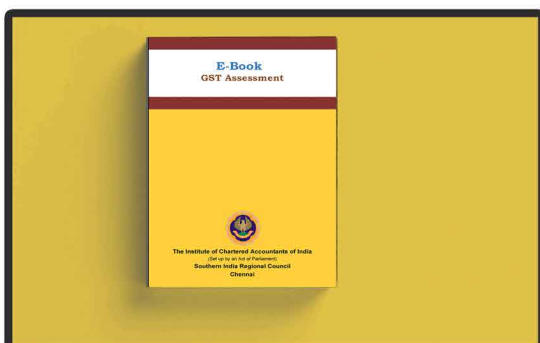
Obituary Reference for two Past Presidents- CA. B.R. Maheswari and CA. B.L. Kabra:

SIRC records with deep and profound grief the passing away of two of our illustrious Past Presidents of ICAI in the last two months. CA. B.R. Maheswari, President of ICAI (1976-1977) and CA. B. L. Kabra, President, ICAI (1977-78) have left for heavenly abode on 2nd April 2022 and 16th May 2022. CA. B.L. Kabra also served as Vice-President, IFAC between 1977 and 1980. SIRC offers its heartfelt condolences to the bereaved family and pray for the departed soul to rest in eternal shanthy.

With warm regards

CA. China Masthan Talakayala
Chairman, SIRC of ICAI.

SIRC E-BOOKS



FORTHCOMING VIRTUAL CPE MEETINGS – JULY 2022

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

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

S.No	Date	Timings	Topic	Resource Persons	Fees Exclusive of GST Rs.	CPE
1	1st July 2022 (Fri)	7am - 8pm	CA Day Celebrations	Details at Page.No. 10		
2	5th July 2022 (Tue)	5pm-7pm	Audit Quality Maturity Model (AQMM)	CA Mohan R Lavi, Bengaluru	Nil	2
3	6th July 2022 (Wed)	5pm-7pm	Competition Act	Ms. Vanita Pattnaik, Kolkata	100	2
4	8th July 2022 (Fri)	5pm-7pm	Overview of Arbitration- Present development in Arbitration Law (Physical Programme)	Adv Inbavijayan, Chennai	100	2
5	11th July 2022 (Mon)	5pm-7pm	Issues and Provisions relating to dissolution and reconstitution of firms and LLPs under the Income Tax Act	CA. Rajiv Mehrotra, Allahabad	100	2
6	15th July 2022 (Fri)	5pm-7pm	Basic of System Audit & Opportunities in System Audit	CA Atul Premdayal Gupta, Indore	100	2
7	20th July 2022 (Wed)	5pm-8pm	Corporate Insolvency Resolution	CA. Bheda Meahul, Mumbai	100	3
8	23rd July 2022 (Sat)	10am-5pm	One Day Workshop on Partnership Firms Taxation on Reconstitution and Dissolution (Physical Programme)	Dr.CA. Phalguna Kumar, Tirupati CA.Pradip Kapasi, Mumbai CA. S.Ramasubramanian, Bangalore	1000	2
9	25th July 2022 (Mon)	5pm-7pm	Series 1 - Introduction & Overview on Standards on Auditing	CA. Rekha Uma Shiv, RCM	100	2
10	26th July 2022 (Tue)	5pm -7pm	Series 2 - Acceptance of Audit & Compliance SA 210, 220, 250, 315	CA. Subramania Sarma G, Chennai	100	2
11	27th July 2022 (Wed)	5pm -7pm	Series 3 - Audit Evidence SA - 500, 520, 530, 550, 560	CA. Adithya R, Chennai	100	2
12	28th July 2022 (Thu)	5pm -7pm	Series 4 - Specific Compliance on SA - 230, 240, 501, 505, 570, 580	CA. R. S. Balaji, Chennai	100	2
13	29th July 2022 (Fri)	5pm -7pm	Series 5- Special Aspects in Reporting SA 700, 701, 705, 706 & CARO Compliance	CA. Badri Narayanan K, Coimbatore	100	2
14	30th July 2022 (Sat)	5pm -7pm	Investor Awareness Programme (Physical Mode) (i) Investment and Risk Management in volatile times	Shri V. Nagappan, Chennai	Nil	2

CPE Credit will be awarded on attending full programme only.

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>

UPDATES

Scan QR Code & Read

CORPORATE LAW



Contributed by:

CA. M. Asir Raja Selvan,
Chennai
asir.cs@gmail.com

FEMA



Contributed by:

CA. G. Murali Krishna,
Hyderabad
murali.gottipati@gmail.com

GOODS AND SERVICES TAX



Contributed by:

CA. G. Saravana Kumar,
Madurai
casaravana.82@gmail.com

INCOME TAX



Contributed by:

CA.V.K. Subramani,
Erode
vksintax@gmail.com

INFORMATION TECHNOLOGY



Contributed by:

CA. S. Deephika,
Chennai
cadeephika@gmail.com

KARNATAKA VAT-GST



Contributed by:

CA. Annapurna D Kabra,
Bengaluru
annapurna@hskaadvisors.com

SEBI



Contributed by:

CA. V M V Subba Rao,
Nellore
vmvsrao@gmail.com

TAMIL NADU VAT



Contributed by:

CA. V.V. Sampath Kumar,
Chennai
vvsampat@yahoo.com

Disclaimer

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

LEADERS THOUGHT



Dear Members

I take this opportunity to express my sincere gratitude to all members for the trust on me and electing me to SIRC.

My Gratitude to my Council Colleagues for entrusting me and making me as chairman of Career Counseling Committee and CSR Committee of SIRC of ICAI.

Career Counseling Committee

Now it's the right time as many of the parents and students will be deciding their career. Let's do more career counseling programs in helping them to decide. Let us plan more Career Counseling Programs. Few suggestions are

1. At Colleges for First Years and Second Years for Foundation Route
2. At Colleges for Third Year Students for Direct Entry
3. At Schools for Class 9 & 10, to motivate them to choose Commerce In class 11 and show them route map to CA
4. At Schools for Class 11 & 12, to choose their career and for foundation course.
5. At Institute Branch Premises, for Faculties, Teachers, Professors of various Colleges & Schools.
6. At Institute Branch Premises, for Students and Parents on one to one basis.
7. At Institute Branch Premises, Plan a Counseling event by inviting one school a day or one college a day.

Let's extend our hands to uplift the next generation to show them a career in our profession.

CSR Committee:

1. Educate, Facilitate, Join and encourage Corporates for more CSR activities.
2. Recognize, Join and encourage Local NGO's for more CSR activities.
3. Encourage Members and Students to join with Branch with a concept Plant a Tree for your Birthday & contribute for its maintenance for a three years.
4. Encourage Need for Blood Donation among Members and Students, identify and maintain a list of Blood Donors so they can be approached in case of emergency needs.
5. Create Awareness among Members, Students, Public on Personal Physical and Mental Health, Environment, Wildlife, Birds, Nature, Driving Safety etc.,

Environment is the best gift we could pass on to the next generation is a mere understatement, so to say. The green land cover, mesmerizing blue sheets and bedazzling moonlight clouds beckon us to take care of them more than ever. Every living thing that has ever set foot on this beautiful home called Earth thus hold an inherent responsibility to save the lush nature and take it along as we stride ahead. Let us make it a priority to plant a tree before we build a home and give back the gratitude nature has bequeathed on all of us. Gratitude breeds positivism without leaps and bounds only when we can protect and give back to the invaluable environment that is offered to us free of cost. AS we make career choices wise and worthy, as learned Chartered Accountants it becomes all the more our responsibility to lead the debacle against environmental degradation and save our beautiful planet. Let us arise and shine as nature lovers, environmental guardians making this dream a reality thereby offering a clean and green globe to the coming generations.

Happy Income Tax Day

The Income Tax Act in India was introduced by the first Finance Minister of British-India, James Wilson in 1860, (Act XXXII of 1860). The assent of the Governor General was received on 24th July 1860. 'An Act for imposing duties on Profits arising from Properties, Profession, Trades and Offices. – Act XXXII of 1860'.

Thus, we celebrate 24th July as the Income Tax Day. Wish you all a Happy Income Tax Day.

Happy Chartered Accountants Day: Changes and Challenges are not new to us!

Though the Opportunities may look small still every Chartered Accountant strives hard to Fly High!

Law Changes day by day, Every Change is Analysed, Interpreted, Discussed by Chartered Accountants to help the Stakeholders to comply to it.

Every minute in this revolving world, having gained the experience of seeing many rise and fall, Supports & Maneuver, success and failures, starts and ends, with in-depth knowledge in law and path ahead, we Chartered Accountants render support our stakeholders.

Every Businessman knows the value of every rupee, They want every rupee to be multiplied to take them Stand High in this Business world. They know the competition and the way to face it. They very well know the law, the consequences of non compliance, the chances of errors and frauds, the Capital needs in every venture they enter and They know that to overcome all this, the Chartered Accountants are the only way to overcome all this.

Let the Nation Grow Let Agriculture Blossom

Let the Nature be Nourished

Let the quality of education rise

Let the Business and Industry Develop

Let every individual grow

Let us Chartered Accountants feel proud and pledge to stand for as partners in Nation Building.

Wish you all a Happy Chartered Accountants Day!

With Warm Regards

CA Rajesh S,

Regional Council Member.

CONGRATULATIONS



SIRC is happy to record that CA. T.N. Manoharan, Past President, ICAI has been appointed as Part-time Chairman of IDBI Bank with tenure of three years.

CA. T.N. Manoharan, Past President, ICAI has also been appointed as Independent Director on the Board of National Bank for Financing Infrastructure and Development for a period of five years.

ANNOUNCEMENT

SIRC Library Facilities

SIRC is keen that the library facilities we offer to our members and students should reach the doorsteps of every one of you. SIRC has therefore taken up an ambitious project "Digital Library Services". We have ensured that our initiative provides you the comfort of accessing the information or data in an organized electronic form through internet at your comfort zone.

In the process of offering you the services it is our desire that members should be made known of the evolution of our library facilities over the years and here is a brief of our library services.

For using the library services under "Digital Library Services" please visit Digital Library / E- Library Link:

<https://sirc-icai.org/library/index.php>

Functioning of SIRC Library

(Email: yamuna@icai.in)

One Day Workshop on Partnership Firms Taxation on Reconstitution and Dissolution

at SIRC premises, Nungambakkam, Chennai

23rd July, 2022, 09.30a.m. to 5.30 p.m.

Time	Topic	Speaker
9.30am to 10.00am	Inaugural Session	
10.00am to 11.45am	New Sec 9B, 45(4),48(iii)	Dr. CA. Phalguna Kumar, Tirupathi
11.45am to 1.45pm	Critical Analysys of New provisions	CA. Pradip Kapasi, Mumbai
	LUNCH BREAK	
2.30pm to 4.30 pm	Practical workings	CA. S. Ramasubramanian, Bangalore
4.30pm to 5.00 pm	Question and Answer Session	

For registration visit www.sirc-icai.org



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.

71st ANNUAL GENERAL MEETING OF SIRC OF ICAI

NOTICE

NOTICE is hereby given that the Seventy First Annual General Meeting of the Members of the Southern India Regional Council of the Institute of Chartered Accountants of India will be held on Saturday, 2nd July 2022 at 11.00 am at the P. Brahmaya Memorial Hall at ICAI Bhawan, No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034 to transact the following agenda:

- To receive the Annual Report of the Regional Council for the year ended 31st March 2022;
- To receive the Audited Financial Statements of the Regional Council for the year ended 31st March 2022 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

Naresh

CA. Naresh Chandra Gelli
Secretary, SIRC of ICAI

Place : Chennai
Date : 10.05.2022

Note: The Annual Report of SIRC for the period (2021-22), Financial Statements, Schedules forming part of the Financial Statements and Notes to Accounts, have been hosted in the website <https://www.sirc-icai.org/71stAGM.php> and 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 please send an e-mail to padmashankar.t@icai.in along with their Name, ICAI Membership Number and latest complete postal address to enable office of SIRC to do the needful.

No person other than a member whose name is borne on the Regional Register and has paid the Annual Membership Fee shall attend the proceedings of the meeting.



The World Congress of Accountants (WCOA) is being held under the aegis of the International Federation of Accountants (IFAC), the worldwide organization for the accountancy profession.

World Congress of Accountants is popularly known as the "Olympics of the Accountancy Profession"

For the first time in India ICAI will be hosting this prestigious event.



Date: 18th-21st November 2022
Venue: Jio World Convention Centre, BKC, Mumbai, India



Follow Us On:





10th June, 2022

ANNOUNCEMENT

Sub: **Amendment in Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016.**

The Ministry of Corporate Affairs vide notification dated 9th June 2022 has amended the provision of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016.

Pursuant to the said amendment, now the Registrar may call for further information/document if the Registrar finds that the application in Form STK-2 (Application by Company to ROC for removing its name from Register of Companies) is defective/incomplete in any aspect. The same shall be informed to the Registrar within 15 days from the date of seeking of information and further if after re-submission of the form or document still any further information/document is required the same shall be provided to the Registrar within further fifteen days' time.

It is also to be noted that any re-submission of the application in Form STK-2 made prior to the commencement of the aforesaid Amendment Rules, 2022 shall not be counted for the purposes of reckoning the maximum number of re-submissions of such Form.

Accordingly, post amendment the following insertions have been made in Rule 4 after sub rule 3 in the aforementioned Rule:

- Where the Registrar, on examining the application made in Form STK-2, finds that it is necessary to call for further information or finds such application or any document annexed therewith is defective or incomplete in any respect, he shall inform to the applicant to remove the defects and re-submit the complete Form within fifteen days from the date of such information, failing which the Registrar shall treat the Form as invalid in the electronic record, and shall inform the applicant, accordingly.
- After the re-submission of the Form or document, if the Registrar finds that the Form or document is defective or incomplete in any respect, he shall give further time of fifteen days to remove such defects or complete the Form, failing which the Registrar shall treat the Form as invalid in the electronic record and shall inform the applicant, accordingly.
- Any re-submission of the application in Form STK-2 made prior to the commencement of the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022 shall not be counted for the purposes of reckoning the maximum number of re-submissions of such Form.

The notification dated 09th June 2022 may be referred at the link given below:
<https://www.mca.gov.in/bin/dms/getdocument?mids=JkKchIdTvg3RDH8WYfBuw%253D%253D&type=open>

With Kind Regards,

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

**Board of Studies (Academic)
The Institute of Chartered Accountants of India**

June 04, 2022

ANNOUNCEMENT

Re: Proposed Scheme of Education and Training

The Draft Amendments in the CA Regulations arising out of the proposed scheme of Education and Training have been in principle approved by the Ministry of Corporate Affairs and is exposed to the public for their comments for 30 days and, thereafter, the same will be considered by the Council.

