

# Personal Financial Management

**Virtual CPE Programme-3 Days Refresher Course on Tax Audit - ICDS 1<sup>st</sup> Aug 2020 (Day 1)**  
<https://youtu.be/dalf1B2R370>



Chief Guest CA. R. Balakrishnan, Past President, ICAI and Resource Person Dr. Vinod Kumar Singhania, Delhi seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme-3 Days Refresher Course on Tax Audit - Audit perspective Covering Audit Documentation & SAs 2<sup>nd</sup> Aug 2020 (Day 2)**  
<https://youtu.be/fk3iKNR0QfY>



Resource Person CA. K. Gururaj Acharya, Bengaluru seen along with CA. Naresh Chandra Gelli, Regional Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme-3 Days Refresher Course on Tax Audit -Practical aspects in Tax Audit 4<sup>th</sup> Aug 2020 (Day 3)**  
<https://youtu.be/eTrLIGLhj08>



Resource Person CA. Pramod Jain, Central Council Member, Delhi seen along with CA. Prasanna Kumar, Central Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme-2 Days Refresher Course on Tax Audit & Technology - Financial Automation from Tally TB 6<sup>th</sup> Aug 2020 (Day 1)**  
<https://youtu.be/Y7mXfj8U41o>



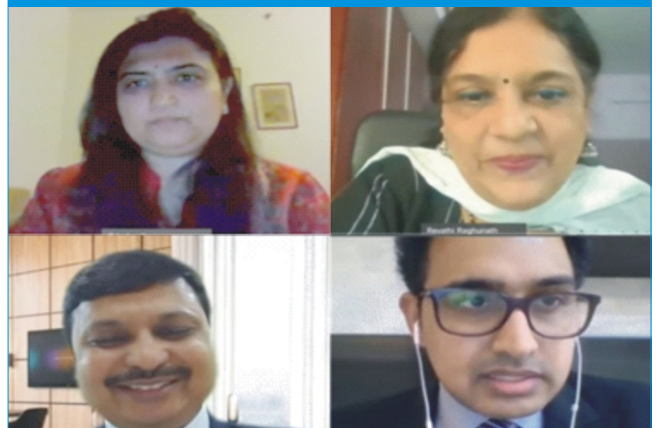
Resource Person CA. Vijay Agarwal, Delhi seen along with CA. Chengal Reddy Ramireddygar, Regional Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme-2 Days Refresher Course on Tax Audit & Technology - Tax Audit using technological tools 7<sup>th</sup> Aug 2020 (Day 2)**  
<https://youtu.be/xSZ9rpM2tJ4>



Resource Person CA. Sarankumar U, Hyderabad seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI, Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI & CA. Geetha A.B. Treasurer, SIRC of ICAI

**Virtual CPE Programme - Statutory Audits 2019-20 with demonstration of Detailed Audit checklists 8<sup>th</sup> Aug 2020**  
<https://youtu.be/v5ICMxfV2Ko>



Resource Person CA. K. Sripriya, Chennai seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI, Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI & CA. Revathi S.Raghunathan, Regional Council Member



## Chairman's Communique...



*My Dear Professional Colleagues,*

### **Personal Financial Management**

Personal financial management is needed to help our members as well or their family to make rational financial decisions throughout their life. We are devoting this issue on the theme Personal Financial Management in the backdrop of cases are being reported about the suffering of our members and the general public (one of our critical stakeholders) due to the absence of such management.

In 1947, Herbert A. Simon, a Nobel laureate, suggested that a decision maker did not always make the best financial decision because of limited educational resources and personal inclinations. In 2009, Dan Ariely suggested the 2008 financial crisis showed that human beings do not always make rational financial decisions, and the market is not necessarily self-regulating and corrective of any imbalances in the economy.

### **Personal financial planning process: Areas of focus**

The key component of personal finance is financial planning, which is a dynamic process that requires regular monitoring and re-evaluation. In general, it involves five steps viz. Assessment, Goal setting, Plan creation, Execution and Monitoring and reassessment.

### **Need for Control over Personal Finance**

There is a great need for people to understand and take control of their personal finances. Major reasons for the same are absence of formal education for personal finance, shortened employable age, increased life expectancy and the last but not the least rising medical expenses

These reasons demonstrate the need of having medical, accidental, critical illness, life coverage insurance for oneself and ones family as well as the need for emergency corpus; translating the immense need for managing the personal finance.

Key areas of personal financial management are

- Evaluating present Financial position,
- Ensuring Adequate protection for self, family and the staff,
- Tax planning,
- Prescription of investment and accumulation goals,
- Retirement planning,
- Estate planning,
- Cash Management,
- Revisiting Written Financial Plan Regularly and
- Education Planning for the children.

### **Objective of Chartered Accountants Benevolent Fund:**

The objective for which the fund is established is to provide financial assistance for maintenance, education or any other similar purpose to necessitous persons being:-

- (a) Persons who are or have been members of the Institute, whether subscribers to the fund or not; or
- (b) Wives and children of persons who are or have been members of the Institute, whether subscribers to the fund or not.
- (c) Widows and children of deceased persons who have been members of the Institute whether subscribers to the fund or not.
- (d) Relatives or others who were dependent for support on a person who has been a member of the Institute, whether subscriber to the fund or not; and who has died without leaving a widow or child.





**For Complete details of the CABF, please visit a dedicated portal <https://cabf.icaai.org/>.** I call upon each and every member of our Institute to become atleast a life member in the CABF. Voluntary contributions are also welcome and contributions of Rs. 1,00,000 (one lakh) and above are being acknowledged through the SIRC newsletter and a specially erected "**Role of Honour**" in the SIRC premises at Chennai.

#### **Constitution of Grievance Redressal Committee on GST related issues**

Office of the Principal Chief Commissioner of GST and Central Excise, Tamilnadu and Puducherry has constituted a new Grievance Redressal Committee (GRC) for the State of Tamilnadu, for Redressal of grievances of taxpayer on GST related issues. SIRC has been given representation on the Committee. The Committee will deal with

1. Grievances and issues being faced by the Tax Payers, including procedural difficulties and IT related issues pertaining the GST (both of specific an general nature)
2. Referring any issue requiring a change in the Act/Rules, Notification, Form / Circular, Instruction etc to the GST Council Secretariat and the relevant Policy wing of the CBIC
3. Referring any matter related to IT issues pertaining the GST portal, to GSTN

Members desirous of raising issues relating to the above three areas are requested to communicate the same to [sirc@icaai.in](mailto:sirc@icaai.in)

#### **69<sup>th</sup> Annual General Meeting of SIRC of ICAI**

SIRC of ICAI has conducted its 69<sup>th</sup> Annual General Meeting on 25<sup>th</sup> August 2020 through virtual mode and members from various parts of the Region have attended and shared their guidance for strengthening the operational and financial performance and disclosure of the SIRC. I am thankful to all the members who have attended the Virtual AGM.

#### **Virtual CPE Programmes**

SIRC and its Branches have been active throughout August 2020 by conducting various CPE programmes through virtual mode on topics of contemporary relevance and attracting expert speakers from various parts of the Country. We request the members and other stakeholders to participate in the forthcoming Virtual CPE Programmes as well.

#### **SIRC Coaching Classes:**

For May 2021 Examinations, SIRC of ICAI has scheduled Online Coaching Classes for Intermediate and Final students commencing from 15<sup>th</sup> September 2020. For the benefit of students, SIRC is offering the Coaching at a very nominal cost and has lined up best of subject experts. Details of the same are published elsewhere in this newsletter. I earnestly request all our members to kindly disseminate this information to your article assistants and let them be benefited.

Stay Careful Stay Safe  
Yours in professional Service

**CA. Dungar Chand U Jain**  
Chairman, SIRC of ICAI

Chennai  
5-September-2020

### **Independence Day Flag Hoisting, 15<sup>th</sup> August 2020**



Virtual  
National Flag  
hoisting by  
CA. Dungar Chand  
U Jain  
Chairman,  
SIRC of ICAI

National Flag hoisting  
by CA. M.P. Vijay  
Kumar, Central Council  
Member along with,  
Dr. CA. Abhishek  
Murali, Secretary,  
SIRC of ICAI ,  
CA. Revathi S. Raghunathan,  
CA. R. Sundarajan,  
Regional  
Council Members and  
officials





