



SIRC Newsletter

PRICE ₹5

DECEMBER 2019 | Volume 45 • Part 6

Southern India Regional Council ▶ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ▶ SET UP BY AN ACT OF PARLIAMENT

51st Regional Conference of SIRC of ICAI 18th & 19th November 2019 at Kochi



President ICAI CA. Prafulla P. Chhajed, Vice-President ICAI CA. Atul Kumar Gupta along with the Chief Guest CA. Thomas Chazhikadan, Member of Parliament inaugurating the Conference by lighting the traditional lamp. SIRC Chairman CA. Jomon K. George, Vice Chairman CA. Dungar Chand U Jain, Secretary CA. K. Jalapathi and Treasurer CA. B.E. Pampanna, Central Council Member CA. Babu Abraham Kallivayalil, Ernakulam Branch of SIRC Chairman CA. Sreenivasa P.R. are also seen.

Release of Souvenir of the 51st Regional Conference of SIRC of ICAI



Dignitaries releasing the Souvenir of the 51st Regional Conference of SIRC of ICAI



Cross Section of the Delegates

Glimpses of 51st Regional Conference of SIRC of ICAI



SIRC CALENDAR

DECEMBER 2019 onwards...

Contact: Dr. T. Paramasivan, Joint Director (Tech.), ICAI - Phone: 044 - 30210321 - E-mail: tparamasivan@icai.in

SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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

Phone: 044-30210323/362/381; Email: sirc@icai.in; Website: www.sircoficai.org

Forthcoming Programmes of SIRC of ICAI – December 2019 onwards

Sl. No.	Date / Day / Time	Programme Topic / Speaker	Delegate Fees		CPE Credit
			Pre Registration	Spot Registration	
1.	December 2 & 3, 2019 Monday & Tuesday 10.00 a.m. – 05.30 p.m.	Two Day Workshop on Auditing Standards Details at www.sircoficai.org	2360	2832	12
2.	December 5, 2019 Thursday 5.30 p.m. to 8.30 p.m.	New Returns Filing under GST Sabka Vishwas – An Overview Shri M. Tamil Vendan , IRS, Additional Commissioner, GST, and his team of Officers	—	—	—
3.	December 6, 2019 Friday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Recent Developments relating to Competition Act	236	283	3
4.	December 7, 2019 Saturday 8.30 a.m. to 11.30 a.m. Breakfast at 8.00 a.m.	Breakfast Meeting on Issues in Income Tax and GST relating to Real Estate Industry Speaker : CA. Sankara Narayanan	236	283	3
5.	December 9, 2019 Monday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Issues relating to MSMED Act Speaker : Mr. S. Sivagnanam Additional Industrial Advisor (Retd.) Ministry of MSME, Govt. of India	236	283	3
6.	December 10, 2019 Tuesday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Professional Misconduct Do's and Don'ts 3Under the auspices of Ethical Standards Board of ICAI Speaker : CA. S. Ganapathy	236	283	3
7.	December 11, 2019 Wednesday 10.00 a.m. – 05.30 p.m.	One Day Hands-on Workshop using Python on Data Science Applications in Accounting <ul style="list-style-type: none"> • Restricted to 25 Participants on First Come First Serve Basis • Participants should carry their Laptop compulsorily Details at Page No.9	1180	1416	6
8.	December 12, 2019 Thursday 5.30 pm to 8.30 pm	Technical Standards & Reporting Requirements and ICAI Code of Ethics 2019 Organised by Branch Coordination Committee of SIRC of ICAI Under the auspices of Ethical Standards Board of ICAI Speakers: CA. Rajendra Kumar P and CA. R. G. Rajan	236	283	3
9.	December 12 & 13, 2019 Thursday & Friday 10.00 a.m. to 5.30 p.m.	Two Day Workshop on Ind AS Details at Page No.9	2360	2832	12
10.	December 17, 2019 Tuesday 10.00 a.m. to 5.30 p.m.	One Day Seminar on Internal Audit Details at Page No.10	1180	1416	6
11.	December 17, 2019 Tuesday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Applying Data Analysis within Internal Audit – Issues and Challenges	236	283	3
12.	December 18, 2019 Wednesday 10.00 a.m. to 5.30 p.m.	One Day Seminar on Overview of Auditing Standards Details will be hosted in https://www.sircoficai.org/	1180	1416	6

Continued ...