Once the Proposed Scheme and Draft Regulations are approved, the Implementation Scheme, including Transition Provisions for students of the existing Scheme of Education and Training, shall be formulated.

While formulating the Transition Scheme, reasonable care shall be taken to allow exemption to the students in respect of subjects which have cleared under the earlier Scheme. Hence, till such time, students are advised to continue studying regularly as per the existing course curriculum.

Director, Board of Studies



03rd June, 2022

ANNOUNCEMENT

Sub: **Awareness on Upgradation of Registered users in V2 to Business User in V3 MCA 21.**

As we are aware that the Ministry of Corporate Affairs has migrated to a new version – Version 3 of the MCA portal. All users have to be registered as Business Users to be able to submit forms on MCA Portal (except for Run LLP and Fillip forms which can be submitted by Registered Users). Kindly note the following:

- Registered users in V2 can upgrade to Business User in V3. The Process is as Follows:

Sign in →Right Hand Corner will Display "Hello – Your Name" →Click on the icon →Select Profile Update Page →Click on Add Role.

The following are the Business User Role

- Director/Designated Partner
- Manager/Secretary/Authorized Representative
- Officer in Default
- Professional

- A detailed Presentation on Basics of MCA21 is uploaded at the following link:
<https://resource.cdn.icai.org/70539c1cgc56494.pdf>

- You are also requested to upgrade yourself to Business user, create awareness amongst Professional Representative to upgrade to Business User. Also kindly get in touch with the Directors of various Companies/ LLP's you are associated with and create awareness amongst them to upgrade to Business User. A detailed guidance has also been hosted by MCA at the following Link:
<https://www.mca.gov.in/content/mca/global/en/about-us/video-gallery.html>

This initiative is to assist the users of the MCA portal and provide proactive support.

With Kind Regards,

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



**CA DAY
CELEBRATIONS-2022**

Date : 1st July 2022
Venue : ICAI Bhawan,
MG Road, Chennai.

- Walkathon / Padyatra - "Excellence, Independence, Integrity" @ 6.00 A.M. walkathon from ICAI Bhawan, MG Road, Chennai via Sterling Road, College Road, Haddows Road and back to ICAI Bhawan, MG Road, Chennai.
- Student's Motivation Session - The six steps for a Professional by Past Central Council Member **CA. M. P. Vijay Kumar** @ 8.00 A.M.
- ICAI Flag Hoisting @ 9.00 A.M.
- Garlanding Kapadia Statue @ 9.15 A.M.
- Blood Donation Camp at SIRC premises in association with Rajiv Gandhi Government General Hospital @ 10.00 A.M.
- Tree Plantation Drive @ 11.00 A.M.
- GST Day Celebration (Virtual Mode) – GST Journey so far – **CA. Siva Prasad, Guntur** @ 3.00 P.M. -
Registration Link :
<https://us02web.zoom.us/join/register/tZ0qd-Gtqz0sE91cK9R-Ux6rFYaWUHQz1iyx>
- CA Day Games for Member's Children and Spouse @ 4.30 P.M.
- Honoring Senior Members @ 5.30 P.M.

Followed by Dinner

Helpline:
sircpe@icai.in
91768 26789

CA. China Masthan Talakayala
Chairman, SIRC of ICAI

CA. Naresh Chandra Gelli
Secretary, SIRC of ICAI



SOUTHERN INDIA CHARTERED ACCOUNTANT STUDENTS' ASSOCIATION

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

NOTICE FOR ANNUAL GENERAL MEETING OF SICASA & ELECTION TO THE MANAGING COMMITTEE OF SICASA FOR THE YEAR 2022-23

NOTICE is hereby given that the Annual General Meeting of the Southern India Chartered Accountants Students' Association (SICASA) will be held on **Monday, the 16th July 2022 at 03:00 P.M. at ICAI Bhavan, Nungambakkam, Chennai.**

- Welcome Address by Chairman, SICASA;
- To receive the report and note the accounts of the Association for the financial year ended 31st March 2022;
- To consider the Budget and discuss on the National Conference;
- To elect 12 Members to the Managing Committee of the Association for the year 2022-23; and
- To transact such other business that may be brought before the meeting including any proposal or resolutions received from the member(s) subject to fulfilment of conditions under Rule 37 of the Chartered Accountants Students' Associations Rules with the permission of the Chair.

Place: Chennai
Date: 24th June 2022

Anant Kumar Choudhury
Secretary, SICASA

NOTE:

Every Articled Assistant and Audit Assistant whose address is registered within the jurisdiction of Southern Region and who has been in article / audit training on or before 1st April 2022 and continues to be in article / audit training on the date of election shall be eligible to vote for the election to the Managing Committee of SICASA. Students eligible to vote and having at least 12 months of unexpired period of article / audit training as on 16th September 2022 shall be eligible to contest the elections. Students eligible to vote should bring their Identity card issued by the ICAI and should be produced before they have been allowed to vote.

Such students desirous of contesting the election to the Managing Committee of the SICASA are required to send the nomination form duly filled in and complete in all respects together with prescribed fee of Rs. 10/- to the Chairman, SICASA at the above address or mail to sicasa@icai.in on or before 5.30 p.m. on 06th July 2022.

Nomination form can be downloaded from SIRC Website www.sircoficai.org

ICAI Bhawan, No. 122, Mahatma Gandhi Road,
P.B. No. 3314, Nungambakkam, Chennai - 600 034

EMAIL SICASA@icai.in



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

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

HYBRID
MODE
EVENING
BATCH

Are U writing your NOV 2022 CA Foundation Examinations?

LEARN FROM THE BEST - YOUR ALMAMATER

SIRC - CA FOUNDATION Classes

Course Dates

From : 13/07/2022
To : Middle of Oct 2022

Timing : 2.30P.M. to 7.30 P.M.

Duration : 5 Hours (Week Days)

Saturday & Sunday : 6 Hours (1.30P.M. to 7.30P.M.)

Last Date of Registration 12/07/2022

FREE RAPID REVISION CLASSES - 15 DAYS

SUNDAY TEST SERIES :- 8 TESTS

MOCK TESTS :- 2 TESTS

REFER LINK FOR DETAILS : <http://shorturl.at/IAZ67>

Fees Physical ₹ 15000/- Only
Virtual ₹ 11000/- Only

Regn : FOR VIRTUAL ONLY
Subject wise registration
Accounts - ₹ 3,500/-
Maths & Statistics - ₹ 3,500/-
Law - ₹ 3,000/-

Paper	Subject	Hours	Self Assessment MCQ No. of Tests
Paper - 1	Principles & Practice of Accounting	120 Hrs	20
Paper - 2A	Business Law	120 Hrs	10
Paper - 2B	Business Correspondence & Reporting	120 Hrs	10
Paper - 3	Business Mathematics Logical Reasoning Statistics	120 Hrs	10 5 5
Paper - 4	Business Economics Business and Commercial Knowledge	120 Hrs	10 10

Link for Registration : <http://www.sirc-icai.org/view-batches/php>

For Govt. & Govt. Aided School Students of Southern Region States

(Tamil Nadu, Kerala, Karnataka, Andhra, Telangana and Union Territory of Pondicherry)
Currently in (11th / 12th STD - Attach Proof of Govt. Aided School) / Mark Sheet
or Passed Out of 12th (Academic year 2021-2022)

NO FEE

Helpline

Mobile : 96771 26011, 73585 06400, 82205 22669

Phone : 044 - 3021 0323 / 300 / 370 / 379 / 379

Email : sirc.foundation@icai.in, and cc to sircdean@icai.in.

CA. CHINA MASTHAN TALAKAYALA
Chairman, SIRC of ICAI

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

June 03, 2022

Regarding Registration of Professional Staff Member as Business User in V3 MCA 21.

As we all are aware that the Ministry of Corporate Affairs has migrated to a new version - Version 3 of the MCA portal. Under this new version, all users are required to be registered as Business Users to be able to submit forms on MCA Portal (except for RUN LLP and Fillip forms which can be submitted by Registered Users).

In this regard, to smoothen the process and to make it easier for the professionals to file multiple forms by staff members of the professionals, the MCA has recognised the concept of registration of Professional Staff Members under the Professional's login.

Accordingly, it may be noted that the Professional Staff Members may also get themselves registered under 'Business User' category as 'Professional Staff Member' User Role which will be linked against the Professional Member's login which is already registered on MCA portal as a 'Business User'.

Pursuant to this, Professional Staff Members will be able to file various forms as Business User and the professionals (member of ICSI/ICAI/ICWAI and registered on MCA portal as 'Business User' under 'Professional' User Role) will be able to see the filings made by the Professional Staff Member under his login.

It is to be noted that a Professional Staff Member refers to any person who is with or on behalf of a Professional of ICSI/ICAI/ICWAI as a staff. Such members include: -

- Trainees of the professional firms
- Non-professional members of professional firms etc.

The introduction of the aforementioned concept is to assist the users in smooth and transparent filing.

Therefore, we sincerely request all the Members of the Institute involved in MCA filing to get their "Professional Staff Members" registered as Business Users

The members are also requested to refer the FAQs issued by MCA for registration and login process for Professional Staff Members. Step by Step process for registering as Professional Staff Member has been explained in the FAQs, the same may be followed.

The FAQs for the same may be referred at the link given below:

https://www.mca.gov.in/content/dam/mca/pdf/Professional_Staff_Member_FAQ_18052022.pdf

With Kind Regards,
Chairperson and Vice- Chairperson
Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India

Attention Members and Students - Library Security Deposit at SIRC Library

SIRC of ICAI invites the attention of members and students to the revised rules in relation to security deposit amount for availing the facility of borrowing books on returnable basis within the prescribed period.

The security deposit amount for borrowing books from SIRC Library has been enhanced uniformly both for members and students effective from August 2012. The revised security library deposit is **Rs.1,000/-** (Rupees One Thousand only) for borrowing one book at a time from the SIRC library.

Members desirous of borrowing one more library card can remit a further sum of security deposit of Rs.1,000/-. Members may please note that only one book will be issued against one library card.

Members and Students who have earlier paid less than the revised amount of Rs.1,000/- can either pay the balance amount and renew their library cards or prefer claim of refund of deposit amount from SIRC. The last date for claiming refund or renewal with payment of additional amount is 31st October 2022.

Request either for claim or renewal not received before **31st October 2022** will result in forfeiture of the amount already deposited and no further request for refund will be entertained.

This security deposit shall be valid for three years and the same is to be renewed every three years. Members desirous of refund after three years have the option to seek refund of the amount and the same shall be made by Office of SIRC subject to clearance of due, if any.

Members may note that the refund under such circumstances shall be claimed within one year from the date of expiry of the library ticket, failing which the amount so deposited shall be forfeited without further reference and accounted with SIRC.

For further details please mail to yamuna@icai.in with specific query/ies.

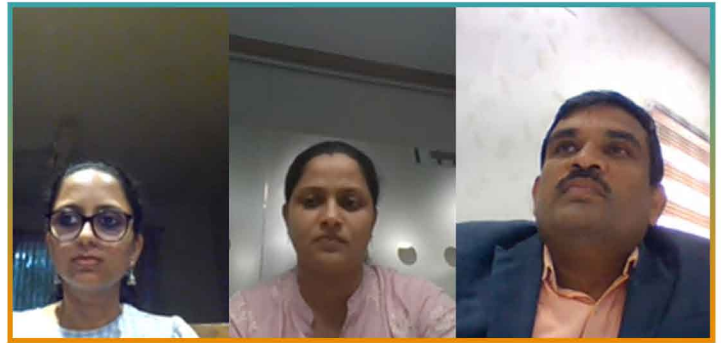
SIRC of ICAI

Amendments to Schedule III and CARO 2020 on 15th June 2022



Resource Person CA. Jomon K George, Past Chairman, SIRC of ICAI seen along with CA. Naresh Chandra Gelli, Secretary, SIRC of ICAI and CA. Revathi Raghunathan, Regional Council Member, SIRC of ICAI.

TDS - Practical Aspects and Recent Amendments on 17th June 2022



Resource Persons CA. Priya Narayanan L, Bengaluru and CA. Zainab Bookwala, Mumbai seen along with CA. A. V. Arun, Regional Council Member, SIRC of ICAI.

Journey of GST and impact on selected sectors and transactions on 18th June 2022



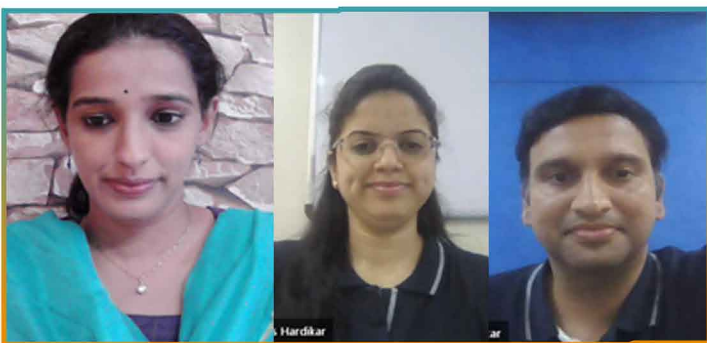
Resource Person CA. Y Ravi Kumar, Bengaluru seen along with CA. Subba Rao Muppala, Regional Council Member, SIRC of ICAI.

IT - Power Query and Power Pivot for Audit on 20th June 2022



Resource Person CA. S. Rathinagiri, Sivakasi seen along with CA. Naresh Chandra Gelli, Secretary, SIRC of ICAI.

Transfer Pricing - The Journey so far on 22nd June 2022



Resource Persons CA. Tejas Pradeep Dharwadkar, Pune and CA. Meenal Sabnis Hardhikar, Pune seen along with CA. Rekha Uma Shiv, Regional Council Member, SIRC of ICAI.

Standard on Auditing - SA 210 & SA 560 on 23rd June 2022



Resource Person CA. Amit Purohit, Mumbai seen along with CA. R. Sundararajan, Treasurer, SIRC of ICAI.

International Yoga Day Celebrations - 2022



Cross Section of Participants performing Yoga during the session at SIRC, Chennai.



Yoga instructor Mrs. Subha, Isha Youga Foundation is being honoured with Shawl and Memento by CA. Chinna Masthan Talakayala, Chairman, SIRC of ICAI and CA. Rajesh .S, Regional Council Member, SIRC of ICAI.



CA. China Masthan Talakayala, Chairman, SIRC of ICAI visited Hubballi Branch of SIRC on Friday, the 24th June 2022 and attended the Managing Committee meeting. Managing Committee Members of Hubballi Branch: CA. Amit Babaji, Chairman, CA. Mallikarjun S. Pise, Vice-Chairman, CA. Sanjeevkumar S Hadimani, Secretary, CA. Dhanapal J Munnolli, Treasurer, CA. Rishabh G Upadhyay, Member are also seen.