## CPE PROGRAMMES – SEPTEMBER 2020

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

**Forthcoming VIRTUAL CPE Meetings from SIRC of ICAI**  
(Registration on *first come first served* basis)

Date	Timings	Topic	Resource Person(s)	Structured CPE	Fees (Rs.)
4-Sep-2020 (Fri)	6PM - 8PM	All about Bonded Warehousing scheme Covering- 1) Basic understanding, 2) Advantages and disadvantages of scheme, 3) Eligibility and Registration process for applying for scheme, 4) How's it's different from other current schemes for exporter-importer 5) FAQs 6) Way forward and Conclusion.	CA. Sonal Prakash Jain, Ahmedabad	2 hrs.	Nil
5-Sep-2020 (Sat)	5PM - 8PM	Visualisation and statistics for Audit using Ms-Excel and Power BI	CA. S. Deephika, Chennai	3 hrs.	Nil
11-Sep-2020 (Fri) 12-Sep-2020 (Sat) & 13-Sep-2020 (Sun)	5PM - 8PM 10.30 AM- 1.30 PM	<b>3 Days Virtual Intensive Workshop on Companies Act 2013 (Day 1)</b> ■ Accounts and Financial Statements (Sec. 128, 129, 133, 134 and Schedule III) ■ Audit and auditors (Sec. 139 to Sec 144) <b>3 Days Virtual Intensive Workshop on Companies Act 2013 (Day 2)</b> ■ Loans and Investments by Companies (Sec. 185 and Sec 186) ■ Impact analysis on Private Limited Companies <b>3 Days Virtual Intensive Workshop on Companies Act 2013 (Day 3)</b> ■ Acceptance of deposits (Sec. 73 to Sec 76) ■ Related party transactions (Sec. 188)	CA. Chinnsamy Ganesan, Chennai  CA. Manish Sampat, Mumbai CA. Abhay Mehta, Mumbai  CA. Gururaj Acharya, Bengaluru	9 hrs.	Rs 700 + GST
14-Sep-2020 (Mon)	6PM - 8PM	Standards on Auditing : Documentation & External Confirmations	CA. Sundararajan R, Chennai	2 hrs.	Rs. 100 + GST
19-Sep-2020 (Sat)	6PM - 8PM	■ Emerging Challenges post Pandemic - Industry perspective ■ Managing Challenges post Pandemic - CFO's perspective	CA. Lakshmanan R, IAS Exec. Director, Rural Electrification Corp. Ltd. Shri V S Muralidar, CFO & Head Global services for India and Asia Pacific, M/s Danfoss India	2 hrs.	Nil
21-Sep-2020 (Mon)	5PM - 8PM	Income tax exemption for NPOs (Focus on 12A Renewals)	CA. Kandasami M, Chennai CA. Daniel Selvaraj I, Madurai	3 hrs.	Rs. 200 + GST
23-Sep -2020 - 25-Sep -2020	5PM - 8PM	Refresher Course on GST Under the aegis GST & Indirect Taxes Committee	Eminent speakers	9 hrs.	Rs. 700 + GST*

**CPE Credit on attending full programme only**

\*To be confirmed.

**Prior Registration Compulsory: <http://bit.do/sirclogin>**



## ANNUAL FEE REMINDER- 2020-21

Dear Member,

In continuation of our fee circular dated 4<sup>th</sup> June 2020 requesting the members to pay Membership/COP fee, which might have escaped your attention due to other engagement, the office reminds you to pay Membership/COP fee latest by 30<sup>th</sup> September, 2020.

Kindly appreciate that payment of annual Membership/COP fee entitles you for continuing benefits of ICAI privileges and standing seniority in the profession. Non-payment of Membership/COP fee within stipulated time may result in removal of Membership/COP and cessation of Practice.

The details of Fee amount is given below;

**The Membership Fee/Certificate of Practice Fee with GST is as below;**

<b>Associate Membership Fee without COP</b>	<b>Rs.1,770/-</b>
<b>Associate Membership Fee with COP</b>	<b>Rs.5,310/-</b>
<b>Fellow Membership Fee without COP</b>	<b>Rs.3,540/-</b>
<b>Fellow Membership Fee with COP</b>	<b>Rs.8,260/-</b>

**Fees with GST for Members of the age 60 years or above (as on 01.04.2020) but not holding Certificate of Practice**

<b>Associate Membership fee</b>	<b>Rs.1,298/-</b>
<b>Fellow Membership fee</b>	<b>Rs. 2,714/-</b>

**Fee with GST for Certificate of Practice**

<b>Certificate of Practice fee for Associate</b>	<b>Rs. 3540/-</b>
<b>Certificate of Practice fee for Fellow</b>	<b>Rs. 4720/-</b>

The Council of the Institute has decided to give an option to pay advance Membership/COP fee in exact amount for 10 years along with GST as a final payment and in case of any shortfall owing to revision of fee in future, their Name/COP will not be removed from the register of Members on account of such revision.

**"To pay membership /COP fee, please register on Self Service Portal by creating login and password and open link <https://eservices.icai.org/> to pay your Membership / COP fee."**

**We also appeal all our Members to contribute generously to Chartered Accountants Benevolent Fund (CABF) and S. Vaidyanath Aiyar Memorial Fund (SVAMF) and help for noble cause.**

***Extend your helping hands: Contribute Generously to CABF***



## VIRTUAL CPE PROGRAMMES CONDUCTED BY SIRC OF ICAI

Date	Topic	Speaker(s)	View Link	Materials Link
31-Aug-2020	Virtual CPE Event on Networking & Merger - Collaborate, Consolidate and Grow	CA. Khozema Anajwalla, Mumbai	<a href="https://youtu.be/ayg8nqGvz_E">https://youtu.be/ayg8nqGvz_E</a>	<a href="http://bit.ly/Netmerge">http://bit.ly/Netmerge</a>
29-Aug-2020	Digital Branding for Chartered Accountants Salient Take aways from the session: * What is Digital Branding * Modes of Digital Branding (SEO, Social Media, Content & Audio Visual) * ICAI Code of Ethics pertaining to Digital Branding *Do's & Don'ts of Digital Branding *How to Build, Develop and Grow your digital brand	CA. Shraddha Dedhia, Mumbai CS. Jigar Shah, Mumbai	<a href="https://youtu.be/BVdYCZEC_dk">https://youtu.be/BVdYCZEC_dk</a>	<a href="http://bit.ly/DIGICA">http://bit.ly/DIGICA</a>
26-Aug-2020	How to draft replies and pleadings to various notice under the Income Tax , 1961 - A Practical Approach	CA. Kapil Goel, Delhi	<a href="https://youtu.be/QXNsa_BaHYc">https://youtu.be/QXNsa_BaHYc</a>	<a href="http://bit.ly/ITrply">http://bit.ly/ITrply</a>
20-Aug-2020	New Code of Ethics-Overview & Precautions	CA. K. Raghu, Bengaluru CA. Mohan R Lavi, Bengaluru	<a href="https://youtu.be/QyJuMiqLe48">https://youtu.be/QyJuMiqLe48</a>	<a href="http://bit.ly/NewCoE">http://bit.ly/NewCoE</a>
15-Aug-2020	Panel Discussion on "CA Profession, Indian Economy and Future Prospects" Panelists : Past Chairmen of SIRC of ICAI"	1. CA. K. Ramaswamy, (1982-83), Coimbatore 2. CA. Jose Pottokaran, (1987-88) , Thrissur 3. CA. N. Nityananda, (1992-93), Bengaluru 4. CA. Y. Eswara Prasada Reddy, (2000-01), Hyderabad	<a href="https://youtu.be/NBAYd-6IA5">https://youtu.be/NBAYd-6IA5</a>	---
14-Aug-2020	Overview of Peer Review & Significance of Auditing Standards	CA. Dayaniwas Sharma CA. Amarjit Chopra, Past President, ICAI	<a href="https://youtu.be/OnwJ9T2uJk0">https://youtu.be/OnwJ9T2uJk0</a>	<a href="http://bit.ly/PEERrvw">http://bit.ly/PEERrvw</a>
11-Aug-2020	2 days Refresher Course - A to Z of GST Annual Return and GST Audit GST Audit (GSTR 9C)	CA. Shankara Narayanan V, Chennai	<a href="https://youtu.be/IQT6d04G0wl">https://youtu.be/IQT6d04G0wl</a>	<a href="https://bit.ly/GSTR9-9c">https://bit.ly/GSTR9-9c</a>
10-Aug-2020	2 days Refresher Course - A to Z of GST Annual Return and GST Audit GST Annual Return (GSTR 9)	CA. Ganesh Prabhu, Chennai	<a href="https://youtu.be/y4PoSU56gFU">https://youtu.be/y4PoSU56gFU</a>	
8-Aug-2020	Statutory Audits 2019-20 with demonstration of Detailed Audit checklists	CA. K. Sripriya, Chennai	<a href="https://youtu.be/v5ICMxv2Ko">https://youtu.be/v5ICMxv2Ko</a>	<a href="https://bit.ly/STATAUDIT">https://bit.ly/STATAUDIT</a>
7-Aug-2020	2 Days Refresher Course on Tax Audit & Technology Tax Audit using technological tools	CA. Saran Kumar U, Hyderabad	<a href="https://youtu.be/xSZ9rpM2tJ4">https://youtu.be/xSZ9rpM2tJ4</a>	<a href="https://bit.ly/Tech44AB">https://bit.ly/Tech44AB</a>
6-Aug-2020	2 Days Refresher Course on Tax Audit & Technology Financial Automation from Tally TB	CA. Vijay Agarwal, Delhi	<a href="https://youtu.be/Y7mXfJ8U41o">https://youtu.be/Y7mXfJ8U41o</a>	
4-Aug-2020	3 Days Refresher Course on Tax Audit Practical aspects in Tax Audit	CA. Pramod Jain, Delhi	<a href="https://youtu.be/eTrLIGLhj08">https://youtu.be/eTrLIGLhj08</a>	<a href="https://bit.ly/PDF-TA">https://bit.ly/PDF-TA</a>
2-Aug-2020	3 Days Refresher Course on Tax Audit Audit perspective Covering Audit Documentation & SAs	CA. K. Gururaj Acharya, Bengaluru	<a href="https://youtu.be/fk3iKNR0QfY">https://youtu.be/fk3iKNR0QfY</a>	
1-Aug-2020	3 Days Refresher Course on Tax Audit ICDS	Dr. Vinod Kumar Singhania, Delhi	<a href="https://youtu.be/dalf1B2R370">https://youtu.be/dalf1B2R370</a>	



## LEADER'S THOUGHT



*Dear Professional Colleagues,*

In these difficult pandemic times, I recall a small prayer from my school days—" We shall overcome, Oh, deep in my heart I do believe, we shall overcome someday."

I am sure that this is the refrain which is running through the hearts of the whole of mankind.

The pandemic has brought the whole world to a standstill: a meaningful pause, in the bustle to climb more peaks and scale more success. A pause which is helping mother nature recover from the ravages inflicted by mankind on the slippery search for success; a pause which is helping mankind to stop and question this mindless quest, when all that is needed is right there in front of him. The vaccine will soon be a reality, but it remains to be seen if mankind will take the learnings from the force of this huge stumbling block.