Sl. No.	Date / Day / Time	Programme Topic / Speaker	Delegate Fees		CPE Credit
			Pre Registration	Spot Registration	
13.	December 18, 2019 Wednesday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Emerging Trends in Fraud Detection and Prevention in Cyber World Speaker: A. R. Parthasarathy	236	283	3
14.	December 19 & 20, 2019 Thursday & Friday 10.00 a.m. to 5.30 p.m.	Sub Regional Conference at Hyderabad Hosted by Hyderabad Branch of SIRC of ICAI Venue: Cyber Convention, Hitex Road, Hyderabad.	Details will be hosted in https://www.hydciai.org/		
15.	December 19, 2019 Thursday 5.30 p.m. to 8.30 p.m.	D. Rangaswamy Memorial Lecture Centenary Year Celebrations Details at Page No.10	—	—	—
16.	December 20, 2019 Friday 3.00 p.m. to 5.00 p.m.	Workshop on Audit Quality Review: Key Learnings Organised by SIRC of ICAI, Under the aegis of Quality Review Board Speaker: CA. Dhinal A. Shah, Board Member, QRB Details at Page No.7	118	142	2
17.	December 21, 2019 Saturday 8.30 a.m. to 11.30 a.m. Breakfast at 8.00 a.m.	Breakfast Meeting on Issues in E-filing of Income Tax Returns	236	283	3
18.	December 21, 2019 Saturday 9.15 am to 5.45 p.m.	Udyati 2 – One Day Conference Organised by Committee for Capacity Building of Members in Practice (CCBMP) ICAI Hosted by Visakhapatnam Branch of SIRC of ICAI Venue : Novotel Varun Beach, Visakhapatnam For details and Registration www.sircoficai.org	1000		6
19.	December 21, 2019 Saturday 5.30 p.m. to 7.30 p.m.	Awareness Programme on ICAI New Code of Ethics 2019 Under the auspices of Ethical Standards Board of ICAI	118	142	2
20.	December 23, 2019 Monday 5.30 p.m. to 8.30 p.m.	CPE Meeting on Issues in TDS with specific reference to E-TDS	118	142	2
21.	December 24, 2019 Tuesday 10.00 a.m. to 5.30 p.m.	One Day Seminar on Valuation and Arbitration	1180	1416	6
22.	December 26, 2019 Thursday 10.00 a.m. to 5.30 p.m.	One Day Seminar on Taxation and Auditing	1180	1416	6
23.	December 26, 2019 Thursday 5.30 p.m. to 7.30 p.m.	S. Vaidyanath Aiyar Memorial Lecture on Importance of Professional Governance and Ethics for the Stakeholders	118	142	2
24.	January 8, 2020 Wednesday 6.00 p.m. to 8.00 p.m.	Investor Awareness Programme • Recent Developments in Indian Capital Markets • Inter relationship of Derivatives Market and Equity Markets (IPO & Secondary)	No Delegate Fee	No Delegate Fee	2
25.	January 11, 2019 Saturday 10.00 a.m. to 5.30 p.m.	One Day Seminar on Benami Transactions and Anti Money Laundering	1180	1416	6
26.	January 23 & 24, 2020 Thursday & Friday 10.00 a.m. to 5.30 p.m.	CPE Metro Conference	2360	2832	12

Registration for CPE Programmes only through Online Portal www.sircoficai.org through Dashboard

- 20% increase in Delegate Fee for Spot Registration.
- 25% Concession in Delegate Fee for Students pursuing CA Course.
- 50% increase in Delegate Fee for Non-Members.
- No Cash Payments.



Chairman's Communique...



Dear Professional Colleagues,

Towards a Fairer Economy: Similar to the developed nations, India too faces a notable level of disparity in wealth and income distribution amongst our fellow citizens. There are sizeable number of people of India living below poverty line and are depending on the Central and State Governments for their basic needs causing significant impact on the macro economic management. As business solutions providers, similar to serving the business organisations and non governmental organisations, we can extend our services to the poor people, so that they can stand on their own economically.

Sustainability of Businesses: Recent outcry on the operating results reported by major telecom operators has necessitated that the sustainability aspect is of paramount importance for a business enterprise. Similarly the conduct of a few unscrupulous promoters, with allegation of money laundering, put a great degree of responsibility on our profession while undertaking audit and attest (including certification) functions.

Code of Conduct: Code of Conduct is essentially a set of professional ethical standards, regulating the relationship of Chartered Accountants with their

- Clients
- Employers
- Employees
- Fellow members of the group and
- the Public generally.

Every professional ethics in the world require a high toned morally and integrity. It considers the rightness and wrongness of man's conduct. It is a source of justifiable pride to a professional to consider the great role members of his profession have played to maintain the human values in order to strengthen the social structure and finally the public interest.