CA Day week Celebration – 2022 – Tree Plantation Drive on 24th June 2022



CA. P. Rajendra Kumar, Central Council Member planting a tree sapling at the proposed site of Centre of Excellence at SIPCOT – Irungattukottai. CA. R. Sundararajan R, Treasurer, SIRC of ICAI, CA. Rekha Uma Shiv, Regional Council Member, SIRC of ICAI, Dr. T. Paramasivan, Additional Director (Tech.), Regional Head, SIRC & DCO, Chennai and others are also seen.

Campus Placement Drive program conducted by Vijayawada Branch of SIRC of ICAI - 25th June 2022



CA Week Celebrations – 2022 by SIRC of ICAI Swachh Bharat Abhiyan on 27th June 2022



CA. R. Sundararajan, Treasurer, SIRC of ICAI, Dr. T. Paramasivan, Additional Director (Tech.), Regional Head SIRC & SRO, Chennai, Students and Staffs of ICAI Chennai spreading awareness on Swachh Bharat Abhiyan in and around the institute premises of ICAI, Chennai.

International MSME Day Celebrations by SIRC of ICAI
Jointly with Hindustan Chamber of Commerce, Chennai – 27th June 2022



Resource persons CA. Subashini Ganapathi, Chennai, Shri. Gadde Ravi, Joint Director - IEDS and Shri. Sudhanidhi P. V, Senior Manager, Bank of Baroda seen along with CA. R. Sundararajan, Treasurer, SIRC of ICAI, CA. Rekha Uma Shiv, Regional Council Member, SIRC of ICAI and CA. K. Suresh, President, Hindustan Chamber of Commerce.

CRET Outreach Programme for Members and Students
for the proposed Scheme of Education and Training on 25th June 2022
Organized by Board of Studies (Academics)
Hosted by SIRC of ICAI



Central Council Members CA. Rajendra Kumar P, CA. Cothas S Srinivas addressed Members and Students on the proposed scheme of education. SIRC Treasurer CA. R. Sundararajan, Regional Council Members CA. Revathi S. Raghunathan, CA. Rekha Uma Shiv have also attended.

ICITSS Courses by SIRC of ICAI (Physical Mode).

Commencing from 11.07.2022 to 27.07.2022

Information Technology Training (ICITSS- IT)

BATCH NO	TIMINGS
CHN-ICITSS-IT-07-22-184	07.30 A.M TO 01.30 P.M
CHN-ICITSS-IT-07-22-185	01:45 P. M To 07:45 P.M.
CHN-ICITSS-IT-07-22-186	07.30 A.M TO 01.30 P.M
CHN-ICITSS-IT-07-22-187	01:45 P. M To 07:45 P.M.

Orientation Course (ICITSS-OC)

BATCH NO	TIMINGS
ICITSS-OC-CHE-200	07.00 A.M TO 01.30 P.M
ICITSS-OC-CHE-201	01.45 P.M TO 08.15 P.M
ICITSS-OC-CHE-202	07.00 A.M TO 01.30 P.M
ICITSS-OC-CHE-203	01.45 P.M TO 08.15 P.M

The enrolment of students shall be done on First come First served basis.

Please register through the link:

https://www.icaionlineregistration.org/Admin_Module/login.aspx

AICITSS Courses by SIRC of ICAI (Physical Mode).

Commencing from 11.07.2022 to 27.07.2022

Advanced (ICTISS) MCS Course

BATCH NO	TIMINGS
ADVANCED - ICITSS-MCS-204	07.00 A.M TO 01.30 P.M
ADVANCED - ICITSS-MCS-205	01.45 P.M TO 08.15 P.M

Advanced Information Technology Training (AICITSS- AIT)

BATCH NO	TIMINGS
CHN-AICITSS-AIT-07-22-168	07.30 A.M TO 01.30 P.M
CHN-AICITSS-AIT-06-22-169	01.45 P.M TO 07.45 P.M

The enrolment of students shall be done on First come First served basis.

Please register through the link:

https://www.icaionlineregistration.org/Admin_Module/login.aspx



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

DIGITAL ACCOUNTING & ASSURANCE BOARD, ICAI 3 Days Intensive Workshop (EDP) on Digital Forensics (Physical Batch)

on 22-24 July from 10 am to 5 pm @ DA Lab, ICAI Bhawan, 122, Mahatma Gandhi Road,
Nungambakkam, Chennai-600034

About the Course:

If you are an internet user, this is a must join course for you, designed in a most illustrative manner. Technology has facilitated us in many ways, almost in all facets of our life. No one can deny the extent of convenience being provided by Information and communication technology but in contrast because of its anonymity, it provides a suitable platform for criminals to commit crime. In the contemporary world due to revolutionary outburst of computers and mobile phones which has led to increase in various types of cybercrimes using these digital devices and Internet.

Digital Forensics is a branch of Forensic Science comprises of recovery and investigation of materials found in digital devices like a computer, network devices, tablet or a cell phone and typically refers to the seizure, acquisition, and analysis of digital data and the presentation of the report in the courtroom.

The course is very useful for the Chartered Accountants, Students, lawyers, investigating officers etc who are keen to know and passionate about the concepts of Digital Forensics. There is continuous increase in the demand of digital forensic experts, a flourishing career option for those who are interested to explore this challenging profession. Other than career option, it makes you aware about different threats on the internet and how to protect yourself from all these threats.

The objective of this course is to:

- Understand and utilize the fundamental concept of Digital Forensics
- Participants shall be prepared for various technologies/tools to combat and investigate computer and cyber-crimes.



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

Program Structure

Introduction to Cybercrime.
Recent Trends in Cybercrime
Cyber frauds in financial sectors.
Modus operandi of cyber frauds.
Importance of Digital Forensics and Ethical Hacking.
Hacking Vs Ethical Hacking
Data Breach.
Mobile Frauds.
Steganography.
Ransomware and Malwares.
Malware analysis.
Recent guidance given by GOI Information Technology Ministry covering "Cyber Frauds"
Digital Forensics Process.
-Evidence Identifications.
-Collection of Digital Evidence
-Preservation
-Examination and Analysis.
-Reporting
- Chain of Custody
Digital Forensics Tools.
- Hard disk and Pen drive Forensics.
- Imaging.
- Hardware & Software write tools.
- Hashing Algorithms.
- Data Recovery Tools.
Introduction to computer networks.
- Network Forensics.
-Auditing Network firewall
Desktop/System Forensics
Investigating Emails
Investigating Social media accounts
Introduction to Cloud Forensics
Introduction to crypto currency forensics.
Digital Forensics in auditing.
Case Studies on Digital forensics.
Frauds Reports.
Corporate, Financial Institutions, CA firms
Mapping of Learning outcomes.

Hurry!! Limited Seats!!



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

Date	22-24 July 2022 from 10.00 am to 05.00 pm
Venue	DA Lab, ICAI Bhawan, 122, Mahatma Gandhi Road, Nungambakkam, Chennai-600034
Fees	Rs.6490/- (Rs 5500/- Plus 18% GST)
Faculty	Mr. Pranay Singh Chauhan (Indore)
CPE Hrs	18 CPE Hrs
Registration Link	https://learning.icaai.org/committee/digital-insights/edp-digital-forensics-phy-chennai/
Note	Participation Certificate will be awarded to the Participants

*** The batch may be postponed if minimum number of registrations are not received.**

Digital Accounting & Assurance Board
The Institute of Chartered Accountants of India
A-29, 'ICAI Bhawan' | Sector-62 Noida 201309
E-Mail: fafp@icaai.in
Website: <https://learning.icaai.org>

Corporate Law

Contributed by CA. M. Asir Raja Selvan, Chennai

The following are the important updates in Companies Act, 2013, Limited Liability Partnership Act, 2008 & SEBI LODR from 25th May 2022 to 24th June 2022

I. Relaxation of additional fee for Form 11 of LLP

The Ministry of Corporate Affairs (MCA) vide its General Circular No.4/22 dated 27th May 2022 relaxed the payment of additional fee for filing Form 11 of LLP.

As per this circular, it has been decided to allow LLPs to file e-form 11 (Annual Return of Limited Liability Partnership) for the Financial Year 2021-22 without paying additional fees up to 30th June 2022.

II. Relaxation of additional fee of event based e Forms of LLP

The Ministry of Corporate Affairs (MCA) vide its General Circular No.6/22 dated 31st May 2022 relaxed the payment of additional fee for event based LLP e-forms.

As per this circular, in view of transition from Version 2 to Version 3 of MCA – 21, it has been decided to allow LLPs to file various event based e-forms without paying additional fees up to 30th June 2022 whose due dates were falling from 25th February 2022 to 31st May 2022.

III. Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022

G.S.R. In exercise of the powers conferred by sub sections (1), (2) and (4) of section 248 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, further to amend the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016, namely:-

(1) These rules may be called the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022.

(2) They shall come into force on the date of their publication in the Official Gazette.

Key Changes are

In Rule 4, after sub rule (3), the following proviso shall be inserted

“4(a) Where the Registrar, on examining the application made in Form STK – 2, finds that it is necessary to call for further information or finds such application or any document annexed therewith is defective or incomplete in any respect, he shall inform to the applicant to remove the defects and re-submit the complete Form within 15 DAYS from the date of such information, failing which the Registrar shall treat the Form as invalid in the electronic record, and shall inform the applicant, accordingly.”

(b) After the re-submission of the Form or document, if the Registrar finds that the Form or document is defective or incomplete in any respect, he shall give further time of 15 DAYS to remove such defects or complete the Form, failing which the Registrar shall treat the Form as invalid in the electronic record and shall inform the applicant accordingly.

(c) Any re-submission of the application in Form STK – 2 made prior to the commencement of the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022 shall not be counted for the purposes of reckoning the maximum number of re-submissions of such Form.”

IV. National Financial Reporting Authority Amendment Rules, 2022

G.S.R. -----In exercise of the powers conferred by sub sections (2) and (4) of section 132 sub section (1) of section 139 and sub section (1) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, further to amend the National Financial Reporting Authority Amendment Rules, 2018, namely:-

(1) These rules may be called the National Financial Reporting Authority Amendment Rules, 2022.

(2) They shall come into force on the date of their publication in the Official Gazette.

Key Changes are

For Rule 13, the following shall be substituted

“13. Punishment in case of non-compliance :

Whoever contravenes any of the provisions of these rules, shall be punishable with fine not exceeding Rs.5,000/- and where the contravention is a continuing one, with a further fine not exceeding Rs.500/- for every day after the first during which the contravention continues.”

(3) Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2022

G.S.R. 439(E) - In exercise of the powers conferred by section 149 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Appointment and Qualification of Directors) Rules, 2014, namely:-

(1) These rules may be called the Companies (Appointment and Qualification of Directors) Second Amendment, Rules, 2022.

(2) They shall come into force on the date of their publication in the Official Gazette.

Key Changes are

In rule 6, after sub-rule (4), the following sub-rule shall be inserted, namely:

“(5) Any individual whose name has been removed from the databank under sub-rule (4), may on payment apply for restoration of his name of fees of Rs.1,000/- and the institute shall allow such restoration subject to the following conditions, namely :-

(i) his name shall be shown in a separate restored category for a period of one year from the date of restoration within which, he shall be required to pass the online proficiency self-assessment test and thereafter his name shall be included in the databank, only, if he passes the said online proficiency self-assessment test and in such case, the fees paid by him at the time of initial registration shall continue to be valid for the period for which the same was initially paid; and

(ii) in case he fails to pass the online proficiency self-assessment test within one year from the date of restoration, his name shall be removed from the data bank and he shall be required to apply afresh under sub-rule (1) for inclusion of his name in the databank.”.

V. Simplification of procedure and standardization of formats of documents for transmission of securities

SEBI, vide Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/70 dated 25th May 2022 as an on-going measure to enhance ease of dealing in securities markets and based on the recent regulatory changes, and with a view to make issuance of duplicate securities more efficient and investor friendly, the procedure and documentation requirements for issuance of duplicate securities has been further simplified.

The revised documentation requirements in case of issuance of Duplicate securities are specified below :

2.1 Submission by the security holder of copy of FIR including e-FIR/Police complaint/Court injunction order/copy of plaint (where the suit filed has been accepted by the Court and Suit No. has been given), necessarily having details of the securities, folio number, distinctive number range and certificate numbers.

2.2 Issuance of advertisement regarding loss of securities in a widely circulated newspaper

2.3 Submission of Affidavit and Indemnity bond as per the format prescribed by the Board.

2.3.1 There shall be no requirement of submission of surety for issuance of duplicate securities

2.4 There shall be no requirement to comply with Para 2.1 and 2.2 of this circular, if the value of securities as on the date of submission of application, along with complete documentation as prescribed by the Board does not exceed Rs.5 Lakhs.

2.5 The applicant shall quantify the value of the securities on the basis of the closing price of such securities at any one of the recognized stock exchanges a day prior to the date of such submission in the application.

2.6 An overseas securities holder, in lieu of documents mentioned in Para 2.1 of this circular, shall be permitted to provide self-declaration of the security certificates lost/misplaced/stolen which shall be duly notarized/ apostilled /attested by the Indian Consulate / Embassy in their country of residence, along with self-attested copies of valid passport and overseas address proof.

2.7 In case of non-availability of Certificate Nos./Distinctive Nos./ Folio nos., the RTA (upon written request by the security holder) shall provide the same, to the security holder only where the signature and the address of the securityholder matches with the RTA / listed company's records. In case the signature and/or the address do not match, the security holder shall first comply with the KYC procedure and then only the details of the securities shall be provided to the security holder by the RTA/listed company.

3. Fake / forged / stolen certificates or certificates where duplicate certificate is issued, must be seized and defaced by the RTA / listed company and disposed of in the manner, authorized by the Board of the Company.

4. Defaced certificates shall be kept in custody of the Company/ RTA and disposed of in the manner as authorized by the Board of the Company.

5. The listed company shall take special contingency insurance policy from the insurance company towards the risk arising out of the requirements relating to issuance of duplicate securities in order to safeguard and protect the interest of the listed company.

6. As mandated vide SEBI Circular dated January 25, 2022, duplicate securities shall be issued in dematerialized mode only.

7. The common norms stipulated in SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 and SEBI Circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021 shall be applicable for service requests for issuance of duplicate securities.

8. The provisions of this Circular shall come into force with immediate effect in supersession of RTI Circular No. 1 (2000-2001) dated May 9, 2001.

The RTAs/ listed company shall strictly adhere to the formats and documentation specified through this Circular for all service requests related to issuance of duplicate securities.