I believe that we are as members of the leading professional body in the country, very optimistic, and even though our professional lives also came to a standstill, we were not disheartened, but used this time to upskill ourselves in various professional areas. We have always met all the obstacles in our professional lives head on and earned the epithet "Partners in Nation Building". As we gear up for the next phase in the future of the world, we the Chartered Accountants are going to play a major role in helping our country to march forward with banners. So, let's charge ahead with renewed vigour and enthusiasm in this victory march to the ten trillion economy.

Jai Hind

Jai ICAI

**CA. Revathi S. Raghunathan**

## UPDATES

Scan QR Code & Read



### Corporate Laws

Contributed by  
**CA. Chinnsamy Ganesan**, Chennai  
ganesanca@yahoo.com

### FEMA

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



### Goods and Services Tax

Contributed by:  
**CA. G. Saravana Kumar**, Madurai  
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### Income Tax

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### Karnataka VAT-GST

Contributed by:  
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### SEBI

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### Tamil Nadu VAT

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The online link for UPDATES:

<https://www.sirc-icai.org/professional-updates.php>

## DISCLAIMER

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





## IMPORTANT ANNOUNCEMENTS

### **Reduction of fees for OC & ITT Courses for Foundation and Direct Entry students undergoing Virtual classes - (21-08-2020)**

**Students Skills Enrichment Board  
The Institute of Chartered Accountants of India  
21<sup>st</sup> August, 2020**

Reduction of fees for OC & ITT Courses for Foundation and Direct Entry students undergoing Virtual classes

In view of the ongoing spurt of COVID-19 virus pandemic and subsequent suspension of IT and Soft Skills Classes all across the country, the competent authority has decided that the students of Foundation and Direct Entry, as one time measure, can undergo OC & ITT Course through Virtual Mode and has further decided to implement the following:

Reduction in Fees of OC & ITT Course as one time measure (due to COVID-19) from Rs. 7000/- to Rs. 5000/- and from Rs. 6500 to Rs. 4500/- respectively for the students who will register and undergo the course through online mode.

Refund of Rs. 2000 shall be given to the students who have registered in the portal by paying requisite fees and whose batch was not started in physical mode.

The eligible refunds will be done on or before 45 days of this announcement.

**Chairman  
Students Skills Enrichment Board, BOS (Operations)**

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### **Relaxation for provisionally registered students in the Intermediate Course till 31<sup>st</sup> July, 2020 through Direct Entry Route for appearing in May, 2021 Intermediate Examination on account of outbreak of COVID 19 - (30-08-2020)**

Relaxation for provisionally registered students in the Intermediate Course till 31st July, 2020 through Direct Entry Route for appearing in May, 2021 Intermediate Examination on account of outbreak of COVID 19.

In order to overcome hardship being faced by the students who have provisionally registered in the Intermediate Course through Direct Entry Route due to outbreak of COVID 19, the Council as a one-time measure decided as under:-

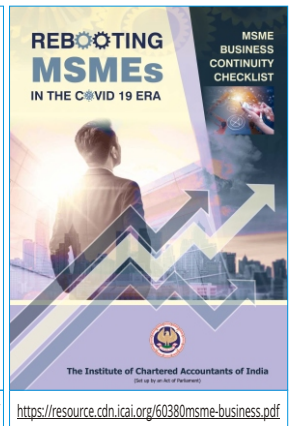
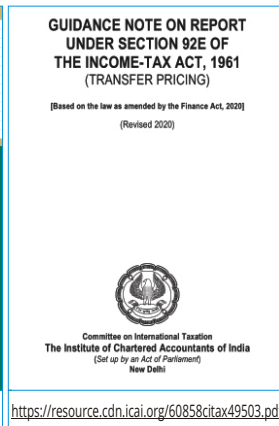
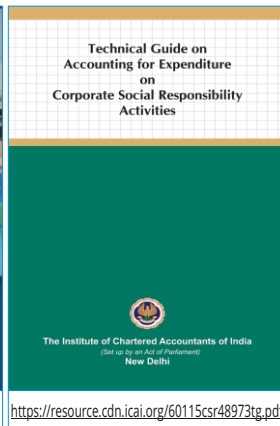
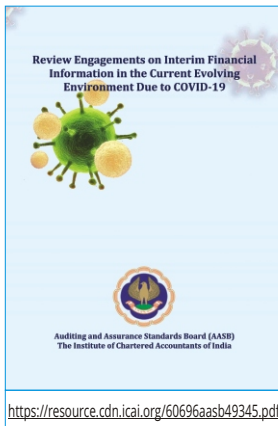
Students who have provisionally registered for Intermediate through Direct Entry route till 31st July 2020 are required to submit satisfactory proof of having passed the graduation examination with the minimum marks as provided in sub-regulation (4) of Regulation 28F before filling the examination form of May 2021 Intermediate course.

Such Students are required to start their Practical Training on or before 15th September, 2020 and complete Orientation Course and IT Training on or before 31st December, 2020 and then appear for May 2021 Intermediate examination.

**Director  
Board of Studies, ICAI**



## NEW TECHNICAL PUBLICATIONS OF ICAI



## OBITUARY



**Shri P. B. Vijayaraghavan** was born on 12<sup>th</sup> November 1925 in Chennai. He graduated from Annamalai University in B.A. Hons, in 1945 and became a Post Graduate in 1947. He became Member of the Institute of Chartered Accountants in India on January 21, 1950. He established a CA firm in 1950 in a small town of Cuddalore, after a short period of employment, resumed to practice in Chennai from 1951 to till date.

Some of his major milestones:

- Served as a Part time Professor in Accountancy, Auditing etc. in A. M. Jain College and Meenakshi College for 35 years.
- Served as a Member of Southern India Regional Council during the period 1961-64.
- Served as Secretary of Southern India Regional Council during the year 1962-63.
- Served as the Vice Chairman of Southern India Regional Council for the year 1963-64.
- Served as Member of the Central Council of the Institute of Chartered Accountants of India for two terms from 1970-73 & 1973-76.
- Has presented several technical papers and acted as Chairman in many Seminars and Conferences organized by ICAI.
- Served as member of Accounting Standard Board.

May his soul rest in peace.

## OBITUARY



**CA. Parameswara Rao Arava** (M No 029167), who has served the CA profession as the Chairman of the Rajamahendravaram Branch of SIRC of ICAI for the year 2020-21 passed away on 29.07.2020.

May his soul rest in peace.

### Virtual CPE Programme - Digital Branding for Chartered Accountants 29<sup>th</sup> Aug 2020

[https://youtu.be/BVdYCZEC\\_dk](https://youtu.be/BVdYCZEC_dk)



Resource Persons CA. Shradha Dedhia, Mumbai & CS. Jigar Shah, Mumbai along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI, CA. Jalapathi, Vice-Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

### Virtual CPE Programme-Networking & Merger - Collaborate, Consolidate and Grow on 31<sup>st</sup> Aug 2020

[https://youtu.be/ayg8nqGvz\\_E](https://youtu.be/ayg8nqGvz_E)



Resource Person CA. Khozema Anajwalla, Mumbai, seen along with CA. Babu Abraham Kallivayalil, Central Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI



**Virtual CPE Programme-2 days Refresher Course-A to Z of GST Annual Return and GST Audit-GST Annual Return (GSTR 9) 10<sup>th</sup> Aug 2020**  
<https://youtu.be/y4PoSU56gFU>



Resource Person CA. Ganesh Prabhu, Chennai seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme-2 days Refresher Course-A to Z of GST Annual Return and GST Audit-GST Audit (GSTR 9C) 11<sup>th</sup> Aug 2020**  
<https://youtu.be/IQT6dO4GOWl>



Resource Person CA. Shankara Narayanan V, Chennai seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI, Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI & CA. China Masthan Talakayala, Regional Council Member

**Virtual CPE Programme-Overview of Peer Review & Significance of Auditing Standards 14<sup>th</sup> Aug 2020**  
<https://youtu.be/0nwj9T2ujk0>



Resource Persons CA. Amarjit Chopra, Past President & CA. Dayaniwas Sharma, Central Council Member seen along with CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme - Panel Discussion on "CA Profession, Indian Economy and Future Prospects" Panelists : Past Chairmen of SIRC of ICAI" 15<sup>th</sup> Aug 2020**  
<https://youtu.be/NBzAYd-6IAs>



Resource Persons CA. K. Ramaswamy, CA. N. Nityananda, CA. Y. Eswara Prasada Reddy, CA. Jose Pottokaran seen along with Moderator CA. Pattabhi Ram, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme - New Code of Ethics - Overview & Precautions 20<sup>th</sup> Aug 2020**  
<https://youtu.be/QyJuMiqLe48>



Resource Persons CA. K. Raghu, Past President, ICAI & CA. Mohan R Lavi seen along with CA. Kemisha Soni, Central Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

**Virtual CPE Programme - How to draft replies and pleadings to various notice under the Income Tax, 1961 - A Practical Approach 26<sup>th</sup> Aug 2020**  
[https://youtu.be/QXNsa\\_BaHYc](https://youtu.be/QXNsa_BaHYc)



Resource Person CA. Kapil Goel seen along with CA. Panna Raj, Regional Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI & Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

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## **CORPORATE LAW UPDATE**

Contributed by CA.Chinnsamy Ganesan, Chennai

This month's corporate law update deals with the major amendments brought in by the Companies (Indian Accounting Standards) Amendment Rules, 2020 and various circulars and rules issued by the Ministry of Corporate Affairs.