The Code of Ethics is a guiding force to the members of the profession and today the professionals act totally on the principles enunciated in the Code of Ethics. It is not for getting the examination passed and acquiring the qualification but it is required to be followed in line and spirit.

The Council of the Institute has, during the last 70 years, exercised its disciplinary jurisdiction judiciously but without fear or favour, and has built up a record of healthy traditions of which it can be honourably proud. The highest standards of ethical behaviour can only evolve from the conduct of members and our Alma Mater feels sure that whenever members are confronted with two interpretations on a matter relating to professional conduct-one ethical and the other legalistic-they would adopt the stricter interpretation than the more liberal one, even though the latter may be perfectly legal.

In line with the Ethics Standards Board for Accountants (IESBA) Code of Ethics, 2018 issued by the International Federation of Accountants (IFAC), our Institute has issued a Code of Ethics, 2019 which will come into force with effect from 1st April 2020.

Payment of Membership/COP Fees for the year 2019-20 is further extended to 31st December 2019: It has been decided to extend the last date for payment of Membership /COP fee for the year 2019-20 up to 31st December 2019. It has been further decided to waive off condonation fee on delay of filing of application forms related to Members, Firms and Students, if respective transaction date in application forms falls between 1st April 2019 to 31st December 2019. I request all our members to make use of this extension of date and pay their Membership / COP fee to keep their status active with ICAI.

Due date for Annual Filing Extended: As you are aware that Ministry of Corporate Affairs has extended the due date for filing of e-form MGT-7 up to 31st December 2019.

CPE Credit Hours Requirement: Members may kindly note that the timeline to comply with the CPE credit hours requirement (Complete details of the CPE requirements for various categories of members have been given elsewhere in this newsletter) for the block period of 3 years starting from 01-01-2017 to 31.12.2019 is 31st December 2019. In order to enable our members to comply with the CPE Credit hour requirements, SIRC of ICAI has lined up series of CPE Meetings, Seminars and Workshops on Auditing Standards, Accounting



Standards, ICAI Code of Ethics, Data Science Application in Accounting, Ind AS, Valuation and Arbitration, etc. For Registrations, please visit www.sircoficai.org. Members are requested to comply with the CPE requirements to avoid any inconveniences that may arise due to such non-compliance.

Programmes held during November 2019 at SIRC of ICAI:

At SIRC, during the month of November 2019, we had selective events including 51st Regional Conference of SIRC.

51st Regional Conference of SIRC of ICAI: Ascend - Gaining New Insights... Scaling New Heights... SIRC of ICAI had its Annual Gala Event at Lulu International Convention Centre, Grand Hyatt, Bolgatty Island, Kochi on 18th and 19th November 2019. It is yet another success story in the annals of SIRC. More than 2600 delegates were attended and rejoice the feast for knowledge, networking and rejuvenation.

The Southern India Regional Council of ICAI, the Host Ernakulam Branch of SIRC of ICAI and all the members of the Conference Committee dedicates the success of this Conference to the entire professional fraternity whose support in all respects made it possible.

- ICAI President, ICAI Vice-President and Chief Guests for the inaugural and Valedictory Sessions
- Guest of Honours
- Chairman of the Technical Sessions
- Resource Persons
- Branch Chairmen and Managing Committee Members
- Council Colleagues in the Regional and Members of Central Council
- Sponsors
- Suppliers
- Volunteers
- Members and Stakeholders
- Staffs of SIRC, SRO and Ernakulam Branch of SIRC
- Management of Bolgatty International Convention Centre, Kochi
- All other Service Providers

Two Days National Conference for CA Students: Board of Studies, ICAI is organising Two Days National Conference - Path for Success-learn, Adapt and Accelerate for Chartered Accountants Students at Kamarajar Arangam, Chennai on 10th and 11th December 2019, hosted by SIRC of ICAI. I request all the members to disseminate this information to their article assistants, enabling them to attend this national conference.

SIRC Coaching Classes: SIRC has been grooming CAs in its campus through conducting Coaching Classes for more than four decades. While SIRC coaching classes are affordable and conducted without any profit motive, all subjects are handled by eminent faculties. Details of Coaching Classes for Foundation, Intermediate (New Syllabus), Final (New Syllabus) commencing at SIRC are published in www.sircoficai.org

Chartered Accountants Benevolent Fund (CABF): SIRC of ICAI requests its members and firms to contribute to Chartered Accountants Benevolent Fund (CABF) and anyone who contributes Rs. 1 lakh and above finds a place in the CABF Contributors List Board installed at SIRC premises. More affordable contribution of Rs. 5000 towards life membership for CABF will go a long way in augmenting the much needed funds for this noble cause.