Readers may refer SEBI circular for detailed formats & Operational guidelines.

FEMA

Contributed by CA. G. Murali Krishna, Hyderabad

I. Regulations Review Authority (RRA 2.0) - Discontinuation/Merger/Online Submission of Returns

As part of implementation of the interim recommendations of the RRA 2.0, RBI vide A.P. (DIR Series) Circular No 05 dated June 09, 2022 advised Authorised Persons about the discontinuation of the return "Details of guarantee availed and invoked from non-resident entities" with effect from the quarter ending June 2022.

II. Extension of the validity of FCRA Registration Certificates

In continuation of Ministry of Home Affairs' Public Notice No. 11/21022/23/(22)/2020-FCRA-III dated 24th March, 2022, the Central Government in public interest, has decided to extend the validity of FCRA registration certificates of certain categories of FCRA registered entities as follows:

- a. The validity of registration certificates of such entities whose validity was extended till 30th June, 2022 in terms of Public Notice dated 24th March, 2022 and whose renewal application is pending will stand extended till 30th September, 2022 or till the date of disposal of renewal application, whichever is earlier.
- b. The validity of those FCRA registered entities whose 5 years validity period is expiring during 1st July, 2022 to 30th September, 2022 and who have applied/apply for renewal before expiry of 5 years validity period will stand extended till 30th September, 2022 or till the date of disposal of renewal application, whichever is earlier.

III. FEMA Case Law

SMT KAMINI SADH VERSUS SPECIAL DIRECTOR OF ENFORCEMENT & ANR (Ref 2022 (6) TMI 165 - DELHI)

Facts of the case:

1. The case pertains to an appeal before Delhi High Court in relation to matter of FERA regime in which Appellate Tribunal confirmed penalty of INR 15 Lacs on the appellant.
2. Some of the export proceeds could not be realized by the appellant because the concerned buyer in France became bankrupt.
3. The respondent filed a complaint alleging that the appellant did not take reasonable steps for realization of outstanding export proceeds.
4. It is submitted by appellant that, in accordance with the requirements of the FERA, they took reasonable steps to realize the proceeds of sale from the foreign company and wrote various letters to it, which was also acknowledged. The appellant made efforts to trace the owner of the foreign Company through the Embassy of India in Paris as well as a private party, however, the same was of no avail.
5. Appellant also conveyed that their sister concern too made exports to same buyer in France and could not realize the proceeds even after a recovery suit awarded in their favor.
6. Respondent contended that mere writing of letters or trying to reach the overseas buyer cannot be considered as 'reasonable steps'. They also contended that just because sister concern could not realize from same overseas buyer, not taking additional steps for recovery is not acceptable.
7. Respondent contended that Section 18 (3) of FERA makes a presumption against the person who has not been able to secure the proceeds from exports that he has not taken all reasonable steps for recovering the amount to be realized from the proceeds of sale, and so it is a fit case for adjudication.

Held that:

- a. There are no established principles or guidelines laid down by law to the question as to what amounts to 'reasonable steps' under Section 18(3) of the FERA, and therefore, the same has to be established in light of the facts and circumstances of each case.
- b. Any person effecting an export of goods is also responsible, rather duty bound, to also effect the securing of proceeds from such export/sale. The only exception, as per the language of the provision, is permission from the RBI, which if obtained may lead to granting of the leverage of not securing the proceeds within the stipulated and prescribed period.
- c. In the instant matter, the appellant upon non-realization of payment towards exported goods made attempts to communicate with the buyer in France.
- d. As it is found that the appellant undertook the basic and primary measures of contacting and communicating with the foreign buyers and approaching the RBI after the lapse of the stipulated time period, however, these fundamental steps in themselves were not sincere, serious and sufficient attempts to effectively cause the recovery of the proceeds of sale.

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Facts of the case:

1. The case pertains to an appeal before Delhi High Court in relation to matter of FERA regime in which Appellate Tribunal confirmed penalty of INR 15 Lacs on the appellant.
2. Some of the export proceeds could not be realized by the appellant because the concerned buyer in France became bankrupt.
3. The respondent filed a complaint alleging that the appellant did not take reasonable steps for realization of outstanding export proceeds.
4. It is submitted by appellant that, in accordance with the requirements of the FERA, they took reasonable steps to realize the proceeds of sale from the foreign company and wrote various letters to it, which was also acknowledged. The appellant made efforts to trace the owner of the foreign Company through the Embassy of India in Paris as well as a private party, however, the same was of no avail.
5. Appellant also conveyed that their sister concern too made exports to same buyer in France and could not realize the proceeds even after a recovery suit awarded in their favor.
6. Respondent contended that mere writing of letters or trying to reach the overseas buyer cannot be considered as 'reasonable steps'. They also contended that just because sister concern could not realize from same overseas buyer, not taking additional steps for recovery is not acceptable.
7. Respondent contended that Section 18 (3) of FERA makes a presumption against the person who has not been able to secure the proceeds from exports that he has not taken all reasonable steps for recovering the amount to be realized from the proceeds of sale, and so it is a fit case for adjudication.

Held that:

e. Another relevant factor to be considered is that the Appellate Tribunal reduced the penalty imposed upon the appellant by about 60 percent, (i.e., from INR 25 Lakhs to INR 15 Lakhs) which in itself is a relief granted to the appellant despite having been found guilty of contravening the provisions of the FERA.

f. The Tribunal has rightly imposed the penalty upon the appellant and this Court does not find any substantial ground or cogent reason to invoke its extraordinary jurisdiction and interfere with the said order. Accordingly, the instant Criminal Appeal is dismissed.

IV. Update on Compounding Orders issued under FEMA Regulations:

a. M/s. I.T.T.S.P.A. Indian project office - KT IPO Project

Regulation	Regulation 4(f) of Notification No. FEMA 22(R)/RB-2016 dated March 31, 2016
Contravention	Failure to obtain approval for opening a project office in India
Date of Order	18-02-2022
Compounding Fee	₹ 11,21,054

b. M/s. Comes Machine India Pvt Ltd

Regulation	Paragraph 3.1.I.A(3) of FEMA 395/2019-RB dated October 17, 2019
Contravention	Delay in refund of share application money
Date of Order	30-09-2021
Compounding Fee	₹ 51

c. Mr. Gaurvendra Swarup

Regulation	Regulation 4 (a)(a) of Notification No. FEMA 1/2000-RB read with Para A.4 of Master Direction on Liberalised Remittance Scheme (LRS)
Contravention	Failure to comply with provisions of LRS
Date of Order	21-07-2020
Compounding Fee	₹ 5,72,333

GOODS & SERVICES TAX

Contributed by CA. G. Saravana Kumar, Madurai

1. Deposit of Tax during the course of search, inspection or investigation – No recovery can be made as per section 73(5) or 74(5) by the proper officer: - F. No. GST/INV/Instructions/2022-23 – dated 25.05.2022

i. Instances have been noticed where some of the taxpayers after voluntarily depositing GST liability through DRC-03 have alleged use of force and coercion by the officers for making 'recovery' during the course of search or inspection or investigation. Some of the taxpayers have also approached Hon'ble High Courts in this regard.

ii. The Board vide this instruction has clarified the legal position of voluntary payment of taxes for ensuring correct application of law and to protect the interest of the tax payers.

iii. *Voluntary payment of tax by the tax payer:*

Voluntary payment of tax before issuance of show cause notice is permissible in terms of provisions of Section 73(5) and Section 74 (5) of the CGST Act, 2017. This helps the taxpayers in discharging their admitted liability, self-ascertained or as ascertained by the tax officer, without having to bear the burden of interest under Section 50 of CGST Act, 2017 for delayed payment of tax and may also save him from higher penalty imposable on him subsequent to issuance of show cause notice under Section 73 or Section 74, as the case may be.

iv. *Recovery by the department only as per section 79 and not by any other means:*

It is further observed that recovery of taxes not paid or short paid, can be made under the provisions of Section 79 of CGST Act, 2017 only after following due legal process of issuance of notice and subsequent confirmation of demand by issuance of adjudication order.

No recovery can be made unless the amount becomes payable in pursuance of an order passed by the adjudicating authority or otherwise becomes payable under the provisions of CGST Act and rules made therein.

Therefore, there may not arise any situation where "recovery" of the tax dues has to be made by the tax officer from the taxpayer during the course of search, inspection or investigation, on account of any issue detected during such proceedings

v. *No bar on voluntary payment*

It is clarified that there may not be any circumstance necessitating 'recovery' of tax dues during the course of search or inspection or investigation proceedings. However, there is also no bar on the taxpayers for voluntarily making the payments on the basis of ascertainment of their liability on non-payment/ short payment of taxes before or at any stage of such proceedings.

vi. *Enquiry on complaint received against the officers:*

Pr. Chief Commissioners/ Chief Commissioners, CGST Zones and Pr. Director General, DGGI are advised that in case, any complaint is received from a taxpayer regarding use of force or coercion by any of their officers for getting the amount deposited during search or inspection or investigation, the same may be enquired at the earliest and in case of any wrongdoing on the part of any tax officer, strict disciplinary action as per law may be taken against the defaulting officers.

2. Procedure relating to sanction, post-audit and review of refund claims – GST - Instruction No. 03/2022-GST – dated 14th June, 2022

It is imperative that the proper officer shall follow principle of natural justice before taking the final decision with regard to refund claim. Detailed guidelines in this regard have already been issued by the Board vide Circular No. 17/17/2017 -GST dated 15.11.2017 (for manual processing of refunds) and Circular No. 125/44/2019-GST dated 18.11.2019 (for electronic filing and online processing of refunds) to ensure uniformity in processing of refund claims. Vide this instruction the Board has listed details to be verified before sanctioning of refunds so as to pass a speaking order by the proper officer. In addition to these details, instructions were given for post-audit and review of orders passed for sanctioning of various refunds under GST laws.

Some of the parameters that are to be verified by the proper officer before sanctioning of refunds (For all the lists members are requested to refer the instructions):

i. Details of Deficiency Memo, if any, in FORM GST RFD-03 issued in respect of the said refund claim previously.

ii. Whether the refund claim has been filed within limitation of time, as provided under CGST Act and Rules thereof, including in the cases, where Deficiency Memo in FORM GST RFD-03 had been issued previously.

iii. Whether it has been verified that ITC on capital goods has not been included in calculation of Net ITC for refund of ITC in zero rated supplies.

iv. Whether it has been verified that ITC in respect of input services as well as capital goods is not included in calculation of Net ITC in case of inverted tax structure refund.

v. In case of refund on account of inversion, whether the supply qualifies for refund of unutilised ITC under clause (ii) of 1st proviso to section 54(3) of the CGST Act, 2017.

vi. Whether it has been verified that no ITC has been claimed by the recipient when refund is claimed by supplier in case of deemed exports.

vii. Whether the amount to be refunded has been calculated in accordance with the provisions of section 49(6) of CGST Act.

Post audit and Review

It is insisted in the instruction that all refund orders are required to be reviewed for examination of legality and propriety of the refund order and for taking a view whether an appeal to the appellate authority under provisions of sub-section (2) of section 107 of the CGST Act is required to be filed against the said refund order.

As already mentioned in Circular No. 17/17/2017-GST dated 15.11.2017, refund claims shall not be subjected to pre-audit. However, the post-audit of refund claims may continue. Considering the large number of refund claims filed in GST, it has been decided that post-audit may henceforth be conducted only for refund claims amounting to Rs. 1 Lakh or more till further instructions.

The post-audit and review of the refund claims shall be conducted as per the following guidelines:

(a) All the refund orders passed should be immediately transmitted online to the review module after issuance of refund order in FORM GST RFD-06. The review and post-audit officers shall have access to all documents/ statements on ACES-GST portal pertaining to the said refund claims.

(b) For the purpose of post-audit of refund order, a Post-Audit Cell under a Deputy/Assistant Commissioner along with one/ two Superintendents and Inspectors as required, may be created in Commissionerate Headquarters.

(c) The post-audit should be concluded within 3 months from the date of issue of FORM GST RFD-06 order. The findings of the post-audit shall be communicated to the review branch within the said time period of 3 months.

(d) The review of refund order shall be completed at least 30 days before the expiry of the time period allowed for filing appeal under Section 107(2) of the CGST Act.

INCOME TAX UPDATES

Contributed by CA. V. K. Subramani

1.Guidelines for removal of difficulties under section 194R(2):

The CBDT vide Circular No.12 of 2022 dated 16.06.2022 has given guidelines for removal of difficulties as under: Finance Act, 2022 inserted a new section 194R in the Income-tax Act, 1961 with effect from 1st July 2022. The new section mandates a person, who is responsible for providing any benefit or perquisite to a resident, to deduct tax at source @10% of the value or aggregate of value of such benefit or perquisite, before providing such benefit or perquisite. The benefit or perquisite may or may not be convertible into money but should arise either from carrying out of business, or from exercising a profession, by such resident. This deduction is not required to be made, if the value or aggregate of value of the benefit or perquisite provided or likely to be provided to the resident during the financial year does not exceed Rs.20,000.

The responsibility of tax deduction also does not apply to a person, being an Individual/Hindu undivided family (HUF) deductor, whose total sales/gross receipts/gross turnover from business does not exceed Rs 1 crore, or from profession does not exceed Rs.50 lakhs, during the financial year immediately preceding the financial year in which such benefit or perquisite is provided by him.

In exercise of the power conferred by section 194R(6) of the Act, the Board, with the prior approval of the Central Government, hereby issues the following guidelines:—

Question 1: Is it necessary that the person providing benefit or perquisite needs to check if the amount is taxable under clause (iv) of section 28 of the Act, before deducting tax under section 194R of the Act?

Answer: No. The deductor is not required to check whether the amount of benefit or perquisite that he is providing would be taxable in the hands of the recipient under clause (iv) of section 28 of the Act. The amount could be taxable under any other section like section 41(1) etc. Section 194R of the Act casts an obligation on the person responsible for providing any benefit or perquisite to a resident, to deduct tax at source @10%. There is no further requirement to check whether the amount is taxable in the hands of the recipient or under which section it is taxable.

In this regard it may be highlighted that in the context of section 195 of the Act it is a requirement to know whether the payment made by the deductor is income in the hands of the non-resident recipient as section 195 of the Act requires deduction on any other sum chargeable under the provisions of this Act at the rates in force. Thus, there is requirement that deductor needs to verify if the "sum is chargeable under the Income-tax Act". The term "rate in force" is defined in clause (37A) of section 2 of the Act and it allows benefit of agreement under section 90 or section 90A of the Act if eligible, in determining the rate of tax at which the tax is to be deducted at source. Hence, there is further requirement of checking if the amount is taxable under tax treaty and if yes, at what rate. Such a requirement is not there in section 194R of the Act, in the absence of these two terms in this section. Hence, there is no requirement for deductor to verify whether the

in the absence of these two terms in this section. Hence, there is no requirement for deductor to verify whether the amount is taxable in the hands of the recipient or section under which it is taxable.