### **I. Companies (Indian Accounting Standards) Amendment Rules, 2020**

Vide GSR 463 (E) dated July 24, 2020, in exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, issued Companies (Indian Accounting Standards) Amendment Rules, 2020. The complete text of the Companies (Indian Accounting Standards) Amendment Rules, 2020 can be accessed by clicking the link [Companies \(Accounting Standards\) Amendments Rules 2020.pdf](#)

The Companies (Indian Accounting Standards) Amendment Rules, 2020 makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015:

- (a) Ind AS 1 "Presentation of Financial Statements"
- (b) Ind AS 10 "Events occurring after the reporting date"
- (c) Ind AS 34 "Interim Financial Reporting"
- (d) Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"
- (e) Ind AS 103 "Business Combination"
- (f) Ind AS 107 "Disclosure of interest in other entities"
- (g) Ind AS 109 "Financial Instruments"
- (h) Ind AS 116 "Leases"

The major amendments are given below:

### **Amendments to Ind AS 1 "Presentation of Financial Statements"**

The term definition of the "Material" is now amended. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

An entity shall apply these amendments prospectively for annual periods beginning on or after the 1st April, 2020.

### **Amendments to Ind AS 37 "Provisions, contingent liabilities and contingent assets"**

The major change is the guidance on accounting for constructive obligations in respect of restructuring plans. Para 75 of the old Standard is substituted with the following:

A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period-

- (a) started to implement the restructuring plan; or
- (b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific



manner to raise a valid expectation in them that the entity will carry out the restructuring.

If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under Ind AS 10 Events after the Reporting Period, if the restructuring is material and non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity

### **Amendments to Ind AS 103 “Business Combination”**

The definition of business is substituted with the new definition “Business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities”

An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1st April, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Para B7A and Para B7B has been included to prescribe the —Optional test to identify concentration of fair value

An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event.

The concentration test has the following consequences:

- (a) if the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed;
- (b) if the concentration test is not met, or if the entity elects not to apply the test, the entity shall then perform the assessment set out in paragraphs B8B12D.

According to Para B7B, the concentration test is met, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. It also gives elaborate guidance to determine concentration of fair value.

### **Amendments to Ind AS 116 “Leases”**

Para 46A is inserted to provide as a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

Per Para 46B, the practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before the 30<sup>th</sup> June, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before the 30<sup>th</sup> June, 2021 and increased lease payments that extend beyond the 30<sup>th</sup> June, 2021); and
- (c) there is no substantive change to other terms and conditions of the lease.

### **II. Application to be made by Companies seeking for extension time to hold Annual General Meeting. No automatic extension given by Ministry of Corporate Affairs**

Ministry of Corporate Affairs vide General Circular No.28/ 2020 dated August 17, 2020 informed that



the companies which are unable to hold their AGM for the financial year ended on 31.03.2020, despite availing the relaxations provided in the G.C. 20/2020 ought to file their application in form No. GNL-1 for seeking extension of time in holding of AGM for the financial year ended on 31.03.2020 with the concerned Registrar of Companies on or before 29.09.2020.

It may be noted from the above that there is no automatic extension time to hold AGM but every company shall apply in Form GNL1 with the concerned Registrar of Companies for extension of time on or before 29.09.2020.

The Registrars of Companies are advised to consider all such applications (filed in Form No. GNL-1) liberally in view of the hardships faced by the stakeholders and to grant extension for the period as applied for (upto three months) in such applications.

Please click here to access the complete circular [AGM Extension - GeneralCircularNo. 28\\_17082020.pdf](#)

**III. Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 (General Circular No.23/ 2020 dated June 17, 2020)**

On account of the pandemic caused by the COVID-19, representations have been received in this Ministry, requesting that the timelines related to filing of certain charge related forms may be suitably relaxed so as to provide a window of compliance for the registration of charges. Under the Companies Fresh Start Scheme, 2020 as laid out in the General Circular No. 12 / 2020, dated 30.03.2020, the benefit of waiver of additional fees was not extended to the charge related documents. Therefore, it has been suggested that some dispensation may be provided for filing of charge related documents as well.

In view of the above, the Central Government in exercise of its powers under section 460 read with section 403 of the Act and the Companies (Registration Offices and Fees) Rules, 2014 (Fees Rules) has decided to introduce a Scheme, namely "Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013" for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges.

Please click here to access the complete circular [Circular23\\_17062020.pdf](#)

**IV. Extension of the last date for creation of Deposit Repayment Reserve of 20% u/s 73 (2) (c) of the Companies Act, 2013 and to invest or deposit 15% of amount of debentures u/r.18 of Companies (Share capital and Debentures) Rules 2014 (General Circular No.24/ 2020 dated June 19, 2020)**

In continuation to General Circular No. 1112020 dated 24th March 2020 and keeping in view the requests received from various stakeholders seeking extension of time for compliance of the subject requirements on account of covid-19, it has been decided to further extend the time in respect of matters referred to in paras V, VI of the aforesaid circular, from 30th June 2020 to 30th September 2020. All other requirements shall remain unchanged.

Please click here to access the complete circular [Circular24\\_20062020.pdf](#)

**V. Extension of the last date of filing of Form NFRA-2 (General Circular No.26/ 2020 dated July 6, 2020)**

In continuation of the Ministry's General circular No. 19/ 2020 dated 30th April, 2020 the time limit for filing of Form NFRA2, for the reporting period FY 2018-19, will be 270 days from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).



Please click here to access the complete circular [GeneralCircularNo.26\\_06072020.pdf](#)

## **VI. Report of the Committee on Business Responsibility Reporting**

The Securities and Exchange Board of India has mandated top 500 listed companies by market capitalisation to make disclosures on business responsibility and sustainability indicators contained in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) since 2012 through Business Responsibility Reporting (BRRs).

The Committee on Business Responsibility was constituted under the Chairmanship of Mr. Gyaneshwar Kumar Singh, the Joint Secretary to Government of India, for finalising Business Responsibility Reporting formats for listed and unlisted companies under the NGRBC. The Committee comprised SEBI, MCA, the three professional institutes, and two eminent professionals who had worked on developing the NGRBCs. The Committee and its sub-committees extensively and minutely deliberated over each and every element of the proposed formats to give them their current form. Deliberations with NITI Aayog, sustainability heads of large businesses, and representatives from the MSME sector contributed to the process. The Committee examined the NGRBC-BRR framework within the broader context of UNGPs, SDGs, and other widely accepted non-financial/sustainability reporting frameworks.

The Committee submitted its report titled "Report of the Committee on Business Responsibility Reporting" on May 8, 2020.

To better reflect the intent and scope of reporting requirement, the Committee recommends that the

Business Responsibility Report be called the Business Responsibility and Sustainability Report (BRSR). The Committee also proposes two formats for disclosures: a comprehensive format and a Lite version

The Committee is of the view that implementation of the reporting requirements should be done in a gradual and phased manner. With regard to listed entities, reporting may be done by top 1000 listed companies (by market capitalisation) as applicable presently, or as prescribed by SEBI. The reporting requirement may be extended by MCA to unlisted companies above specified thresholds of turnover and/or paid-up capital. Further, the Committee recommends that smaller unlisted companies below this threshold may, to begin with, adopt a lite version of the format, on a voluntary basis.

The Committee recommends that the BRSR be integrated with the MCA21 portal. This would ensure that all information already filed on the MCA21 portal by companies would be automatically filled while filing the BRSR.

The Committee also recommends that a Guidance Note on BRSR should be prepared to enable companies to disclose their actions on the principles in a more meaningful manner. As a long term measure, the Committee envisions that the information captured through BRSR filings be used to develop a Business Responsibility-Sustainability Index for companies.

The proposed formats in this report are an update on the existing BRR to incorporate the current global practices in non-financial sustainability reporting based on the NGRBCs.

Please click here to access the complete report [BRR\\_11082020.pdf](#)





**FEMA UPDATES**

Contributed by CA. G. Murali Krishna, Hydrerabad

**I. Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2020**

RBI vide Notification No. FEMA 6 (R)/ (2)/2020-RB dated August 18, 2020 made following amendments to Foreign Exchange Management (Export and Import of Currency) Regulations, 2015 (Notification No. FEMA 6 (R)/RB-2015 dated December 29, 2015):

**Amendment to Regulation 3:**

In Regulation 3, sub- regulation 1, the portion below portion stands **omitted**.

“Without prejudice to the provisions of sub-regulation (1), Reserve Bank may, on application made to it and on being satisfied that it is necessary to do so, allow a person to take or send out of India or bring into India currency notes of Government of India and/or of Reserve Bank of India subject to such terms and conditions as the Bank may stipulate.”

**Insertion of new Regulation 9: Reserve Bank's power to permit export or import of currency**

Vide new regulation it is said that the Reserve Bank may, on an application being made to it and on being satisfied that it is necessary to do so, allow any person to take or send out of India to any country or bring into India from any country currency notes of Government of India and /or of Reserve Bank of India subject to such terms and conditions as the Reserve Bank may stipulate.

For more details, please refer the notification.