Invitation of Comments on Exposure Drafts: Revision of Part B of Code of Ethics, 2019: Inputs / Suggestions / Comments / Feedback on Exposure Draft: Revision of Part B of Code of Ethics, 2019. It may be accessed on the website of the Institute at <https://resource.cdn.icai.org/57530esb46665.pdf> We hereby request our members to send their inputs through email to esb@icai.in / ashishwaroop@icai.in latest by 21st December, 2019. All perspectives are invited. Your comments are valuable to us, and will be considered during finalization of the Code.

Advance New Year and Season's Greetings to all our beloved Members and Students.

SIRC wishes Happy Birthday and Happy Anniversary to all those Members and Students who were born/who got married in the month of December.



Yours in the Service of the Profession
CA. Jomon K. George
Chairman, SIRC of ICAI

APPEAL FOR CHARTERED ACCOUNTANT BENEVOLENT FUND

Dear Member,

We are to request you to kindly consider becoming **life member of the Chartered Accountant Benevolent Fund (CABF)**. We wish to provide an overview of the CABF as under:

Objective of Chartered Accountant 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:

- Persons who are or have been members of the Institute, whether subscribers to the fund or not; or
- Wives and children of persons who are or have been members of the Institute, whether subscribers to the fund or not.
- Widows and children of deceased persons who have been members of the Institute whether subscribers to the fund or not.
- 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.

Complete details of the assistance schemes of the CABF have been hosted at https://www.icai.org/new_post.html?post_id=745

Procedure for becoming a member of the CABF:

There are two categories of members:

- Life Member:** A single payment of Rs. 5000/- shall make a person eligible to be admitted as a life member of the fund. Thereafter he shall not be liable to pay any amount on account of subscription and shall be styled as a 'Life Member'.
- Ordinary members:** All other members shall be described as 'Ordinary Members' and shall have to pay an annual subscription of Rs. 1000/-.

Apart from this any member can subscribe for 'Voluntary Contribution'. Members and Firms who contribute Rs. 100000 and above will be acknowledged through SIRC newsletter apart from a Roll of Honour in the SIRC premises as well as in the website of the SIRC of ICAI at <https://www.sircoficai.org/about/cabf-contributories>

Procedure for making payment

Membership subscription to the Chartered Accountants Benevolent Fund can be paid along with annual membership fee. Alternatively it can be paid separately by local cheque/DD to the respective Decentralized offices or Regional offices or Head office.

- Till date CABF has 87029 life members. In order to strengthen the financial position of the fund. The Committee desires that all the members of the Institute should join CABF extending their helping hands to support their Professional colleagues and dependents.
 - It is an earnest appeal of the fund that all the members must become life member of the fund, if not, and to contribute voluntarily any amount for the noble and pious cause of CABF.
 - It is also an appeal to all the members to pay annual voluntary fee for CABF every year.
 - The voluntary contribution can be made by way of cheque/demand draft payable in favour of 'The Chartered Accountants' Benevolent Fund, New Delhi' can be sent to CABF, The Institute of Chartered Accountants of India, New Delhi-110002 during the year. Life members are allotted a separate life membership number of the fund.

- The CABF thankfully issues receipts of the contributions made by the members which is eligible for tax exemption under Section 80-G of Income Tax Act.

Kindly note that a single payment of Rs. 5000/- shall make you eligible to be admitted as a life member of the fund. Thereafter you shall not be liable to pay any amount on account of subscription and shall be styled as a 'Life Member'.

If you need any assistance or clarification in this regard, kindly get in touch with Dr. T Paramasivan, Joint Director (Tech.) of the office the SIRC of ICAI at 04430210321 or 8056011449.

When you make the payment towards Life Membership for CABF, kindly advise your details (membership and payment details) to sirc@icai.in for our records.