It may also be highlighted that these two terms are also not there in section 194E of the Act and Hon'ble Supreme Court in the case of PILCOM vs. CIT West Bengal (Civil Appeal No. 5749 of 2012), held that tax is to be deducted under section 194E of the Act at a specific rate indicated there in and there is no need to see the taxability or the rate of taxability in the hands of the non-resident.

Question 2: Is it necessary that the benefit or perquisite must be in kind for section 194R of the Act to operate?

Answer: Tax under section 194R of the Act is required to be deducted whether the benefit or perquisite is in cash or in kind. In this regard it is important to draw attention to the first proviso to sub-section (1) of section 194R of the Act, which reads as under:

"Provided that in a case where the benefit or perquisite, as the case may be, is wholly in kind or partly in cash and partly in kind but such part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of such benefit or perquisite, the person responsible for providing such benefit or perquisite shall, before releasing the benefit or perquisite, ensure that tax required to be deducted has been paid in respect of the benefit or perquisite."

This proviso clearly indicates the intent of legislature that there could also be situations where benefit or perquisite is in cash or the benefit or perquisite is in kind or partly in cash and partly in kind. Thus, section 194R of the Act clearly brings in its scope the situation where the benefit or perquisite is in cash or in kind or partly in cash or partly in kind.

Question 3: Is there any requirement to deduct tax under section 194R of the Act, when the benefit or perquisite is in the form of capital asset?

Answer: As has been stated in response to Question No 1, there is no requirement to check whether the perquisite or benefit is taxable in the hands of the recipient and the section under which it is taxable.

Further, courts have held many benefits or perquisites to be taxable even though one can argue that they are in the nature of capital asset. The following judgments illustrate this point:

Assessee entered into an agreement with 'J' for purchase of a plot of land and certain amount was paid as earnest money. However, possession of land was not given to assessee and seller entered into another agreement with a third party to develop the said plot. Assessee filed suit in which a consent decree was passed and in pursuance of same certain amount as paid to assessee. On appeal it was held that such sum received in pursuance of consent decree was liable to tax as business income under section 28(iv). *Ramesh Babulal Shah v. CIT* [2015] 53 taxmann.com 277 (Bom.)

The amount representing principal loan waived by bank under one time settlement scheme would constitute income falling under section 28(iv) relating to value of any benefit or perquisite, arising from business or exercise of profession. *CIT v. Ramaniyam Homes (P) Ltd* [2016] 68 taxmann.com 289 (Mad.)

Value of rent-free accommodation, furniture and fixtures given to director was held as taxable under section 28(iv). *CIT v. Subrata Roy* [2016] 385 ITR 547 (All.)

Where a car was given to an assessee by his disciple, who had been benefited from his preaching, the value of car was held to be taxable in the hands of the assessee being a receipt from the exercise of the vocation carried on by him. *CIT (Addl) v. Ram Kripal Tripathi* [1980] 125 ITR 408 (All.)

The assessee was a director of a company. In terms of an agreement with the promoters, shares were allotted to the director. On these facts, it was held that the shares received by the director were benefit or perquisite received from a company by the director and it was a benefit assessable to tax. *D. M. Neterwala v. CIT* [1986] 122 ITR 880 (Bom.)

Value of gift of land was held as a receipt by the assessee in carrying on of his vocation and was held as taxable. *Amarendra Nath Chakraborty v. CIT* [1971] 79 ITR 342 (Cal.)

Thus, it can be seen that the asset given as benefit or perquisite may be capital asset in general sense of the term like car, land etc but in the hands of the recipient it is benefit or perquisite and has accordingly been held to be taxable. In any case, as stated earlier, the deductor is not required to check if the benefit or perquisite is taxable in the hands of recipient. Thus, the deductor is required to deduct tax under section 194R of the Act in all cases where benefit or perquisite (of whatever nature) is provided.

Question 4: Whether sales discount, cash discount and rebates are benefit or perquisite?

Answer: Sales discounts, cash discount or rebates allowed to customers from the listed retail price represent lesser realization of the sale price itself. To that extent purchase price or customer is also reduced.

Logically these are also benefits though related to sales/purchase. Since TDS under section 194R of the Act is applicable on all forms of benefit/perquisite, tax is required to be deducted. However, it is seen that subjecting these to tax deduction would put seller to difficulty. To remove such difficulty it is clarified that no tax is required to be deducted under section 194R of the Act on sales discount, cash discount and rebates allowed to customers.

There could be another situation, where a seller is selling its items from its stock in trade to a buyer. The seller offers two items free with purchase of 10 items. In substance, the seller is actually selling 12 items at a price of 10 items. Let us assume that the price of each item is Rs. 12. In this case, the selling price for the seller would be Rs. 120 for 12 items. For buyer, he has purchased 12 items at a price of 10. Just like seller, the purchase price for the buyer is Rs. 120 for 12 items and he is expected to record so in his books. In such a situation, again there could be difficulty in applying section 194R provision. Hence, to remove difficulty it is clarified that on the above facts no tax is required to be deducted under section 194R of the Act. It is clarified that situation is different when free samples are given and the above relaxation would not apply to a situation of free

of free samples.

Similarly, this relaxation should not be extended to other benefits provided by the seller in connection with its sale. To illustrate, the following are some of the examples of benefits/perquisites on which tax is required to be deducted under section 194R of the Act (the list is not exhaustive):

- When a person gives incentives (other than discount, rebate) in the form of cash or kind such as car, TV, computers, gold coin, mobile phone etc.
- When a person sponsors a trip for the recipient and his/her relatives upon achieving certain targets
- When a person provides free ticket for an event
- When a person gives medicine samples free to medical practitioners.

The above examples are only illustrative. The relaxation provided from non-deduction of tax for sales discount and rebate is only on those items and should not be extended to others.

It is further clarified that these benefits/perquisites may be used by owner/director/employee of the recipient entity or their relatives who in their individual capacity may not be carrying on business or exercising a profession. However, the tax is required to be deducted by the person in the name of recipient entity since the usage by owner/director/employee/relative is by virtue of their relation with the recipient entity and in substance the benefit/perquisite has been provided by the person to the recipient entity.

To illustrate, the free medicine sample may be provided by a company to a doctor who is an employee of a hospital. The TDS under section 194R of the Act is required to be deducted by the company in the hands of hospital as the benefit/perquisite is provided to the doctor on account of him being the employee of the hospital. Thus, in substance, the benefit/perquisite is provided to the hospital. The hospital may subsequently treat this benefit/perquisite as the perquisite given to its employees (if the person who used it is his employee) under section 17 of the Act and deduct tax under section 192 of the Act. In such a case it would be first taxable in the hands of the hospital and then allowed as deduction as salary expenditure. Thus, ultimately the amount would get taxed in the hands of the employee and not in the hands of the hospital. Hospital can get credit of tax deducted under section 194R of the Act by furnishing its tax return. It is further clarified that the threshold of Rs.20,000 in the second proviso to section 194R(1) of the Act is also required to be seen with respect to the recipient entity.

Similarly, the tax is required to be deducted under section 194R of the Act if the benefit or perquisite is provided to a doctor who is working as a consultant in the hospital. In this case the benefit or perquisite provider may deduct tax under section 194R of the Act with hospital as recipient and then hospital may again deduct tax under section 194R of the Act for providing the same benefit or perquisite to the consultant. To remove difficulty, as an alternative, the original benefit or perquisite provider may directly deduct tax under section 194R of the Act in the case of the consultant as a recipient.

The provision of section 194R of the Act shall not apply if the benefit or perquisite is being provided to a Government entity, like Government hospital, not carrying on business or profession.

Question 5. How is the valuation of benefit/perquisite required to be carried out?

Answer: The valuation would be based on fair market value of the benefit or perquisite except in following cases: —

- (i) The benefit/perquisite provider has purchased the benefit/perquisite before providing it to the recipient. In that case the purchase price shall be the value for such benefit/perquisite.
- (ii) The benefit/perquisite provider manufactures such items given as benefit/perquisite, then the price that it charges to its customers for such items shall be the value for such benefit/perquisite.

It is further clarified that GST will not be included for the purposes of valuation of benefit/perquisite for TDS under section 194R of the Act.

Question 6: Many a times, a social media influencer is given a product of a manufacturing company so that he can use that product and make audio/video to speak about that product in social media. Is this product given to such influencer a benefit or perquisite?

Answer: Whether this is a benefit or perquisite will depend upon the facts of the case. In case of benefit or perquisite being a product like car, mobile, outfit, cosmetics etc and if the product is returned to the manufacturing company after using for the purpose of rendering service, then it will not be treated as a benefit/perquisite for the purposes of section 194R of the Act. However, if the product is retained then it will be in the nature of benefit/perquisite and tax is required to be deducted accordingly under section 194R of the Act.

Question 7: Whether reimbursement of out of pocket expense incurred by service provider in the course of rendering service is benefit/perquisite?

Answer: Any expenditure which is the liability of a person carrying out business or profession, if met by the other person is in effect benefit/perquisite provided by the second person to the first person in the course of business/profession.

Let us assume that a consultant is rendering service to a person "X" for which he is receiving consultancy fee. In the course of rendering that service, he has to travel to different city from the place where is regularly carrying on business or profession. For this purpose, he pays for boarding and lodging expense incurred exclusively for the purposes of rendering the service to "X". Ordinarily, the expenditure incurred by the consultant is part of his business expenditure which is deductible from the fee that he receives from company "X". In such a case, the fee received by the consultant is his income and the expenditure incurred on travel is his expenditure deductible from such income in computing his total income. Now if this travel expenditure is met by the company "X", it is benefit or perquisite provided by "X" to the consultant.

However, sometimes the invoice is obtained in the name of "X" and accordingly, if paid by the consultant, is reimbursed by "X". In this case, since the expense paid by the consultant (for which reimbursement is made) is incurred wholly and exclusively for the purposes of rendering services to "X" and the invoice is in the name of "X", then the reimbursement made by "X" being the service recipient will not be considered as benefit/perquisite for the purposes of section 194R of the Act.

If the invoice is not in the name of "X" and the payment is made by "X" directly or reimbursed, it is the benefit/perquisite provided by "X" to the consultant for which deduction is required to be made under section 194R of the Act.

Question 8: If there is a dealer conference to educate the dealers about the products of the company - Is it benefit/perquisite?

Answer: The expenditure pertaining to dealer/business conference would not be considered as benefit/perquisite for the purposes of section 194R of the Act in a case where dealer/business conference is held with the prime object to educate dealers/customers about any of the following or similar aspects:

- (i) new product being launched
- (ii) discussion as to how the product is better than others
- (iii) obtaining orders from dealers/customers
- (iv) teaching sales techniques to dealers/customers
- (v) addressing queries of the dealers/customers
- (vi) reconciliation of accounts with dealers/customers

However, such conference must not be in the nature of incentives/benefits to select dealers/customers who have achieved particular targets.

Further, in the following cases the expenditure would be considered as benefit or perquisite for the purposes of section 194R of the Act: —

- (i) Expense attributable to leisure trip or leisure component, even if it is incidental to the dealer/business conference.
- (ii) Expenditure incurred for family members accompanying the person attending dealer/business conference
- (iii) Expenditure on participants of dealer/business conference for days which are on account of prior stay or overstay beyond the dates of such conference.

Question 9: Section 194R provides that if the benefit/perquisite is in kind or partly in kind (and cash is not sufficient to meet TDS) then the person responsible for providing such benefit or perquisite is required to ensure that tax required to be deducted has been paid in respect of the benefit or perquisite, before releasing the benefit or perquisite. How can such person be satisfied that tax has been deposited?

Answer: The requirement of law is that if a person is providing benefit in kind to a recipient and tax is required to be deducted under section 194R of the Act, the person is required to ensure that tax required to be deducted has been paid by the recipient. Such recipient would pay tax in the form of advance tax. The tax deductor may rely on a declaration along with a copy of the advance tax payment challan provided by the recipient confirming that the tax required to be deducted on the benefit/perquisite has been deposited. This would be then required to be reported in TDS return along with challan number. This year Form 26Q has included provisions for reporting such transactions.

In the alternative, as an option to remove difficulty if any, the benefit provider may deduct the tax under section 194R of the Act and pay to the Government. The tax should be deducted after taking into account the fact the tax paid by him as TDS is also a benefit under section 194R of the Act. In the Form 26Q he will need to show it as tax deducted on benefit provided.

Question 10. Section 194R would come into effect from the 1st July, 2022. Second proviso to section 194R(1) of the Act provides that the provision of this section does not apply where the value or aggregate of value of the benefit or perquisite provided or likely to be provided to a resident during the financial year does not exceed Rs.20,000. It is not clear how this limit of twenty thousand is to be computed for the Financial Year 2022-23?

Answer: It is hereby clarified that, —

- (i) Since the threshold of Rs.20,000 is with respect to the financial year, calculation of value or aggregate of value of the benefit or perquisite triggering deduction under section 194R of the Act shall be counted from 1st April, 2022. Hence, if the value or aggregate value of the benefit or perquisite provided or likely to be provided to a resident exceeds Rs.20,000 during the financial year 2022-23 (including the period up to 30th June, 2022), the provision of section 194R shall apply on any benefit or perquisite provided on or after 1st July 2022.
- (ii) The benefit or perquisite which has been provided on or before 30th June 2022, would not be subjected to tax deduction under section 194R of the Act.

2. Cost inflation index for F.Y.2022-23 notified : The Central Government has notified vide Notification No.S.O.2735(E) dated 14.06.2022 the cost inflation index for the financial year 2022-23 as 331.

3. Guidelines for compulsory selection of ITRs for complete scrutiny during financial year 2022-23 : In Circular F.No.225 dated 03.06.2022 the CBDT has substituted S.No.2 of Para 2 of CBDT Guidelines dated 11.05.2022 as under:

Sl. No.	Parameter	Procedure for compulsory selection
2	Cases pertaining to search & seizure/requisition	
2.1	Search & seizure/requisition prior to 1-4-2021: Assessments in search & seizure cases to be made under Section(s) 153A, 153C read with section 143(3) of the Act and also for return filed for assessment year relevant to previous year in which the search was conducted u/s 132 or requisition was made u/s 132A of the Act.	<p>The cases shall be selected for scrutiny with prior administrative approval of Pr. CIT/Pr. DIT/CIT/DIT concerned, who shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2)/142(1) of the Act by the Assessing Officer concerned.</p> <p>Where such cases are not centralized and Return of Income is filed in response to notice u/s 153C, the Assessing Officer concerned shall serve notice u/s 143(2) of the Act.</p> <p>Where such cases are not centralized and no Return of Income is filed in response to notice u/s 153C, the Assessing Officer concerned shall serve notice u/s 142(1) of the Act calling for information.</p>
2.2	Search & seizure/requisition on or after 1-4-2021: Assessments in cases arising from search & seizure actions/requisitions u/s 132/132A conducted on or after 1-4-2021, for returns pertaining to A.Y. 2021-22.	The cases shall be selected for scrutiny with prior administrative approval of Pr. CIT/Pr. DIT/CIT/DIT concerned, who shall ensure that such cases are transferred to Central Charges u/s 127 of the Act within 15 days of service of notice u/s 143(2)/142(1) of the Act by the Assessing Officer concerned.