**II. Update on Compounding Orders issued under FEMA Regulations**

**a. M/s. Gemland Properties Pvt Ltd**

Regulation	Paragraphs 9(1)(A), 9(1)(B) and 8 respectively of Schedule 1 of Notification No. FEMA 20/2000-RB dated May 3, 2000 (“FDI Regulations”)
Contravention	<ul style="list-style-type: none"> <li>i. Delay in reporting of inflow of funds received from a person resident outside India for allotment of shares</li> <li>ii. Delay in submission of Form FC-GPR on allotment of shares</li> <li>iii. Delay in allotment of shares</li> </ul>
Date of Order	December 31, 2019
Amount of Contravention	INR 7.46 Cr
Compounding Fee	INR 29,58,535



**b. M/s IHI Corporation (a company incorporated in Japan)**

Regulation	Regulation 4(k) of Notification No. FEMA 22(R)/RB-2016 dated March 31, 2016 ("Branch Office Regulations")
Contravention	Transfer of assets by Person resident outside India to other entity in India before closure of Project office (PO) in India without Reserve Bank permission
Date of Order	October 1, 2019
Amount of Contravention	INR 64.9 Lakhs and undue gain of INR 27.85 lakhs
Compounding Fee	INR 28,37,346

**c. Mr. Barry George Tyler**

Regulation	Section 31(1) of Foreign Exchange Regulation Act, 1973 (FERA) and Regulation 8 of Notification No. FEMA.21/2000-RB dated May 3, 2000 ("Acquisition of Immovable Properties in India Regulations")
Contravention	Purchase of immovable property in India without prior permission of RBI under erstwhile FERA
Date of Order	June 27, 2019
Amount of Contravention	INR 2.46 Lakhs
Compounding Fee	INR 7,38,000



## GST UPDATES

Contributed by CA. G. Saravana Kumar, Madurai

### I. NOTIFICATION UPDATES

#### 1. Limit for E-invoice enhanced to Rs. 500 crore from Rs. 100 Crores Notification No 60/2020 and 61/2020-CT dated 30<sup>th</sup> July, 2020:

Vide above notification threshold limit for applicability of e-invoice has been enhanced to Rs. 500 Crore of aggregate turnover in a financial year from Rs. 100 Crore. Also, vide notification no 13/2020-CT dated 21<sup>st</sup> March, 2020 e-invoice is not made applicable to following persons irrespective of their turnover limit.

- Insurance companies
- Banking companies
- Financial institutions including a non-banking financial company
- Goods Transport Agency
- Supplier of passenger transportation service
- A registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens

Now vide notification no 61/2020-CT Special Economic Zone has also been included in the above list. That is to say, SEZ is not required to raise e-invoice irrespective of their turnover.

Also Vide Notification no 60/2020-CT dated 30<sup>th</sup> July, 2020 e-invoice schema has been specified.

#### 2. Aadhaar Authentication for new GST registration Notification No 62/2020-CT dated 20.08.2020:

- i. Vide above notification every applicant for GST new registration may opt for Aadhaar authentication. Date of submission of application for registration shall be the date of authentication of the aadhaar number or fifteen days from the submission of the application in Part B of FORM GST REG-01 under sub-rule (4) of rule 8, whichever is earlier.
- ii. In case a person who does not opt for aadhaar authentication, the registration shall be granted only after physical verification of the place of business in the presence of applicant. However, in case the proper officer with the approval of an

officer not below the rank of joint commissioner and for the reasons to be recorded in writing, in lieu of physical verification of the place of business, carry out the verification of such documents as he may deem fit.

- iii. Vide Notification no 17/2020-CT dated 23<sup>rd</sup> March, 2020 the board vide powers conferred by section 25(6D) of CGST Act, has notified following persons as the persons required to undergo aadhaar authentication.
  - Individual
  - Authorised signatories of all types
  - Managing and authorized partners and
  - Karta of an Hindu Undivided family
- iv. Notification 17/2020-CT also states that a person who is not a citizen of India and such class of persons other than listed in above point ii are not required to undergo aadhaar authentication. Hence, it is understood from this notification that aadhaar authentication shall not apply to non-citizens, non-residents even if they are authorized signatories.
- v. In case of companies going for new registrations aadhaar authentication is not necessary for all directors rather necessary only for authorized signatory directors.
- vi. In terms of Section 25(6A), every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed. However, till now no form and manner has been prescribed for an already registered person. Once the manner and form is prescribed the same will be required to be done by an already registered entity also.
- vii. Registration process is to be completed within a period of three working days from the date of submission of the application in cases where a person successfully undergoes authentication of aadhaar number or is notified under section 25(6D) (persons exempted from aadhaar authentication). *Rule 9(5a)*



- viii. In cases of physical verification, notice for physical verification in Form REG-03 may be issued not later than twenty one days from the date of submission of application. It is to be noted here that the date of submission of application will be deemed to be after 15 working days of submission of part B of REG-1 as per rule 8(4A), hence the overall period for the issue of notice will get extended to 36 days (15 days plus 21 days). *Rule 9(5c)*
- ix. Physical verification report is to be uploaded within 7 working days from the date of the receipt of the clarification. *Rule 9(5d)*.
- x. If the proper officer fails to take any action within the above time lines the application for grant of registration shall be deemed to have been approved. *Rule 9(5)*.

## II. HIGH COURT RULINGS

**Search proceedings in the residences and offices for a long time cannot be labeled as harassment There is no infirmity in the audit and investigation proceedings being continued simultaneously:**

***Suresh kumar p.p., Mr. Aboobackersidhique versus the deputy director - 2020 (8) TMI 418 - KERALA HIGH COURT***

### **Brief facts:**

The appellants allege that illegal proceedings were taken against them, purportedly under the Central Goods and Services Tax Act, 2017, and their residences and offices were raided, both of them kept under illegal custody and an amount of Rupees One Crore extorted from them. On the intervention of their Advocate at mid-night, they were released, allege the appellants. The appellants, in the writ petition prayed for

- (i) setting aside the notice, requiring them to provide information issued by the Senior Intelligence Officer (SIO),
- (ii) invalidation of search and seizure proceedings initiated under Section 67 of the CGST Act
- (iii) refund of Rupees One Crore collected by the 4th and 5th respondents,
- (iv) a declaration that the petitioners are not liable to pay GST on the revenue share retained by the Local Cable Operator as also

- (v) compensation for the damage to the reputation of the petitioners and the mental agony suffered

### **Rulings of the Court:**

- (i) The allegations raised of harassment and high-handedness cannot be considered in a petition under Article 226 of the Constitution.
- (ii) An operation carried out by a statutory authority invested with the powers of search, inspection and seizure, by reason only of such activities having been carried out in the residences and offices of any person under investigation for a long time, cannot be labeled as harassment or high-handed.
- (iii) Nor could the inconvenience caused to the person under investigation, especially of remaining in the premises for the entire duration, termed to a detention pursuant to an arrest.
- (iv) A search and seizure operation necessarily brings with it certain discomforts, which are to be endured in the best interest of the person under investigation who witnesses every action of the inspection team.
- (v) The allegations are also not substantiated which, we perfectly understand, are impossible of substantiation, especially in a petition under Article 226.
- (vi) Apart from the invalidity urged of the very search, inspection and seizure, we are not considering any of the issues so raised in the writ petition and in the appeal.
- (vii) Audit under section 65 is a routine procedure to be carried out by the Commissioner in such frequency and in such manner as prescribed in the rules; which is independent of an investigation under Section 67.
- (viii) Section 67 is a more onerous procedure which can be initiated only on the satisfaction of an Officer not below the rank of a Joint Commissioner of, suppression of taxable transactions, excess claim of input tax credit, contravention of the provisions of the Act and Rules, keeping of goods and accounts in contravention of the provisions, escapement of tax, secreting of goods or material liable to confiscation or relevant or useful in any proceedings under the Act and any act leading to evasion of tax.
- (ix) Investigation under Section 67 is no routine procedure as is an audit under section 65. There are no infirmity in the audit and investigation proceeding being continued simultaneously.





## **INCOME TAXES – UPDATE**

Contributed by CA. V.K. Subramani, Erode

### **1. Faceless assessment:**

The Central Government vide Notification S.O. 276(E) dated 13.08.2020 amended its earlier Notification No.S.O. 3265(E) dated 12.09.2019 to substitute “Faceless Assessment” in the place of “E-assessment”. The following procedure shall be applied: (A) (i) The National e-Assessment Centre shall serve a notice on the assessee under section 143(2), specifying the issues for selection of his case for assessment; (ii) the assessee may, within 15 days from the date of receipt of notice referred to in clause (i) filed his response to the National e-Assessment Centre; (iii) Where the assessee (a) has furnished his return under section 139 or in response to notice under section 142(1) or section 148(1) and a notice under section 143(2) has been issued by the Assessing Officer or the prescribed income-tax authority, as the case may be, or (b) has not furnished his return of income in response to a notice issued under section 142(1) by the Assessing Officer or (c) has not furnished his return of income under section 148(1) and a notice under section 142(1) has been issued by the Assessing Officer; the National e-Assessment Centre shall intimate the assessee that assessment in his case shall be completed under this scheme; (iv) The National e-Assessment Centre shall assign the case selected for the purposes of e-Assessment under the said scheme to a specific assessment unit in any one Regional e-Assessment Centre through an automated allocation system; (v) where the case is assigned to the assessment unit, it may make a request to the National e-Assessment Centre for (a) obtaining such information, documents or evidence from the assessee or any other person, as it may be prescribed; (b) conducting of certain enquiry or verification by verification unit; and (c) seeking technical assistance from the technical unit; (vi) where a request for obtaining further information, documents or evidence from the assessee or any other person has been made by

the assessment unit, the National e-Assessment Centre shall issue appropriate notice or requisition to the assessee or any other person for obtaining the information, documents or evidence requisitioned by the assessment unit; (vii) the assessee or any other person, as the case may be, shall file his response to the notice referred to in clause (vi) above, within the time specified therein or such time as may be extended on the basis of an application in this regard, to the National e-Assessment Centre; (viii) where a request for conducting of certain enquiry or verification by the verification unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a verification unit in any one Regional e-assessment Centres through an automated allocation system; (ix) where a request for seeking technical assistance from the technical unit has been made by the assessment unit, the request shall be assigned by the National e-assessment Centre to a technical unit in any one Regional e-assessment Centres through an automated allocation system; (x) the National e-assessment Centre shall send the report received from the verification unit or the technical unit, based on the request referred to in clause (viii) or (ix) to the concerned assessment unit; where the assessee fails to comply with the notice referred to in clause (vi) or notice issued under section 142(1) or with a direction issued under section 142(2A), the National e-Assessment Centre shall serve upon such assessee a notice under section 144 giving him an opportunity to show-cause, on a date and time to be specified in the notice, why the assessment in his case should not be completed to the best of its judgment; (xii) the assessee shall, within the time specified in the notice referred to in clause (xi) or such time as may be extended on the basis of an application in this regard, file his response to the National e-Assessment Centre; (xiii) where the assessee fails to file response to the notice referred