With best regards,
Yours sincerely,
CA. Jomon K George
Chairman, SIRC of ICAI

For CABF Life Membership Application Form, visit
https://resource.cdn.icai.org/18069life_Membership_form_CABF.pdf

WORKSHOP ON AUDIT QUALITY REVIEW: KEY LEARNINGS CPE CREDIT **2** HOURS

ORGANIZED BY SIRC OF ICAI
UNDER THE AEGIS OF QUALITY REVIEW BOARD

DAY & DATE: FRIDAY, 20TH DECEMBER, 2019

TIME: 3.00 PM TO 5.00 PM

**VENUE: P. BRAHMAYYA MEMORIAL HALL, ICAI BHAWAN,
NO. 122, MAHATMA GANDHI ROAD,
NUNGAMBAKKAM, CHENNAI - 600034.**

Timings	Topic & Speaker
3.00 PM - 3.30 PM	Inaugural Session: Address by Dr. (Mrs.) Parvinder Sohi Behuria , Chairperson, QRB
3.30 PM - 4.30 PM	Audit Quality Review : Key Learnings for Audit Firms Speaker : CA. Dhinal A. Shah , FCA, Board Member, QRB
4.30 PM – 5.00 PM	Question and Answer Session

Delegate Fee (Inclusive of 18% GST): Rs. 118/-
For Online Registration, please visit www.sircoficai.org

CA. Jomon K. George Chairman, SIRC of ICAI	CA. M.P.Vijay Kumar Member, Quality Review Board	CA. K. Jalapathi Secretary, SIRC of ICAI
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GST UPDATION REQUEST IN SIRC WEBSITE

Members are requested to register their GST Registration No. in the SIRC Dashboard at SIRC website www.sircoficai.org to enable us to provide Tax invoice for ITC.
Chairman, SIRC of ICAI



ANNOUNCEMENT-MEMBERS

CPE Credit Hours Requirement

1. All the members (aged less than 60 years) who are holding Certificate of Practice (except all those members who are residing abroad) are required to:

1. Complete at least 120 CPE credit hours in a rolling period of three-years.
2. Complete minimum 20 CPE credit hours of structured learning in each calendar year.
3. Balance 60 CPE credit hours (minimum 20 CPE credit hours in each calendar year) can be completed either through Structured or Unstructured learning (as per Member's choice).

2. All the members (aged less than 60 years) who are not holding Certificate of Practice; and all the members who are residing abroad (whether holding Certificate of Practice or not) are required to:

1. Complete at least 60 CPE credit hours either structured or unstructured learning (as per Member's choice) in rolling period of three-years
2. Complete minimum 15 CPE credit hours of either structured or unstructured learning (as per member's choice) in each calendar year.

3. All the members (aged 60 years & above) who are holding Certificate of Practice, are required to:

1. Complete at least an aggregate of 90 CPE credit hours of either Structured or Unstructured Learning (as per member's choice) in a rolling period of three years
2. Complete minimum of 20 CPE credit hours being an aggregate of either Structured or Unstructured Learning (as per member's choice) in each calendar year

4. The following class of members are exempted from CPE credit hours requirement:

1. All the members (aged 60 years and above) who are not holding Certificate of Practice.
2. Judges of Supreme Court, High Court, District Courts and Tribunal
3. Members of Parliament/MLAs/MLCs
4. Governors of States
5. Centre and State Civil Services
6. Entrepreneurs (owners of Business (manufacturing) organizations other than professional services)
7. Judicial officers
8. Members in Military Service

5. Temporary Exemptions:

1. Female members for one Calendar year on the grounds of pregnancy
2. Physically disabled members on case to case basis having permanent disability of not less than 40% and above (Supported with medical certificates from any doctor registered with Indian Medical Council with relevant specialisation as evidenced by Post Qualifications (M.D., M.S. etc.).
3. Members suffering from prolonged critical diseases/illnesses or other disability as may be specified or approved by the CPEC. (Supported with medical certificates from any doctor registered with Indian Medical Council with relevant specialisation as evidenced by Post Qualifications (M.D., M.S. etc.).

UPDATES

Scan QR Code & Read



Kerala VAT

Contributed by:
CA. C. Seshadri Nadan, Vadakkencherry
seshadrinadan@icai.org

FEMA

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



Karnataka VAT - GST updates

Contributed by:
CA. Annapurna D. Kabra, Bengaluru
annapurna@hskaadvisors.com

Goods and Services Tax

Contributed by:
CA. G. Saravana Kumar, Madurai
casaravanan.82@gmail.com



Companies Act and IBC

Contributed by:
CA. Sripriya Kumar
sripriya@spka.in

Tamil Nadu VAT

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



Income Tax updates

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

SEBI

Contributed by:
CA. VMV. Subba Rao, Nellore
vmvsr@rediffmail.com



The online link for UPDATES:
<http://www.sircofi.cai.org/Professional-Updates.aspx>