4. Clarification regarding Form No.10AC : The CBDT vide Circular No.11 of 2022 dated 03.06.2022 has clarified that the conditions contained in Form No.10AC issued between 01.04.2021 and till date of Circular must be read as if the said conditions were substituted with the conditions mentioned by way of Annexure A to Annexure F in Circular 11 of 2022. Readers may refer to the Annexures mentioned in this Circular for further details.

5. Conditions required to be fulfilled by specified fund referred in section 10(4D): The CBDT has inserted sub-rule 2A to rule 2AI stating that the income attributable to units held by non-resident (not being PE of a non-resident in India) in a specified fund shall not be exempt unless the specified fund complies with sub-rule 2.

Further it has inserted rule 21AIA which is to be fulfilled by a specified fund for the purpose of the proviso to item (III) of sub-clause (i) of clause (c) of the Explanation to section 10(4D). The conditions are (a) the unitholder of a specified fund, other than sponsor or manager of such fund, who becomes resident under section 6(1) or section 6(1A) during any previous year subsequent to the previous year in which such unit or units were issued, shall cease to be a unitholder of such specified fund within a period of 3 months from the end of the previous year in which he becomes a resident; and (b) specified fund shall maintain the following documents in respect of its unitholders viz. (i) name of the unitholder; (ii) tax identification number of the unitholder in the country of residence at the time the units were issued; (iii) PAN if available; (iv) total number of units held; (v) total value of units held; (vi) whether unit holder is a sponsor or manager; (viii) the previous year in which the unitholder became resident; and (ix) the date of exit from the specified fund. The specified fund shall certify that it has fulfilled the condition under sub-rule 1 and furnish information in respect of units held by residents in the annual statement of exempt income in Form No.10-IG. The income attributable to units held by non-resident (not being PE of a non-resident in India) in a specified fund shall not be exempt under section 10(4D) unless the specified fund complies with sub-rule (2).

Also, sub-rule 3A in rule 21AJ was inserted which reads that the income of specified fund referred to in clause (a) and clause (b) of section 115AD attributable to the units held by a non-resident shall not be eligible for tax rates specified in section 115AD unless it furnishes the annual statement of income eligible for concessional rate of tax in Form 10-IH in accordance with sub-rule 3 of rule 21AJ.

Sub-rule 3A to rule 21AJA is also inserted which reads that the income of specified fund attributable to an eligible investment division shall not be exempt under section 10(4D) unless it furnishes the annual

Sub-rule 2A to rule 21AJAA is also inserted which reads that the income of eligible investment division referred to in section 115AD(1) clause (a) or clause (b) shall not be eligible for tax rates under section 115AD unless the eligible investment division furnishes an annual statement of income eligible for taxation under sub-section 1B of section 115AD in Form 10-1K in accordance with sub-rule 2 of rule 21AJAA.

6.No TDS for lease rent for aircraft when paid to a unit located in IFSC: The Central Government in exercise of the powers conferred by section 197A(1F) has vide Notification S.O.2777 (E) dated 16th June,2022 has specified that no deduction of tax at source is required where the lessee makes payment of lease rent or supplemental lease rent for aircraft to a unit located in IFSC subject to certain conditions viz., (i) the lessor shall furnish the declaration in Form No.1 to the lessee giving details of previous years relevant to 10 consecutive assessment years for which the lessor opts for claiming deduction under section 80LA(1A) read with sub-section 2 to section 80LA and such statement-cum-declaration shall be furnished and verified in the manner for each previous year relevant to the 10 consecutive assessment years for which opting for deduction under section 80LA; and (ii) the lessee shall not deduct tax on payment made or credited to lessor after the date of receipt of copy of statement-cum-declaration in Form No.1 and furnish the particulars of all payments made to lessor on which tax has not been deducted in view of this notification in the statement of deduction of tax referred to in section 200(3) read with rule 31A of the Income-tax rules,1962.

7. Guidelines for removal of difficulties under section 194S(6): The CBDT vide Circular No.13 of 2022 dated 22.06.2022 has given guidelines with regard to section 194S. The Finance Act 2022 inserted a new section 194S in the Income-tax Act, 1961 (hereinafter referred to as "the Act") with effect from 1st July 2022.

The new section mandates a person, who is responsible for paying to any resident any sum by way of consideration for transfer of a virtual digital asset (VDA), to deduct an amount equal to 1% of such sum as income tax thereon. The tax deduction is required to be made at the time of credit of such sum to the account of the resident or at the time of payment, whichever is earlier.

This deduction is not required to be made in the following cases:-

- (i) the consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed Rs.50,000 during the financial year; or
- (ii) the consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed Rs.10,000 during the financial year

The following are defined as specified person for the purposes of this provision:

- (i) An individual or Hindu undivided family (HUF) who does not have any income under the head "profit and gains of business or profession"; and

An individual or HUF having income under the head "profits and gains of business or profession", whose total sales/gross receipts/turnover from business carried on by him does not exceed Rs.100 lakhs or in case of profession exercised by him does not exceed Rs.50 lakhs. This threshold is to be seen in the financial year immediately preceding the financial year in which the VDA is transferred.

Section 194S(6) of the Act authorises Central Board of Direct Taxes (CBDT) to issue guidelines, for removal of difficulties, with the approval of the Central Government. These guidelines will apply only in cases where transfer of VDA is taking place on or through an Exchange. In other cases (like peer to peer and others) provisions of section 194S of the Act shall apply and guidelines provided only in Question 6 shall apply.

Guidelines

Question 1. Who is required to deduct tax when the transfer of VDA is taking place on or through an Exchange and payment is made by the purchaser to the Exchange (directly or through broker) and then from the Exchange it goes to seller directly or through the broker?

Answer: According to section 194S of the Act, any person who is responsible for paying to any resident any sum by way of consideration for transfer of VDA is required to deduct tax. Thus, in a peer to peer (i.e. direct buyer to seller) transaction, the buyer (i.e. person paying the consideration) is required to deduct tax under section 194S of the Act.

However, if the transaction is taking place on or through an Exchange there is a possibility of tax deduction requirement under section 194S of the Act at multiple stages. Hence, in order to remove difficulties for transactions taking place on or through an Exchange, the following clarifications are issued:-

- (i) In a case where the transfer of VDA takes place on or through an Exchange and the VDA being transferred is owned by a person other than the Exchange: In this case buyer would be crediting or making payment to the Exchange (directly or through a broker). The Exchange then would be required to credit or make payment to the owner of VDA being transferred, either directly or through a broker. Since there are multiple players, to remove difficulty it is clarified that:

1. Tax may be deducted under section 194S of the Act only by the Exchange which is crediting or making payment to the seller (owner of the VDA being transferred). In a case where broker owns the VDA, it is the broker who is the seller. Hence, the amount of consideration being credited or paid to the broker by the Exchange is also subject to tax deduction under section 194S of the Act.

2. In a case where the credit/payment between Exchange and the seller is through a broker (and the broker is not seller), the responsibility to deduct tax under section 194S of the Act shall be on both the Exchange and the broker. However, if there is a written agreement between the Exchange and the broker that broker shall be deducting tax on such credit/payment, then broker alone may deduct the tax under section 194S of the Act. The Exchange would be required to furnish a quarterly statement (in Form no 26QF) for all such transactions of the quarter on or before the due date prescribed in the Income-tax Rules, 1962.

In a case where the transfer of VDA takes place on or through an Exchange and the VDA being transferred is owned by such Exchange:

In this case there are no multiple players. The buyer is required to deduct tax under section 194S of the Act. However, there may be a practical issue as the buyer may not know whether the VDA being transferred is owned by the Exchange or not. Hence, there may be genuine doubt in the mind of buyer with regard to its responsibility to deduct tax under section 194S of the Act. This difficulty would also be there if the buyer is buying VDA from an Exchange through a broker.

To remove this difficulty, it is clarified that while the primary responsibility to deduct tax under section 194S of the Act, in this case, remains with the buyer or his broker, as an alternative the Exchange may enter into a written agreement with the buyer or his broker that in regard to all such transactions the Exchange would be paying the tax on or before the due date for that quarter. The Exchange would be required to furnish a quarterly statement (in Form No. 26QF) for all such transactions of the quarter on or before the due date prescribed in the Income-tax Rules, 1962. The Exchange would also be required to furnish its income tax return and all these transactions must be included in such return. If these conditions are complied with, the buyer or his broker would not be held as assessee in default under section 201 of the Act for these transactions.

For the purpose of this circular,-

- (i) The term “Exchange” means any person that operates an application or platform for transferring of VDAs, which matches buy and sell trades and executes the same on its application or platform.
- (ii) The term “Broker” means any person that operates an application or platform for transferring of VDAs and holds brokerage account/accounts with an Exchange for execution of such trades.

Question 2: Question no 1 was with respect to transactions where the consideration for transfer of VDA is not in kind. How will this operate in a situation where it is in kind or in exchange of another VDA?

Answer: According to proviso to sub-section (1) of section 194S of the Act, there could be situations where the consideration is in kind or in exchange of another VDA or partly in kind and cash is not sufficient to meet the TDS liability. In these situations, the person responsible for paying such consideration is required to ensure that tax required to be deducted has been paid in respect of such consideration, before releasing the consideration.

In the above situation, the buyer will release the consideration in kind after seller provides proof of payment of such tax (e.g. Challan details etc.). In a situation where VDA “A” is being exchanged with another VDA “B”, both the persons are buyer as well as seller. One is buyer for “A” and seller for “B” and another is buyer for “B” and seller for “A”. Thus, both need to pay tax with respect to transfer of VDA and show the evidence to other so that VDAs can then be exchanged. This would then be required to be reported in TDS statement along with challan number. This year Form No. 26Q has included provisions for reporting such transactions. For specified persons, Form No. 26QE has been introduced.

However, if the transaction is through an Exchange there is practical issue in implementing this provision. In order to address this practical issue and to remove difficulty, it is clarified that in such a situation, as an alternative, tax may be deducted by the Exchange. Such an alternative mechanism can be exercised by the Exchange based on written contractual agreement with the buyers/sellers.

If such an alternative mechanism is exercised,

- (i) the Exchange would be required to deduct tax for both legs of the transactions and pay to the Government. In the Form 26Q it will, for the reasons explained before, need to report it as tax deducted on both legs of the transaction.
- (ii) the buyer and seller would not be independently required to follow the procedure prescribed in proviso to sub-section (1) of section 194S of the Act.

When the Exchange opts for deduction of tax under section 194S of the Act on such transactions, there is also a possibility that the tax amount deducted is also in kind and needs to be converted into cash before it can be deposited with the Government. In this regard, the following mechanism shall be adopted by the Exchange

- (i) At the time of transaction, the Exchange will deduct TDS in the pair being traded. For example, in case of trade for Monero to Deso, 1% of Monero and 1% Deso will be deducted as tax under section 194S of the Act by the Exchange and balance shall be transferred to the customer. The trail of transactions evidencing deduction of 1% of consideration for every VDA to VDA trade shall be maintained by the Exchange.
- (ii) The Exchange shall immediately execute a market order for converting this tax deducted in kind (1% Monero/ 1% Deso in the above example) to one of the primary VDAs (BT, ETH, USDT, USDC) which can be easily converted into INR. This step will ensure that the tax deducted under section 194S of the Act in the form of non-primary VDAs like Deso/Monero is converted to an equivalent of primary VDAs which have a ready INR market. Time stamps of timing of orders to be maintained to ensure such conversion of VDAs withheld to be done on immediate basis by the Exchange. If the taxes are withheld in primary VDAs, this step would be ignored.

(i) All the tax deducted under section 194S of the Act in the form of primary VDAs {or converted into primary VDA under step (ii)} will be accumulated for the day. Time limit will be from 00:00 hours to 23:59 hours. VDA accumulation by the Exchange shall be verifiable from the trail of orders for VDA to VDA trades executed during the day.

(ii) The accumulated balance of primary VDAs at 00.00 hours will be converted into INR based on the market rate existing at that time. In order to bring in consistency and to avoid discretion, the Exchanges

Exchanges are required to place market order at 00:00 hours for the tax withheld (or converted under step (ii)) in form of primary VDAs for conversion into INR. These sell market orders shall be executed based on the open buy orders in the market. Price and quantity data for every matched trade shall be maintained by the Exchange and shall be available for verification. It shall be verifiable from the system coding that the conversion into INR happened at the first available buy order based on the prevailing buy order book of the respective Exchange at the time of conversion. As a practice, the respective Exchange liquidating the VDA shall be prohibited to be a buyer for these VDAs. Customer will be issued a contract note over email which will include the amount of tax withheld in kind under section 194S and the amount of INR realized from such tax withheld.

(iii) The tax withheld in kind under section 194S of the Act and converted into INR by following the above procedure shall be deposited in the Government Account as per the time line and process given in the Income-tax Rules 1962.

It is clarified that there would not be any further TDS for converting the tax withheld in kind in the form of VDA into INR or from one VDA to another VDA and then into INR.

Question 3: Whether the provision of section 194Q of the Act is also applicable on transfer of VDA?

Answer: Without going into the merit whether VDA is goods or not, it is clarified that once tax is deducted under section 194S of the Act, tax would not be required to be deducted under section 194Q of the Act.

Question 4: Whether the consideration for transfer of VDA shall be on Gross basis after including GST/commission or it shall be on "net basis" after exclusion of these items.

Answer: In order to remove difficulty, it is clarified that the tax required to be withheld under section 194S of the Act shall be on the "net" consideration after excluding GST/charges levied by the deductor for rendering service.

Question 5: In transactions where payment is being carried out through payment gateways, there may be tax deduction twice. To illustrate that a person 'XYZ' is required to make payment to the seller for transfer of VDA. He makes payment of one lakh rupees through digital platform of "ABC". On these facts liability to deduct tax under section 194S of the Act may fall on both "XYZ" and "ABC. Is tax required to be deducted by both?