to in clause (xi) within the time specified in the notice or within the extended time, if any, the National e-Assessment Centre shall intimate such failure to the assessment unit; (xiv) the assessment unit shall, after taking into account all the relevant material available on the record make in writing, a draft assessment order or, in a case where intimation referred to in clause (xiii) is received from the National e-Assessment Centre, make in writing, a draft assessment order to the best of its judgment, either accepting the income, or sum payable by, or sum refundable to, the assessee as per his return or modifying the said income or sum, and send a copy of such order to the National e-assessment Centre; (xv) the assessment unit shall, while making draft assessment order, provide details of the penalty proceedings to be initiated therein, if any; (xvi) the National e-assessment Centre shall examine the draft assessment order in accordance with the risk management strategy specified by the Board, including by way of an automated examination tool, whereupon it may decide to, (a) finalise the assessment as per the draft assessment order and serve a copy of such order and notice for initiating penalty proceedings, if any, to the assessee, alongwith the demand notice, specifying the sum payable by, or refund of any amount due to, the assessee on the basis of such assessment; or (b) provide an opportunity to the assessee, in case a modification is proposed, by serving a notice calling upon him to show cause as to why the assessment should not be completed as per the draft assessment order; or (c) assign the draft assessment order to a review unit in any one Regional e-assessment Centre, through an automated allocation system, for conducting review of such order; (xvii) the review unit shall conduct review of the draft assessment order, referred to it by the National e-assessment Centre whereupon it may decide to, (a) concur with the draft assessment order and intimate the National e-assessment Centre about such concurrence; or (b) suggest such modification, as it may deem fit, to the draft assessment order and send its suggestions to the National e-assessment Centre; (xviii) the National

e-assessment Centre shall, upon receiving concurrence of the review unit, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be; (xix) the National e-assessment Centre shall, upon receiving suggestions for modifications from the review unit, assign the case to an assessment unit, other than the assessment unit which has made the draft assessment order, through an automated allocation system; (xx) the assessment unit shall, after considering the modifications suggested by the review unit, send the final draft assessment order to the National e-assessment Centre; (xxi) the National e-assessment Centre shall, upon receiving final draft assessment order, follow the procedure laid down in sub-clause (a) or sub-clause (b) of clause (xvi), as the case may be; (xxii) the assessee may, in a case where show-cause notice under sub-clause (b) of clause (xvi) has been served upon him, furnish his response to the National e-assessment Centre on or before the date and time specified in the notice or within the extended time, if any; (xxiii) the National e-assessment Centre shall, (a) in a case where no response to the show-cause notice is received, finalise the assessment as per the draft assessment order, as per the procedure laid down in sub-clause (a) of clause (xvi); or (b) in any other case, send the response received from the assessee to the assessment unit; (xxiv) the assessment unit shall, after taking into account the response furnished by the assessee, make a revised draft assessment order and send it to the National e-assessment Centre; (xxv) the National e-assessment Centre shall, upon receiving the revised draft assessment order, (a) in case no modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, finalise the assessment as per the procedure laid down in sub-clause (a) of clause (xvi); or (b) in case a modification prejudicial to the interest of the assessee is proposed with reference to the draft assessment order, provide an opportunity to the assessee, by serving a notice as per the procedure laid down in sub-clause (b) of clause (xvi); (c) the response furnished by the



assessee shall be dealt with as per the procedure laid down in clauses (xxii), (xxiii), and (xxiv); and (xxvi) the National e-assessment Centre shall, after completion of assessment, transfer all the electronic records of the case to the Assessing Officer having jurisdiction over the said case for such action as may be required under the Act;

(2) Notwithstanding anything contained in subparagraph (1), the Principal Chief Commissioner or the Principal Director General, in charge of National e-assessment Centre, may at any stage of the assessment, if considered necessary, transfer the case to the Assessing Officer having jurisdiction over such case, with the prior approval of the Board.

(B) (1) A person shall not be required to appear either personally or through authorised representative in connection with any proceedings under the said Scheme before the income-tax authority at the National e-assessment Centre or Regional e-assessment Centre or any unit set up under the said Scheme. (2) In a case where a modification is proposed in the draft assessment order, and an opportunity is provided to the assessee by serving a notice calling upon him to show cause as to why the assessment should not be completed as per such draft assessment order, the assessee or his authorised representative, as the case may be, may request for personal hearing so as to make his oral submissions or present his case before the income-tax authority in any unit under the said Scheme. (3) The Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, under which the concerned unit is set up, may approve the request for personal hearing referred to in subparagraph (2) if he is of the opinion that the request is covered by the circumstances referred to in clause (vib) of Paragraph 12 of the said Scheme. (3A) Where the request for personal hearing has been approved by the Chief Commissioner or the Director General, in charge of the Regional e-assessment Centre, such hearing shall be conducted exclusively through video

conferencing, including use of any telecommunication application software which supports video telephony, in accordance with the procedure laid down by the Board. (3B) Subject to the sub-paragraph (2) of paragraph (8) of the said Scheme, any examination or recording of the statement of the assessee or any other person (other than statement recorded in the course of survey under section 133A of the Act) shall be conducted by an income-tax authority in any unit under the said Scheme, exclusively through video conferencing, including use of any telecommunication application software which supports video telephony in accordance with the procedure laid down by the Board. (4) The Board shall establish suitable facilities for video conferencing including telecommunication application software which supports video telephony at such locations as may be necessary, so as to ensure that the assessee, or his authorised representative, or any other person referred to in sub-paragraph (2) or sub-paragraph (3B) is not denied the benefit of the said Scheme merely on the consideration that such assessee or his authorised representative, or any other person does not have access to video conferencing at his end. "

## **2. CBDT Instruction as regards power of survey:**

The CBDT in Order F.No.187/3/2020/ITA-I dated 13.08.2020 has taken note of the launch of Faceless Assessment Scheme, 2019 and in exercise of the powers under section 119 of the Income-tax Act, 1961 directed that the officers posted in the Directorates of Investigation (Investigation Wing) and Commissionerates of TDS, only and exclusively shall act as "Income-tax Authority" for the purposes of power of survey under section 133A of the Income-tax Act. The competent authority for approval of such survey action under section 133A of the Act shall henceforth be DGIT (Inv) for Investigation Wing and Pr.CCIT/CCIT(TDS) for TDS charges as the case may be. This order is effective from 13.08.2020.



## **MADRAS HIGH COURT JUDGMENTS IN VAT CST GST**

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

**C form Purchases:** The eligibility to use "C" form to avail the concession in rate of tax in respect of the inter State purchase has been considered and held in favour of the dealers in *M/s Ramco Cements Ltd. V. The CCT (W.P.Nos.19460 of 2018) dated 26.10.2018*. Till such time the order of this Court in the case of *M/s Ramco Cements Ltd (supra)* is either stayed or reversed it is incumbent upon all Assessing Authorities within the State of Tamil Nadu to apply the rationale of the decision to all pending assessments. The decision of this Court as well as other High Courts, one of which has been confirmed by the Supreme Court, are decisions in rem, applicable to all dealers that seek benefit thereunder, of course, in accordance with law. Stating so, these Writ Petitions are allowed.

**M/s.Ram Blue Metals, Vs CTO, Karur (West) Assessment Circle, WP No.9142 of 2020 DT: 13.07.2020**

**Natural Justice:** The petitioner had appeared before the respondent on 29.08.2019. But the communication of even date issued by the DC, refers to the submissions put forth by the petitioner to the Officer 'during the personal hearing'. That being said, the order of rejection dated 06.09.2019 states on the ground that the petitioner did not in response to notice is clearly incorrect. Hence, the impugned order dated 06.09.2019, being in violation of principles of natural justice, was quashed. **M/s. Special Wire Products (P) Ltd vs. The Deputy/Assistant Commissioner GST and Central Excise Ambattur Division, Chennai-37. W.P. No.135 of 2020 DT: 22.07.2020**

**Registration cancellation:** The notice called upon the petitioner to show cause why the registration not be cancelled owing to non-filing of tax returns. The petitioner has filed a response dated 20.12.2018, which was referred to in the first paragraph of the impugned order itself. However, the respondent proceeds as though there was no response from the petitioner. Thus, the contents of the response have not been taken into consideration at all. Hence, the impugned order was set aside. **S Two Solutions, Vs AC (ST), Tondiarpet Assessment Circle, W.P. No.215 of 2020 DT: 17.07.2020**

**Rectification petition:** The petitioner claims to have filed a petition u/s 84 of the TNVAT Act, 2006 which is stated to be still pending. The respondent submitted that it is not known as to whether the petitioner has filed any such application under Section 84 of the TNVAT Act, 2006. To protect the interest of both parties, the Court disposed this Writ Petition with the direction that if any such application under Section 84 of the TNVAT Act, 2006, as claimed by the petitioner, is filed and the same is pending as on today, the same shall be considered by the respondent on its own merits and an order shall be passed and if no such application is either filed or pending before the respondent, the directions given stand vacated automatically. **M/s.Balajee Textiles Vs AC [ST] [FAC] Pallipalayam W.P.No.7690 of 2020 DT: 19.05.2020.**