DISCLAIMER

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



ONE DAY HANDS-ON WORKSHOP USING PYTHON ON DATA SCIENCE APPLICATIONS IN ACCOUNTING			CPE CREDIT 6 HOURS
DAY & DATE: WEDNESDAY, 11TH DECEMBER, 2019 TIME: 10.00 AM TO 5.30 PM VENUE: P. BRAHMAYYA MEMORIAL HALL, ICAI BHAWAN, NO. 122, MAHATMA GANDHI ROAD, NUNGAMBAKKAM, CHENNAI - 600034.			
SPEAKERS CA. Jayendran G.S. and Ms. Aarthi Kumar			
Delegate Fee (Inclusive of 18% GST): Online Registration: Rs. 1180/- Spot Registration: Rs. 1416/-			
For Online Registration, please visit www.sircoficai.org			
<ul style="list-style-type: none"> ● Restricted to 25 Participants on First Come First Served Basis. ● Participants should carry their Laptop compulsorily. 			
CA. Jomon K. George Chairman, SIRC of ICAI	CA. Dungar Chand U Jain Programme Coordinator	CA. K. Jalapathi Secretary, SIRC of ICAI	

TWO DAY WORKSHOP ON IND AS			CPE CREDIT 12 HOURS
DAY & DATE: THURSDAY & FRIDAY, 12 & 13, 2019 TIME: 10.00 AM TO 5.30 PM VENUE: P. BRAHMAYYA MEMORIAL HALL, ICAI BHAWAN, NO. 122, MAHATMA GANDHI ROAD, NUNGAMBAKKAM, CHENNAI - 600034.			
Day 1: 12th December 2019			
Topics		Speakers	
Ind AS 115 : Revenue from Contract with Customers Ind AS 116: Leases		CA. Chinnsamy Ganesan	
Ind AS 109 : Financial Instruments		CA. R. Venkata Subramani	
Day 2: 13th December 2019			
Ind AS 12 : Income Taxes		CA. Mithul Shah	
Ind AS 16, 23, 38 : PPE, Borrowing Cost, Intangible Assets		CA. Nitin Jain	
New Code of Ethics		Eminent Speaker	
Delegate Fee (Inclusive of 18% GST): Online Registration: Rs. 2360/- Spot Registration: Rs. 2832/-			
For Online Registration, please visit www.sircoficai.org			
CA. Jomon K. George Chairman, SIRC of ICAI		CA. K. Jalapathi Secretary, SIRC of ICAI	

**ICAI Qualification -
Gateway to
International Career**

**Benchmarking
ICAI Qualification
by UK NARIC**

The Institute of Chartered Accountants of India (ICAI) is playing an increasingly proactive role in International Arena for its 10 lac Members & Students. To provide a strong interface to Indian members for recognition and professional opportunities abroad, recently, UK NARIC (The National Recognition Information Centre, United Kingdom) has evaluated ICAI qualification for UK and UAE Education Systems:

ICAI Award	Comparable RQF Level and UK Qualification	RQF-QF Emirates Level Comparability
ICAI Intermediate Course	RQF Level 6 (Bachelor Degree Standard)	QF Emirates Level 7
ICAI Final Course	RQF Level 7 (Master's Degree Standard)	QF Emirates Level 9

Key Benefits

- Opportunities for higher studies in UK and other foreign jurisdictions accepting NARIC evaluation
- Enhanced professional opportunities in foreign jurisdictions for members as well as semi-qualified professionals
- Facilitating qualification recognition arrangements with renowned global accountancy bodies
- Augmenting global mobility for Indian CAs
- Facilitating export of Finance and Accounting Services



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
www.icai.org

ICAI Proud Host of WCOA-2022 (Mumbai)

CLASSIFIED

A reputed firm requires, Partner – Audit for its Chennai Office, and Partner – Tax for its Mumbai Office. Practicing Professionals wishing to merge may send profile to CEO by email to advertforca@gmail.com. Candidates must have highest quality / ethics and entrepreneurial outlook.



DISCONTINUANCE OF ACTIVITIES AT SUB-DECENTRALISED OFFICES OF ICAI

ICAI's Members and Students services have already been made online, in digitized form on a new platform which works on a Self Service Mode on the Self Service portal (SSP) and in view of the same, the functions/activities which were hitherto performed by Sub-Decentralised Offices (sub-DCOs) viz.

- **Western Region:-** Ahmedabad, Baroda, Nagpur, Surat, Pune, Thane.
- **Southern Region:-** Bengaluru, Hyderabad, Coimbatore, Ernakulam.
- **Central Region:-** Jaipur, Indore.
- **Northern Region:-** Chandigarh.

of receiving physical forms have been discontinued. All Members and Students are therefore requested to use online services of ICAI through Self-Service Portal

(Link: https://www.icai.org/new_post.html?post_id=5509).