Answer: In order to remove this difficulty, it is provided that in the above example, the payment gateway will not be required to deduct tax under section 194S of the Act on a transaction, if the tax has been deducted by the person ('XYZ') required to make deduction under section 194S of the Act. Hence, in the above example, if "XYZ" has deducted tax under section 194S of the Act on one lakh rupees, "ABC" will not be required to deduct tax under section 194S of the Act on the same transaction. To facilitate proper implementation, "ABC" may take an undertaking from "XYZ" regarding deduction of tax.

Question 6: Section 194S shall come into effect from the 1st July 2022. The liability to deduct tax under section 194S of the Act applies only when the value or aggregate value of the consideration for transfer of VDA exceeds Rs.50,000 during the financial year in case of consideration being paid by specified person and ten thousand rupees in other cases. It is not clear how this limit of Rs.50,000 (or Rs.10,000) is to be computed?

Answer: It is clarified that since the threshold of Rs.50,000 (or Rs.10,000) is with respect to the financial year, calculation of consideration for transfer of VDA triggering deduction under section 194S of the Act shall be counted from 1st April, 2022. Hence, if the value or aggregate value of the consideration for transfer of VDA payable by a person exceeds Rs.50,000(or Rs.10,000) during the financial year 2022-23 (including the period up to 30th June 2022), the provision of section 194S of the Act shall apply on any sum, representing consideration for transfer of VDA, credited or paid on or after 1st July 2022.

(i) Since the provision of section 194S of the Act applies at the time of credit or payment (whichever is earlier) of any sum, representing consideration for transfer of VDA, such sum which has been credited or paid before 1st July 2022 would not be subjected to tax deduction under section 194S of the Act.

INFORMATION TECHNOLOGY

Contributed by CA. Deephika S, Chennai

1. Magento hosting

Magento is a popular ecommerce platform that helps businesses create and manage their online stores. In order to run a Magento store, businesses need to host their website on a server. This is where Magento hosting comes in.

Magento hosting is a type of web hosting specifically designed for Magento websites. It provides the necessary resources and support needed to run a Magento store. This includes things like increased memory and CPU limits, as well as specialized security features.

Magento hosting can be provided by traditional web hosting companies or companies that specialize in Magento hosting. If you're running a small or medium-sized Magento store, then a traditional web host may be a good option. However, if you're running a large or complex Magento store, then you may need to consider a specialized Magento host.

With the help of Magento, you can create an online store that offers a pleasant shopping experience for customers. The ecommerce website will be equipped with essential tools such as recommendations and product categories, making it easier for customers to find what they are looking for. There are many

hosting companies offering Magento hosting, however, to make it much easier, we've highlighted everything you need to know about the software for your ecommerce needs.

Magento hosting works by providing a platform for businesses to build and operate their online stores. Magento is a content management system (CMS) that helps businesses create and manage their website content, including product pages, blog posts, and other forms of digital content.

Magento hosting providers offer a variety of services to help businesses get the most out of their Magento websites, including support for customizations, integration with third-party applications, and security features. Most Magento hosting providers also offer managed services, which can help businesses save time and money by outsourcing the management of their Magento websites.

2. Adobe Acrobat sabotaging your antivirus

It seems that Adobe Acrobat is blocking most antivirus software from scanning PDF files at launch, putting users at risk.

The issue was first identified by cybersecurity researchers from Minerva Labs. As reported by BleepingComputer, Minerva spotted Adobe Acrobat scanning for DLL files from 30 security products, to see if they're loaded into memory while it's active. These products also include the industry's heavy hitters, such as Bitdefender, Avast, Trend Micro, Symantec, Malwarebytes, ESET, Kaspersky, F-Secure, Sophos, and Emsisoft.

If it finds any, it "most likely" blocks them, preventing any monitoring activity, the report states.

"Since March of 2022 we've seen a gradual uptick in Adobe Acrobat Reader processes attempting to query which security product DLLs are loaded into it by acquiring a handle of the DLL," Minerva Labs explained.

Bleeping Computer also found a user complaint on the Citrix forum, saying Sophos' Antivirus started getting errors after an Adobe product was installed, and that the company suggested disabling DLL-injection for Acrobat and Reader.

"We are aware of reports that some DLLs from security tools are incompatible with Adobe Acrobat's usage of CEF, a Chromium based engine with a restricted sandbox design, and may cause stability issues," wrote Adobe, in response to complaints.

At the moment, it's working on a fix, to "ensure proper functionality with Acrobat's CEF sandbox design going forward."

According to Minerva Labs, between compatibility issues and disabling antivirus solutions, Adobe chose the latter, putting its users at real risk of malware, ransomware, and other nasties lurking in the depths of the internet.

PDF files are known to have been used by threat actors in the past. Only recently, researchers spotted a campaign that uses PDF files, through which malicious Word files were being distributed to target endpoints.

3. AWS - Case management tools

Amazon Web Services AWS has added new AI-based features to its contact center service, Amazon Connect. Amazon Connect is an omnichannel cloud contact center that serves businesses via an as-a-service model, enabling them to set up their own contact center, add agents from across the world, and engage with customers.

The new tool, Amazon Connect Cases, is a new case management feature built into Amazon Connect that the tech giant claims makes it easy for contact centre agents to track, collaborate on, and resolve customer cases quickly.

Managing cases often involves numerous separate issues, including many different conversations with different agents. It's common to use case management tools to deal with this sort of complexity but Amazon says that "adding case management tools introduces complex integration projects and costly development cycles that can take many months to complete".

Sidestepping these issues, Amazon Connect Cases apparently automatically creates a new case to track all related calls, chats, and tasks when whenever the customer makes the initial contact.

In addition, Amazon says IVRs and chatbots can also leverage case data from Amazon Connect Cases to drive personalized self-service interactions, helping improve customer feedback.

When customers need to talk or chat with an agent, they are routed to the best available agent with the relevant case attached according to Amazon, resulting in improved average handle time and first-contact resolution.

The new tool also enables agents to manually create and resolve cases and assigned tasks, view and add case data, and make internal comments in the agent application according to Amazon.

AWS was also able to announce other new additions to its customer service portfolio.

These included Amazon Lex, an artificial intelligence service that uses natural language models to help customers build, test, and deploy conversational voice and text chatbots for applications or services like Amazon Connect.

Amazon also announced another tool dubbed Amazon Connect outbound campaigns, which provides a way for businesses to contact large numbers of customers at once via voice, SMS, and email for communications like marketing promotions, appointment reminders, and upcoming delivery notifications without having to integrate third-party tools.

4. New Windows 11 features

The imminent arrival of a browser-style tabbing system for the Windows 11 File Explorer may also deliver an additional fringe benefit, new reports suggest.

When Microsoft first unveiled the new feature, the company emphasized the advantages from a productivity perspective, but it appears that tabs for File Explorer confer a welcome performance advantage too.

As reported by Windows Latest, users with early access to the facility are finding that opening a new File Explorer tab uses up minimal additional memory resources (in the region of 1MB). Launching into a brand new File Explorer window, meanwhile, requires roughly ten times that amount.

In the context of most modern computers, and in particular professional workstations, these memory savings are minimal. But then again, every little helps, and the performance benefit will scale with the amount of file management the user performs.

The new-look File Explorer was first announced back in April, during an event focused on hybrid working innovations for Windows 11. Under the new system, instead of opening an additional File Explorer instance to browse a new file location, users can simply bring up a new tab that sits neatly within the same window. The objective is simple: to reduce desktop clutter and make it easier to work across multiple file locations at once by cutting down on the number of windows open simultaneously.

The announcement was well-received by Windows fans, who have been calling for the feature for years; pretty much ever since it was introduced to macOS in 2013. Until now, users have had to rely on third-party solutions to enjoy the functionality in Windows 11, but no longer.

The rollout of the new tabbing system began earlier this month with the arrival of Windows 11 preview build 25136, available to members of the early-access program. It's still unclear when the new version of File Explorer will make its way into a full public build, but users can at least take comfort in the fact that testing has now begun in earnest.

In the meantime, users will also be pleased to hear that the new system may also deliver a performance boost, one that scales with the number of File Explorer tabs someone traditionally has open at once. And neither is this the only way in which Microsoft is seeking to optimize RAM usage in Windows 11. Recently, the company announced that its new sleeping tabs feature for Microsoft Edge has saved users a combined 273 PB of RAM over the last month or so (at circa 39.1MB per tab).

The feature is set to roll out via a "phased and measured" approach over the next few weeks and months to Windows 11 users.

The feature was rolled out to Windows 10 users in March 2022, and is available in Windows 11 version 22H2, which you can test out if you're lucky enough to be a Windows Insider.

The new feature will also allow users to explore additional content inside the search home, including "word of the day", Microsoft Rewards offers, and trending searches.

The left side of the search home will also show an extended list of your recently launched apps, files, settings, and websites to help users get back to what they were doing last.

If you're not a big fan of the feature, not a problem - users can remove the feature by going to "Privacy & Security", then heading to "More Settings", and then deselecting "Show search highlights".

KARNATAKA VAT-GST

Contributed by CA. Annapurna D. Kabra, Bengaluru

GST Impact on Hospital Services

"Health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

As per section 2(30) of GST Act 2017 "composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. The SAC code is 9993 for health care services. The consolidated charges for Composite health care services of In-patients amount to Composite Supply comprising exempt supplies like pure health care services and taxable supplies of goods like medicines, implants etc. Since the tax rate applicable to the principal supply; applies to the whole of the composite supply, which in this case is the supply of pure health care services - which is exempt Vide Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017, as no tax is payable on the whole of the composite supply including medicines and devices prescribed by doctors. This is because the supply of pure health care, medicines are naturally bundled and supplied in conjunction with each other and one of them, is a Principal Supply, as per the definition of "Composite Supply" under section 2 (30) of the CGST Act.

The Exemption Notification (Entry No 74 of Notification 12/2017 Central Tax (Rate) dated 28th June 2017) state as “Services by way of- (a) health care services by a clinical establishment, an authorised medical practitioner, or paramedics; (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above”.

Health care services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt (Entry 74 in Rate Notfn. 12/2017). The services provided by senior doctors/ consultants/ technicians hired by the hospitals, whether employees or not, are healthcare services which are exempt from GST. Hospitals charge the patients, say, Rs.100000/- and pay to the consultants/ technicians only Rs. 75000/- and keep the balance for providing ancillary services which include nursing care, infrastructure facilities, paramedic care, emergency services, checking of temperature, weight, blood pressure which is also health care services. Therefore, the entire amount charged by hospitals from the patients including the retention money and the fee/payments made to the doctors etc., is towards the healthcare services provided by the hospitals to the patients and is exempt from GST. (Reference Cir. No. 32/6/2018-GST dated 12th Feb. 2018)

Health care services provided by the clinical establishments will include food supplied to the patients, but such food may be prepared by the canteens run by the hospitals or may be outsourced by the hospitals from outdoor caterers. When outsourced, there should be no ambiguity that the suppliers shall charge tax as applicable, and hospital will get no Input Tax Credit. If hospitals have their own canteens and prepare their own food, then no input tax credit will be available on inputs including capital goods and in turn if they supply food to the doctors and their staff such supplies even when not charged may be subjected to GST. Food supplied to the in-patients as advised by the doctor/nutritionists is a part of composite supply of healthcare and not separately taxable. Other supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable.

It is clarified in Kerala Advance Ruling Authority in case of M/s Ernakulam Medical Centre Pvt Ltd wherein it was clarified that the supply of medicines and allied items provided by the hospital through the pharmacy to the inpatients is part of composite supply of health care treatment and hence not separately taxable. The supply of medicines and allied items provided by the hospital through the pharmacy to the outpatients is taxable.

Supplies of food by a hospital to patients (not admitted) or their attendants or visitors are taxable. In case of M/s. Caltech Polymers Pvt. Ltd. (GST AAAR Kerala) wherein the supply of food items to the employees for consideration in the canteen run by the appellant company would come under the definition of ‘supply’ and would be taxable under GST. It is clarified that the supply of food items to the employees for consideration in the canteen run by the appellant company would come under the definition of ‘supply’ and would be taxable under GST. If the hospitals have provided uniforms to the nurses and collected the consideration for sale of uniforms, then such amount received shall be treated as sale of uniforms and liable to GST. There are various issues pertaining to health care services which require clarity on the levy of tax or exemption under GST law. A committee of tax officers from the Centre and states, referred to as the Fitment Committee, has informed the GST Council that healthcare services provided by a clinical establishment, an authorised medical practitioner or paramedics are exempt under Goods and Services Tax regime and a clarification be issued regarding GST exemptions to Assisted Reproductive Technology (ART) and invitro Fertilization (IVFs). GST law defines healthcare services as any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality, or pregnancy in any recognised system of medicines in India.

It also includes services by way of transportation of the patient to and from a clinical establishment but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury, or trauma. The ailment of infertility is treated using ART procedure such as IVF. Such services are covered under the definition of healthcare services for the purpose of above exemption notification, the fitment committee said adding a clarification may accordingly be issued by way of a circular. The related clarification would definitely inject clarity on the issue of GST applicability on various trifling issues with respect to health care services by clinical establishments. In spite the Government efforts of issuing clarifications and responsive approach for controversial matters still many issues are cropping up for health care industry.

SEBI

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

Sub: Introduction of Unified Payments Interface (UPI) mechanism for Real Estate Investment Trusts

1. [SEBI Circular No. CIR/DDHS/CIR/P/2019/15 dated January 15, 2019](#) (hereinafter to be referred as ‘ASBA Circular’) lays down the process for payment for applications in public issue of units of Real Estate Investment Trust (REIT) through the facility of ASBA.

2. After consultation with stakeholders, it has been decided to provide an additional option to individual investors to apply in public issues of units of REITs with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto Rs. 5 Lac.

3. The process flow for availing the option of blocking funds through UPI mechanism is placed at **Annex I** to this Circular.

4. New entities / mechanisms part of the public issue process using UPI

4.1. **National Payments Corporation of India (NPCI):** NPCI, a Reserve Bank of India (RBI) initiative, is an umbrella organization for all retail payments in India. It has been set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks Association (IBA).

4.2. **Unified Payments Interface (UPI):** UPI is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.

6/27/22, 4:27 PM

SEBI - Circular - SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/086 dated - 24 June 2022

4.3. **Sponsor Bank:** Sponsor Bank means a Banker to the Issue registered with SEBI which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the retail investors into the UPI.

5. Validation by Stock Exchanges and Depositories

5.1. The details of investor viz. PAN, DP ID / Client ID, entered on the Stock Exchange platform at the time of bidding, shall be validated by the Stock Exchange/s with the Depositories on real time basis.