**Discount earned:** The one of the issues relate to the reversal of input tax credit (ITC) on discounts received. Section 19(20) of TNGST Act 2006, which has been





invoked to deny the benefit of ITC, has itself been inserted only with effect from 19.08.2010. The Supreme Court in the case of Jayam and Co. Vs. AC (2016) 96 VST 1 reversed the conclusion of this Court, confirming the position that Section 19(20) would operate only from the date of its insertion, prospectively, i.e., from 19th August, 2010. Thus, the provisions of section 19(20) could not have been invoked in the present case, for the period, viz. 2008-09. **M/s. Nuts N Spices Vs CTO, Valluvarkottam Assessment Circle, WP No. 34921 of 2019 DT: 05.06.2020**

**Mismatch:** Mismatch of reported purchases of buyer and sales of sellers in web portal of department has been considered in M/s.JKM Graphics Solutions P Ltd V. CTO (99 VST 343) and pursuant thereto, a Circular was issued by the Commissioner in No.3 of 2019 (Q1/39643/2018 dated 18.01.2019), to keep assessments involving the issue of mismatch in abeyance. Hence, there is no justification for the AO to have finalized the assessments, being clearly contrary to the directive of the Commissioner. Hence, the impugned orders of assessment are set aside. **ANABOND LTD vs. AC(ST), Tiruvanmiyur Assessment Circle, W.P.No.9559 etc of 2020 DT: 22.07.2020**

**Independent application of mind:** Respondent submitted that the impugned assessments are passed entirely upon the report of the officials of the Enforcement Wing and do not reflect any independent application of mind on the part of the

AO. The impugned orders are also not in line with the Circular No.3/2019 issued by Commissioner dated 18.01.2019 relating to mismatch. Thus, it is clear that even in the case where there is an adverse report by the Enforcement Wing in regard to a particular issue, the AO is at liberty and in fact ought to examine the issue independently. Admittedly, this has not been done in this case. Hence, the impugned orders are quashed. **M/s.Chhotabhai Retailing India P. Ltd., Vs AC (ST), Nungambakkam Assessment Circle, W.P. Nos.31506 & 31507 of 2018 DATED: 17.07.2020**

**Service of orders:** The orders of assessment appear to have been dispatched, but they have been returned and have not been served upon the assessee. Hence, the orders of assessment giving rise to the impugned demands admittedly have not been served upon the petitioner, the impugned recovery notice has no legs to stand and quashed. **M/s.V.K.R. Projects (P) Ltd Vs. AC(ST), Salem Town (West) W.P.No.9228 of 2020 Dt: 22.07.2020**

**Assessment order:** The impugned order admittedly been passed without issuance of a prior show cause notice. When the proprietrix of the petitioner, has passed away on 27.12.2016, any order to revise the original order of assessment dated 07.10.2013 ought to have been passed only after notice to the legal representatives. This has not been done. Hence, the impugned order, passed on the petitioner/sole proprietary where the proprietrix has passed away and without notice to her legal representatives, has no legs to stand. **Mr.T.R.N.Murthy, vs AC (CT), Saligramam Assessment Circle, WP No.9135 of 2020 DT: 13.07.2020**



## CHALLENGES AND RESOLUTIONS UNDER GST LAW

Contributed by CA. Annapurna Kabra, Bengaluru

The GST law has changed the tax incidence, tax computation, tax structure, Input tax credit utilization, Refund mechanism, etc. as compared to the erstwhile Indirect tax structure. There are decisions pending before the courts which were challenged in the erstwhile indirect tax structure like overlapping of tax on various transactions, ineligibility of input Tax credit, disputes on classification, valuation etc. Even under the GST law lot of litigated issues are pending before the courts and certain decisions of the courts have led to chaos to the assessee for implementing such decisions in the course of his business.

### Transitional credit

- Some of the business entities have missed it to claim benefit of transitional credit or could not file the transitional credit form due to technical glitches. They have approached to the High court to extend the time limit for filing transitional credit or allow to file it manually. Various High Courts (including Karnataka High Court) have granted relief to the taxpayers by directing the authorities to open the portal and/or receive manually filled forms and/or approach the Nodal officers appointed by the Government in this regard. Based on decision of **Brand Equity Treaties Ltd Vs. Union of India (2020) Delhi HC**, the applicant was permitted to revise Trans-1 Form on or before 30.6.2020 and transition the entire credit subject to department verifications. It was directed to open the online portal so that revised Trans-1 can be filed electronically or to accept the same manually. Even in the case of **Amba Industrial Corporation Vs Union of India & ANR, 2020- TIOL-1046-HC- PC** the respondents are directed to permit petitioner to upload TRANS-1 on or before 30.6.2020 and in case the Department Authority rejects the same then the applicant can avail the input tax credit in GSTR 3B of July 2020 on multiple occasions. Based on the above decisions on transitional credit, some of the applicants have already filed the applications for the claim of missed transitional credit manually. The issue is pending before the higher jurisdictional Courts and the decisions are awaited...

### Clubbing Tax periods for filing Refund Applications

- There was clarification issued in 37/2018 in point 11 that in many scenarios, exports may not have been made in that period in which the inputs or input services were received, and input tax credit has been availed. Similarly, there may be cases where exports may have been made in a period, but no input tax credit has been availed in the said period. The above referred rule, taking into account such scenarios, defines relevant period in the context of the refund claim and does not link it to a tax period. In this regard, it is hereby clarified that the exporter, at his option, may file refund claim for one calendar month / quarter or by clubbing successive calendar months / quarters. The calendar month(s) / quarter(s) for which refund claim has been filed cannot spread across different financial years. Therefore, the applicant has to cumulatively file in the respective year for claiming the refund. If the above issue was not resolved, the exporter was forced to work on a rebate mode to extinguish/utilize the ITC accumulated through months in which he does not have exports. As per Circular 135/05/2020-GST dated 31/3/2020, the restrictions on clubbing of tax periods across the financial year has been removed and therefore there is no bar in section 54(3) to claim refund by clubbing different months across successive financial years. Therefore, the applicant can file the refund application by clubbing different months across successive financial years. The GSTN has its own piece of teething conflicts and it is always great challenge for the businesses all over the country because of technical glitches and frequent amendments in the GST law. The above amendment was not activated or customized in GSTN portal for filing the consolidated Refund applications across different financial years. On 27<sup>th</sup> August it has been activated in the GSTN Portal and therefore Refund Application in GST RFD-01 can be filed for the periods relating to different Financial Years in a single Refund Application. Therefore, Refund Applications can be filed across the Financial Years.



## GST Appellate Tribunal

- The GST Appellate Tribunal has not yet been constituted nor notified by the Government u/s 109(1) of the Act. In the absence of Appellate Tribunal, the appellant is unable to file any appeal against the order of Joint Commissioner of Commercial Taxes (Appeal) at this point in time. The constitution of Appellate Tribunal is not yet constituted due to order of Madras High Court in case of **Revenue Bar Assn. v. Union of India**.

## Interest

- As per section 50(1) of CGST Act 2017, every person who is liable to pay tax in accordance with the provisions of the Act or the rules made thereunder but fails to pay tax or any part thereof to the Government within the prescribed period shall for the period for which the rate or any part thereof remains unpaid pay on his own interest at such rate not exceeding 18 % as may be notified by the Government on the recommendations of the council. The GST Council in its 39<sup>th</sup> Meeting gave in principle approval to the following amendments in the GST Acts that amendment of Section 50 of the CGST Act to provide that interest should be charged only on the net tax liability of the taxpayer, after taking into account the admissible input tax credit. In simple terms interest would be leviable only on the amount payable through electronic cash ledger. The above recommendation will be made effective only after the necessary amendment in the GST Act are carried out. This amendment was eagerly awaited to see whether this amendment has retrospective effect as it can save some of the assessee who has already paid interest on net basis and not on gross basis accordingly. Vide Notification 63/2020 Central Tax dated 25.8.2020, Proviso is added to section 50 of CGST Act which state that interest liability for delayed payment of GST is to be charged on the Net Cash Tax Liability with effect from 01.9.2020. Vide Press release dated 26.8.2020 the CBIC clarifies that while Notification is issued prospectively due to certain technical limitations, no recoveries shall be made for the prior period of 01.9.2020. Therefore, interest on delayed payment of GST will be on net liability though lot of judicial pronouncements has given different ruling on the above issues.

## IGST on Ocean Freight

- The levy of IGST on ocean freight was challenged before Gujrat High Court on transportation of goods by vessel. The petitioner's submission was that Notification No. 8/2017-Integrated Tax (Rate) and Entry 10 of Notification No. 10/2017-Integrated Tax (rate) are *ultra vires* the IGST Act, 2017. The challenge was on following grounds as IGST has been paid on entire value of imports inclusive of ocean freight, it cannot be asked to pay tax on ocean freight all over again under a different notification and in case of CIF contracts, since both service providers and recipient are outside the Indian territory, no tax thereon can be collected even under reverse charge mechanism. There is chaos over applicability of IGST on ocean freight under reverse charge though many of the assessee are continuing to pay under reverse charge mechanism and claimed the input tax credit by setting off with other liabilities. Vide the case of *Mohit Minerals Private Limited Vs Union of India 2020 VIL 36 Gujarat (HC) dated 23.1.2020* wherein it is held that the payment of IGST on ocean freight under reverse charge is held unconstitutional. Before AP High Court, the Petitioner has challenged the above notification and has claimed the refund of IGST paid on ocean freight charges. It was challenged in *Bharat Oman Refineries Vs Union of India 2020-VIL-397-GUJ* and the respondents are directed to sanction the refund and pay the requisite amount of IGST already paid by the writ applicant pursuant to Entry 10 of Notification No 10/2017 dated 28.7.2017 having been declared *ultra vires*. Therefore, there are different views on payment of IGST on ocean freight as whether it will be challenged before Supreme Court or whether the assessee should stop paying IGST on ocean freight under reverse charge.