**Additional Secretary
M&C-MSS Section**

THE CHAIRMAN AND MEMBERS OF THE SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

D Rangaswamy Academy for Fiscal Research &

President and Managing Committee members of The Society of Auditors

cordially invite you for the

Centenary Celebrations of Shri D Rangaswamy & Release of the book "Formidable Twelve"

On **Thursday the 19th December 2019** at **06.30 pm**
At **P.Brahmayya Memorial Hall, ICAI Bhawan,**
122, Mahatma Gandhi Road, Chennai 600 034.

CA. T. Ananthanarayanan

Former Executive Director, Ashok Leyland Limited,

has kindly consented to release the book and deliver the Memorial Lecture on the topic "CAs and PSR"

CA. N. Rangachary,

Former Chairman CBDT and IRDA,
has kindly consented to preside

ALL ARE WELCOME

CA. Jomon K. George Chairman, SIRC of ICAI	Shri. G.V.Raman President, D Rangaswamy Academy for Fiscal Research	Shri. S.Ramakrishnan President, The Society of Auditors.	CA. K. Jalapathi Secretary SIRC of ICAI
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ONE DAY SEMINAR ON INTERNAL AUDIT

CPE CREDIT
6
HOURS

DAY & DATE: TUESDAY, 17TH DECEMBER 2019

TIME: 10.00 A.AM. TO 5.30 P.M.

**VENUE: P. BRAHMAYYA MEMORIAL HALL, ICAI BHAWAN,
NUNGAMBAKKAM, CHENNAI**

Time	Session Title	Speaker
10.00 AM to 11.45 AM	Session – 1 Risk Based Internal Audit in Manufacturing Industry	Mr. T.V. Venkataraman, Vice President & Head, Internal Audit & Risk Management, Ashok Leyland Ltd., Chennai
11.45 AM to 12.00 Noon	Coffee break	
12.00 Noon to 1.15 PM	Session – 2 Challenges in Project based Internal Audits in Construction Industry	CA. R. Sridhar
1.15 PM to 2.00 PM	Lunch break	
2.00 PM to 3.00 PM	Session – 3 Salient features of the Internal Audit Standards of ICAI	Mr. H. Venkatesan Senior General Manager & Head Group Internal Audit, Sundaram Finance Ltd., Chennai
3.00 PM to 3.15 PM	Tea break	
3.15 PM to 4.15 PM	Session – 4 Data Analytics – Adding Value to Internal Audit	Dr. CA.Paul Jayakar
4.15 PM to 5.45 PM	ICAI Code of Ethics 2019	Eminent Speaker

Delegate Fee:- Members: Rs.1180/-

For Online Registration: www.sircoficai.org

Chairman, SIRC of ICAI

Secretary, SIRC of ICAI

RESPECTFUL HOMAGE TO



SIRC of ICAI deeply mourns the sudden demise of
CA. Ambati Chinna Gangaiah
(Mem. No. 024269)

who has been actively involved in the CPE Programmes organised by SIRC and its Branches. He was also sharing his expertise and experience through two monthly updates AP VAT-GST Updates and Income Tax Updates through SIRC Newsletter.

May his soul rest in eternal peace.

P. Brahmayya Memorial Lecture on Professional Value Creation - November 2, 2019 at Chennai



Session Speaker Shri N. Venkataraman, Sr. Advocate-Supreme Court of India along with SIRC Vice Chairman CA. Dungar Chand U Jain, SIRC Secretary CA. K. Jalapathi, Central Council Members CA. D. Prasanna Kumar and CA. Babu Abraham Kallivayalil, RCM Dr. CA. Abhishek Murali, Members of Society of Auditors, Members of D Rangaswamy Academy for Fiscal Research and Family members of Late Shri Brahmayya during the floral tributes.

Regional Level Interactive Meet: Professional Opportunities for SMPs - November 25, 2019 at Chennai Under the aegis of Professional Development Committee of ICAI



SIRC Chairman CA. Jomon K. George along with Central Council Member CA. M.P. Vijay Kumar, Past President-ICAI CA. R. Bupathy, Regional Council Members Dr. CA. Abhishek Murali, CA. R. Sundararajan, SICASA Chairperson CA. Revathi S. Raghunathan, Adv. K. Ravi and CA.PB. Santhana Krishnan.