5.2. Stock Exchanges and Depositories shall put in place necessary infrastructure for this purpose.

6. Other requirements

6.1. Stock Exchanges shall update demand data on working days on their websites which shall include all the UPI (accepted/pending) and ASBA bids; 'Working day' for this purpose shall be the working day of the Stock Exchange on which units of REIT are proposed to be listed.

6.2. The additional text of data fields required to be included in the Application-and-bidding-form relating to UPI is placed at **Annex II** to this Circular. The roles of the Issuer, Registrar, Stock exchange, Intermediaries and Collecting Banks is given at **Annex III** of this Circular.

6.3. The details of commission and processing fees payable to each intermediary and the timelines for payment shall be disclosed in the offer document.

6.4. The intermediaries shall provide necessary guidance to their investors to use UPI mechanism for blocking funds while making applications in public issues.

6.5. All entities involved in the process shall co-ordinate with one another to ensure completion of listing of securities and commencement of trading by T+ 6 working day.

6.6. The Merchant Banker shall ensure that the process of additional payment mechanism through UPI is disclosed in the offer document and in all the newspaper where issue advertisement is disclosed.

6.7. All entities involved in the process are advised to take necessary steps to ensure compliance with this circular.

Applicability of this circular

7. The provisions of this circular shall be applicable to a public issue of units of REIT under the [SEBI \(Real estate Investment Trusts\) Regulations, 2014](#) which opens on or after August 01, 2022. Stock Exchanges, Depositories, NPCI, Sponsor Banks and Self Certified Syndicate Banks shall make required changes to implement the same from August 01, 2022.

8. This circular is issued in exercise of the powers conferred under [Regulation 14\(24\)](#) and [33](#) of [SEBI \(Real estate Investment Trusts\) Regulations, 2014](#) and [Section 11\(1\)](#) of the [Securities and Exchange Board of India Act, 1992](#) to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets. This circular is issued with the approval of the competent authority.

9. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework → Circulars".

Yours faithfully,

Deena Venu Sarangadharan

Deputy General Manager

Process flow for applying through UPI mechanism

1. Modes of application in public issue of units of REITs:

An investor may apply for public issue of units of REIT through any of the following modes:

Through Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

- a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.
- b. An investor may submit the completed bid-cum-application form to the intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.
- c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is Rs.5 lac or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. Process for investor application submitted with UPI as mode of payment

2.1. Bidding and validation process

- i. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).
- ii. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries.
- iii. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.
- iv. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.
- v. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.
- vi. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor on his / her mobile no. associated with the demat account regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

2.2. The Block process

- i. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the issuer.
- ii. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
- iii. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.
- iv. The investor shall be able to view the details of the request in his UPI App and authorize the transaction. In UPI the SCSBs/ UPI Apps eligible for Public Issues shall send SMS Alerts to Investors for all ASBA applications and may also provide the Invoice in the Inbox as an additional feature to verify the UPI mandate details. The sponsor bank for the IPO shall ensure that in the UPI request, they shall be passing the Invoice in the box parameters as per the NPCI guidelines.
- v. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.
- vi. Stock exchange shall allow modification of either DP Id/Client ID or PAN but not the both.

- vii. The payment accompanied with any upward revision of Bid, shall be adjusted against the payment made at the time of the original bid or the previously revised bid. An investor shall not be allowed to withdraw or lower the size of the bid(s) of the application at any stage.
- viii. The modification session timing shall be kept open till 11 am (T +1 working day) with mandate confirmation cut off-time of 12:00 p.m. on T +1 working day. For such bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 12 PM
- ix. Sponsor Bank may not accept bid details from Stock Exchanges post 12 PM on T+1 working day. Sponsor Bank to initiate request for blocking of funds of investor, with confirmation cut off-time of 12:00 p.m. on T +1 working day. All pending requests at the cut-off time would lapse.
- x. Applicant to accept mandate request for blocking of funds prior to cut off-time of 12:00 p.m. on T+1 working day. Sponsor Bank to send confirmation of funds blocked (Final Certificate) to the Registrar through Stock Exchange not later than 06:00 PM on T +1 working day.
- xi. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.
- xii. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.
- xiii. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

3. Post issue closure

- 3.1. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.
- 3.2. The allotment and listing of units of REITs shall be done within T+ 6 working days.
- 3.3. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.
- 3.4. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.
- 3.5. Upon confirmation of receipt of funds in the public issue account, the units would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.
- 3.6. Thereafter, Stock Exchanges will issue the listing and trading approval.

Annex II

Data fields required in Application-and-Bidding-Form relating to UPI

1. Main Application form

- 1.1. Payment details –UPI ID with maximum length of 45 characters
- 1.2. Acknowledgement Slip for SCSB / Broker / RTA / DP
 - 1.2.1. Payment details to include UPI
- 1.3. Acknowledgement Slip for bidder
 - 1.3.1. Payment details to include UPI ID

2. Overleaf of Main Application Form

- 2.1. UPI Mechanism for Blocking Fund would be available for Application value upto Rs. 5 Lac

2.2. Bidder's Undertaking and confirmation to include blocking of funds through UPI mode

2.3. Instructions with respect to payment / payment instrument to include instructions for blocking of funds through UPI mode.

Annex III

Role of Issuer, Registrar, Stock Exchange, Intermediaries and Collecting Bank

1. Issuer

(a) Issuer and the stock exchange shall enter into an arrangement which shall contain the inter rights, duties, responsibilities and obligations of the issuer and stock exchange(s) and provide for a dispute resolution mechanism between the issuer and the stock exchange(s).

(b) Issuer shall maintain a single escrow account for collecting application money through all the methods. The Sponsor Bank appointed by the issuer may be the same bank with whom the public issue account has been opened.

(c) Issuer shall appoint one of the SCSBs as Sponsor Bank to act as conduit between the Stock exchanges and NPCI in order to push mandate, collect requests and / or payment instructions of the investors in the UPI.

2. Registrar

(a) The registrar shall have an online or system driven interface with the Stock Exchange platform to get updated information/ data/ files pertaining to issue.

(b) The Registrar shall collect aggregate applications details from the stock exchanges platform to decide the eligible applications and process the allotment as per applicable SEBI Regulations.

(c) An application without valid application amount shall be treated as invalid application by the Registrar.

(d) The Registrar shall credit units to all valid allottees.

(e) The Registrar shall ensure refund of application amount or excess application amount in the bank account of the applicant as stated in its demat account.

3. Stock Exchange

3.1. The Stock Exchanges shall be responsible for

i. accurate, timely and secured transmission of the electronic application file uploaded by all participants on the online platform, to the registrar.

ii. disseminating the issue information on Exchange web site on a periodic basis across all categories.

4. Intermediaries

4.1. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

4.2. If the Intermediary has not entered any details correctly on the stock exchanges platform and it results on the mismatch with the data obtained by the Registrar from the depositories, the

Intermediary shall be responsible for rejection of such applications.

5. Collecting Bank

The Collecting Bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization of the payment instrument in favour of the issuer's Escrow Account, or any delay or operational lapse by the Collecting Bank in sending the forms to the Registrar.

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

MADRAS HIGH COURT Judgments in VAT CST GST

Tax Refund on exports : Export incentives have been given to encourage exports. The procedure prescribed under the GST Rules is not intended to defeat such legitimate export incentives. The procedures under Rule 96 of CGST Rules, 2017 cannot be applied strictly to deny legitimate export incentives, which an exporter otherwise would have been entitled to but for the technicality involved in the system. M/s.ABI Technologies Vs AC of Customs W.P(MD). No.4562 of 2022 DT : 28.04.2022

GST on ocean freight : The Gujarat High Court in the case of Mohit Minerals v. Union of India held that the levy of IGST on ocean freight is ultra-vires the levy provisions of the IGST Act. The Apex Court after a detailed deliberation held that under the IGST Act, no tax is leviable on ocean freight for imports on a CIF basis and the notifications in this regard are ultra vires the IGST Act. Union of India v. Mohit Minerals (P.) Ltd. (SC) C.A.Nos, 1390, 1394 of 2022 & others DT 19.05.2022

Alternative remedy: It is prayed that the impugned proceedings of the respondent passed u/s 129(3) of the TNGST Act, 2017 and the CGST Act, 2017 is passed without considering the objections dated 15.03.2022 filed and that the respondent to release the detained goods to the petitioner without imposing any condition of payment of penalty. As against the impugned order, there is an appeal remedy available before the appropriate authority. The Hon'ble Court without going into the merits and factual aspects of the matter, directed the petitioner to file appeal under the provisions of the TNGST Act, 2017. M/s.T.V.H.Express Vs. STO, Adjudication Wing, Intelligence, Erode W.P.No.11546 of 2022 DT: 05.05.2022

Registration cancellation: Petitioner allegedly has not filed the return for consecutively 6 months and his registration was cancelled. Appeal before the Appellate Authority was rejected through the impugned order dated 15.12.2021 in Appeal No.584/2021 on the sole ground that the appeal could not be entertained, because it is filed beyond the limitation period of 3 months and the condonable period of 1 month. This Court in a batch of WPs in W.P.No.25048 of 2021 etc dated 31.01.2022 considered the issue of delay in filing appeal due to Covid 19 pandemic. Citing that order, the impugned orders are set aside and the matter remitted back. Bullseye Event Management Vs. The Commissioner of GST & CE (Appeals-II), Chennai-40 and others W.P.No.1765 of 2022 DT : 15.03.2022

Detention Order: Without replying to the show cause notice and cooperating with the Revenue for completing the adjudication proceedings, the petitioner has rushed to the Court challenging the very SCN itself along with the detention order. The Hon'ble Court held that the impugned detention order as well as the show cause notice are tenable and do not require any interference of this Court. M/s.Yash Pigments LLP Vs 1. Dy STO, Static Roving Squad, Chennai-6. 2.AC(ST),Adjudication, Chennai-6. WP No.3920 of 2022 DT : 15.03.2022

Show Cause notice and personal hearing: Return has been filed u/s 22(1) of the TNVAT Act and the same having been accepted. Subsequently the respondent wanted to revise it by reopening the same. However, without giving any opportunity of personal hearing, the assessment order for the year 2016-17 has been passed and that is under challenge in W.P.No.4190 of 2019. In so far as the assessment year 2017-18 is concerned, even the order u/s 22(4) of the Act was passed without giving an opportunity of personal hearing as well as show cause notice. Both the impugned orders in these WPs are set aside by the Hon'ble Court and the matters are remitted back for reconsideration. Sri Munipachaiyappan Textiles P Ltd Vs STO, Arakkonam Assessment Circle WP Nos.4190 & 4193 of 2019 DT : 15.03.2022

Attachment of bank account: Due to Covid-19, Petitioner has not continued the business and has already deposited 25% of the disputed tax. Considering this, the Court was inclined to order lifting of the attachment order in the impugned notice in Form-U, subject to the petitioner paying another sum of Rs.50,000/-. As and when, this amount is deposited by the petitioner, the court stated that the impugned notice for recovery of money due shall stand automatically vacated. The Court expected that the appeal will be disposed by the third respondent/Appellate DC of State Taxes (Legacy), Chennai - 1, within a period of 3 months from the date of receipt of a copy of this order. (1) M/s.Janaranjam Enterprises P Ltd Vs STO, Thirumullaivoyal Assessment Circle (FAC) (2). SBI, Thirumullaivoyal Branch, Chennai-62. W.P.No.13301 of 2022 DT: 25.05.2022

Pre-Assessment Notice: These Writ Petitions are disposed, by the Hon'ble Court, at the time of admission, for the reason that the impugned orders for the Assessment Years 2013-2014 and 2014-2015 have been passed without issuing the pre-assessment notice to the petitioner. The impugned orders were quashed and directed that the impugned orders shall be treated as pre-assessment notices and that petitioner is directed to file a reply to the same within a period of 30 days from the date of receipt of a copy of this order and after hearing the petitioner, the respondent shall endeavour to pass final assessment orders within a period of 3 months, thereafter. M/s.Bright Foundaries Coimbatore P Ltd Vs AC (CT), Peelamedu North Circle, Coimbatore. W.P.Nos.13336 & 13337 of 2022 DT: 25.05.2022

Composition tax levy and restriction valid : Section 6 of the TNVAT Act, 2006 is not a charging Section. It only provides for an alternate mode of discharging taxes to the dealers, who voluntarily opt for the compounding scheme to pay taxes at a compounded rate. There is no compulsion to opt u/s 6 and it is open to a works contractor to pay taxes u/s 5. The condition contained in section 6 cannot be regarded as giving any preference to one State over another or as discriminatory by levying more tax on the goods brought in from outside the State as because the State by such amendment has not imposed any tax. Therefore, the Amendment does not infringe any of the guarantees or safeguards provided under the Constitution. Accordingly, all the writ petitions challenging the vires of Section 6 of TNVAT Act, 2006, fail and are hence,

dismissed. M/s. LG Electronics India Pvt. Ltd., Vs (1).State of Tamil Nadu (2). CTO, Anna Salai II Assessment Circle WP No. 29096 of 2007 dt 31.03.2022.

Provisional Attachment: The simple language used in Section 83 of the TNGST Act may suggest that, if the Commissioner is of an opinion that, for the purpose of protecting the interest of the Government Revenue, he can invoke Section 83 of the TNGST Act and to attach the property provisionally including the bank account of the assessee. On what basis, the Commissioner has decided to invoke Section 83 to go for a provisional attachment before which, whether the Commissioner has formed an opinion to do so, before forming such opinion, what are all the tangible material available before him or placed before him, so as to enable him to form such an opinion, all these aspects have not been even indicated in the order of provisional attachment. The order of provisional attachment made by the first respondent dated 20.12.2021, shall not stand in the legal scrutiny. M/s. Sree Meenakshi Industries Vs Addl Chief Secretary/CCT, Chennai, JC (ST) , The DC(ST) , STO, Superintendent of GST & CE, Superintendent of GST & CE, Indian Bank, Tamilnadu Merchantile Bank W.P.Nos.3079 & 3083 of 2022 dated 16.02.2022

Attachment of bank accounts : The powers conferred on the official concerned u/s 83 of the CGST Act was invoked for provisionally attaching the bank accounts of the petitioner. One-line reason to say that, "in order to protect the interest of the Revenue", cannot be permitted to be accepted in view of the dictum of the Hon'ble Supreme Court in the case of M/s Radha Krishnan. [CA No.1155 of 2021] The present order shall not stand in the legal scrutiny as it does not reveal any tangible material which are available with the Revenue. The impugned orders are set aside. M/s.KPN Travels India Ltd.,Salem-4 Vs DG of GST Intelligence, Chennai -6. WP Nos.6055, 6061, 6063, 6065, 6067 of 2022 DT : 20.04.2022