## Challenged Rule 36(4) Restricting Input Tax credit

- There is restriction imposed vide Rule 36(4) of the CGST Rules 2017. The Rule state that Input tax credit to be availed by a registered person In respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub-section (1) of section 37, shall not exceed 20 per cent (10% w e f 1.1.20). of the eligible credit available in respect of invoices or debit notes the details of which have been



uploaded by the suppliers under sub-section (1) of section 37. This Rule has been challenged in various courts. This Rule restricts the Input tax credit up to 20%/10 of value of Invoices in respect of Invoices/debit notes whose details have not been uploaded by the suppliers. The availment of input tax credit is restricted over and above the amount reflected in GSTR 2A despite having valid tax Invoice. The Rule 36(4) is challenged on the ground that it finds the reference in section 43A of CGST Act which is yet to be notified and override section 41, 42 and 43 of the CGST Act 2017. Even it is challenged on the ground that introduction of Rule 36(4) is ultra vires to sections 38(1) and 42(3) of the CGST Act.

### Intermediary Services

- There are different school of thoughts towards levy of tax on Intermediary services. One school of thought is that place of supply shall be the location of the intermediary. Since the supplier and the place of supply is within the state but in view of the fact that the recipient is outside the country, IGST becomes applicable. With reference to the provisions of Section 8(2), it restricts the supply of services under Section 12 i.e when the supplier and recipient are in India. It does not cover the situation when the supplier is in India and recipient is outside India, but the place of supply is in India. Therefore, based on Section 7(5)(c) which states that Supply of goods or services or both in the taxable territory, not being an intra-State supply and not covered elsewhere in this section shall be considered as Inter- state supply and accordingly IGST can be levied. The other school of thought is that under section 8 of IGST Act 2017 when the location of supplier and the place of supply happens to be in the same state such supplies are deemed to be intra state supply and therefore CGST and SGST can be levied. The recent verdict of Gujarat High Court in the matter of Material Recycling Association of India Vs Union of India & Others (TS-586-HC-2020(Guj-NT) held that as per section 13(8)(b) of IGST Act 2017 if the supplier who is providing intermediary services to a person located outside India, the place where the services are deemed to have been supplied is the place where the supplier is located. Such transactions will be treated as intra state supply and the supplier is required to pay CGST and SGST as the location of supplier is the place of supply of Intermediary Services. Some

business entities would have already paid IGST on such intermediary services in lieu of SGST/CGST as there was ambiguity towards the levy of tax on intermediary services.

### Inverted Duty Structure

- Rule 89(5) of CGST Rules 2017 relating to refund of input tax credit on account of inverted duty structure has been challenged. Section 54(3)(ii) provides that refund of any unutilized input tax credit may be claimed by the registered person in case where credit has been accumulated on account of rate of tax on **Inputs** being higher than the rate of tax on output supplies. Therefore, allowing the refund of tax paid on inputs is challenged on the ground that it is unreasonable, irrational, discriminatory and there is no apparent justification for excluding the tax paid on input services from the purview of net input tax credit for computing the refund amount under Inverted Duty Structure. Vide Notification No. 21/2018- CT dated 18.04.2018, the CGST Rules were amended retrospectively to provide that taxpayers would not be entitled to claim refund of taxes paid on input services. The Gujrat High Court in case of **VKC Footsteps India Private Limited Vs Union of India & Others 2020-VIL-340-Guj dated 24-7-2020** held that the registered person is entitled to claim refund of taxes paid on inputs as well as input services. In case the refund of input tax credit availed on input services is restrained then it will lead to blockage of funds/working capital and affect the cost competitiveness of small business entity especially in the current pandemic situations.
- The global economic shut down due to Covid-19 has raised the concerns among the trade and industry. During this phase, there may possibly be reduction in tax revenues for both center and states. In the phase of country lockdown, the Government has made certain amendments under the GST law including the relaxations for extension of dates, waiving of interest, late fee and penalty in certain instances but simultaneously the challenges to GST are getting added with different judicial decisions, multiple advance rulings and awaited clarifications. Therefore, it is imperative to understand the implications of the challenges which is affecting almost every aspect of the operations in the business.





**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

**CIRCULAR**

**SECURITIES AND EXCHANGE BOARD OF INDIA (INTERNATIONAL FINANCIAL SERVICES CENTRES) GUIDELINES, 2015 - AMENDMENT IN CLAUSE 4**

**CIRCULAR NO. SEBI/HO/MRD2/DCAP/CIR/P/2020/149,**

**DATED 7-8-2020**

Kindly refer to SEBI (IFSC) Guidelines, 2015 which were notified by SEBI on March 27, 2015 and SEBI Circular SEBI/HO/CIR/P/2017/85 dated July 27, 2017.

2. In order to further streamline the operations at IFSC, based on consultations held with the stakeholders, it has been decided to amend clause 4 (2) of SEBI (IFSC) Guidelines, 2015 to read as follows:

- "4. 2A) Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC  
Any Indian recognized stock exchange or clearing corporation, or, any recognized stock exchange or clearing corporation of a foreign jurisdiction shall form a subsidiary to provide the services of clearing corporation in IFSC wherein at least fifty one per cent. of paid up equity share capital is held by such stock exchange or clearing corporation.
- 2B) The remaining share capital may be acquired or held by any other person (whether Indian or of foreign jurisdiction) and such person shall not at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than five per cent of the paid up equity share capital in a recognised clearing corporation in IFSC, subject to applicable law:

Provided further that

- (i) any other stock exchange,
- (ii) a clearing corporation,
- (iii) a depository,
- (iv) a banking company,
- (v) an insurance company, whether Indian or of foreign jurisdiction for (i) to (v)
- (vi) a public financial institution of Indian jurisdiction,
- (vii) a foreign commodity derivatives exchange; and
- (viii) a bilateral or multilateral financial institution approved by the Central Government, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent. of the paid up equity share capital of such clearing corporation:

2C) For the purpose of clause 2A) and 2B) above, that the provisions of Regulation 19, 19A and 20 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 should be, mutatis mutandis, complied with".

3. This circular is issued in exercise of powers conferred under section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).



## IMPORTANT ANNOUNCEMENTS

### **Dedicated Foreign Help Desk for ICAI Members Abroad - (01-08-2020)**

**International Affairs**  
**The Institute of Chartered Accountants of India**  
**1<sup>st</sup> August, 2020**  
**Dedicated Foreign Help Desk for ICAI Members Abroad**

The Institute of Chartered Accountants of India is committed to provide the best services to its members. Considering the same, the International Affairs Committee of the Institute has assigned a dedicated Foreign Desk to take up overseas Member's queries at ICAI HO level, to coordinate and communicate effectively the concerns/inputs/Queries of different ICAI Chapters/Representative Offices and ICAI members based abroad.

The overseas Members can contact Mr. P.C Ghosh as single point of contact for any queries related to:

#### Self Service Portal

- Access Request
- Reactivation of Membership
- Any other
- Issue of Transcripts
- Any other queries
- CPE Hrs PoU login credentials (For ICAI Chapters and Rep Offices)
- Generation / Change of icai.in email login credentials (For ICAI Chapters and Rep Offices)
- Address Change Request
- Issue in Payment of Fees etc.
- Issue of Goodstanding Certificates
- CPE Hrs Query

**Mr. Ghosh can be contacted at:**  
**Email: [foreigndesk@icai.in](mailto:foreigndesk@icai.in) | DID: +91 11 3011 0487 | Mobile: +91 93116 17772**

### **Corporate Laws & Corporate Governance Committee** **The Institute of Chartered Accountants of India (30<sup>th</sup> July, 2020)**

**Sub: SEBI Settlement Scheme, 2020 One Time Settlement Scheme**

In the recent past, Securities Exchange Board of India (SEBI) came across several instances wherein a set of entities were consistently making losses by their trading in options on individual stocks which are listed on Bombay Stock Exchange (BSE). Hence, an analysis of the stock options segment of Bombay Stock Exchange (BSE) for the period April 1, 2014 to September 30, 2015 was carried out. It was observed that there were several entities who consistently made significant losses, whereas there were others who consistently made significant profit by executing reversal trades in stock options on the BSE.

In this regard, the Securities Exchange Board of India has introduced a new scheme vide Public Notice dated 27th July, 2020 called Settlement Scheme ("the Scheme") in terms of Regulation 26 of SEBI (Settlement Proceedings) Regulations 2018.

The purpose of the Scheme is to provide a one-time settlement opportunity to the entities that have executed trade reversals in the stock options segment of BSE during the period from April 1, 2014 to September 30, 2015 against whom any proceedings are pending. Under the SEBI Settlement Scheme, 2020 as laid out in the Public Notice, any entity desirous of making an application for one-time settlement under the Scheme has been requested to submit a Settlement application along with an application fee of INR 15,000 in case of individuals and INR 25,000 in case of body corporates in the specified format, available on the SEBI website and also on the BSE website.

The one-time settlement period as per the Scheme, shall commence on August 01, 2020 and end on October 31, 2020 (both days inclusive). In this regard, the Securities Exchange Board of India (the SEBI), has issued a Public Notice on the SEBI's website and the link for the same is as below:

[https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-in-respect-of-sebisettlement-scheme-2020\\_47150.html](https://www.sebi.gov.in/media/public-notices/jul-2020/public-notice-in-respect-of-sebisettlement-scheme-2020_47150.html)

The ICAI has prepared and issued FAQs on this Scheme for the benefit of its members and other stakeholder.

The FAQs are uploaded on ICAI website and the link for the same is as provided below:

<https://resource.cdn.icai.org/60451clcg49259.pdf>

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**Corporate Laws & Corporate Governance**  
**Committee, ICAI**  
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