Resource Persons - November 2019



CA. Divakar Vijayasarathy CA. Raju Khatri Adv. N. Venkataraman Ms. Babita Passi Ms. Preeti Dang CA. Jayendran G S



Adv. Veerabathran Prasanth CA. Asir Raja Selvam CA. K. Sripriya CA. R. Venkata-subramani CA. G. Sekar CA. V. Prasanna Krishnan



CA. Harini Sridharan CA. P. T. Rajeev CA. Ganesh Prabhu CA. Raghavan Ramabhadran CA. Sumit Kedia CA. J. Murali Dr. T. Paramasivan



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Advt



Order No. T / 8947 / 2019 - 3 dated 17/08/2019: This is a clarification issued under Kerala General Sales Tax Act, 1963. Issues raised for clarification were the rate of tax on FMFL excluding Beer and Wine, imported Beer and Wine sold in the resort of the applicant in the following situations:-

- (a) applicant directly imports FMFL by paying Customs Duty;
- (b) applicant procures FMFL, Wine and Beer from liquor suppliers who import FMFL and clears it by paying customs Duty by utilizing the SFIS scrips provided by the applicant;
- (c) the applicable rate of tax on Beer imported by paying customs Duty and sold in the resort in bottles;

It is ruled that payment of Customs Duty by utilizing SFIS scrips does not make any difference to the tax payable on sale of above commodities. It is held that FMFL and imported Beer will be taxed at 80% and imported wine is liable for tax at 27%.

FEMA Updates for the month of December 2019

Contributed by

CA G. Murali Krishna

gmk@grandhiandassociates.in

I. Amendments to the permitted usage of SNRR (Special Non Resident Rupee) Accounts

Vide FEM (Deposit) (Third Amendment) Regulations, 2019 (Notification No. FEMA 5 (R)/(3)/2019-RB), dated 13th November, 2019, Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2019 (Notification No. FEMA 14(R)/(1)/2019-RB), dated 13/11/2019 and AP (DIR Series) Circular No. 09, dated November 22, 2019, RBI has amended the permitted use of SNRR Account. With this, SNRR accounts can now be opened by persons resident outside India for External Commercial Borrowings in INR, Trade Credits in INR and Trade Invoicing (Import and Export) in INR. In case of entities established in IFSC (International Financial Services Centre, Gujarat), SNRR can be opened for business related transactions outside IFSC like administrative expenses, government incentives, etc.

The tenure of SNRR accounts is fixed to be for seven years beyond which it shall not continue. However, such period limitation is now removed in case SNRR account is opened for above mentioned purposes.

In case of deceased SNRR account holder, the amounts due or payable to such account holder were erstwhile permitted to be credited to only NRO account of such account holder's nominee. Now it is permitted to be credited to NRE account of such nominee or direct remittance outside India through normal banking channels.

The above changes were brought in to promote the usage of INR products by persons resident outside India.

For more details, please refer the original notifications/ circulars referred above.

II. Re-export of unsold rough diamonds from Special Notified Zone (SNZ) of Customs without Export Declaration Form (EDF) formality

RBI vide A.P. (DIR Series) Circular No. 10, dated 22/11/2019, has made certain amendments to the export regulations related to re-export of unsold rough diamonds from SNZ with requirement of EDF.

In order to facilitate re-export of unsold rough diamonds imported on free of cost basis at SNZ, it was clarified in July 2015 that the unsold rough diamonds, when re-exported from the SNZ (being an area within the Customs) without entering the Domestic Tariff Area (DTA), do not require any EDF formality.

It was also clarified that entry of consignment containing different lots of rough diamonds into the SNZ should be accompanied by a declaration of notional value by way of an invoice and a packing list indicating the free cost nature of the consignment. Under no circumstance, entry of such rough diamonds is permitted into DTA.

However, for the lot/ lots cleared at the Precious Cargo Customs Clearance Centre, Mumbai, Bill of Entry shall be filed by the buyer. AD bank may permit such import

payments after being satisfied with the bona-fides of the transaction. Further, AD bank shall also maintain a record of such transactions.

Now the facility is extended to the lot / lots cleared at the centres which are duly notified under the Customs Act 1962 specified by CBIC in addition to Precious Cargo Customs Clearance Centre mentioned above.

For more details, please refer the original circular referred above.

III. Update on Compounding Orders issued under FEMA Regulations

a. M/s Uipath Business Solutions India Private Limited

Regulation	Paragraph 2 of Schedule 1 to Notification No. FEMA 20 (R)/2017-RB, dated November 07, 2017
Contravention	Allotment of shares to non-resident prior to receipt of consideration
Date of Order	October 10, 2019
Amount of Contravention	₹ 99,75,000/-
Compounding Fee	₹ 99,888/-

b. M/s Xiaomi Technology India Private Limited

Regulation	Para 8, 9(1)(A) and 9(1)(B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000
Contravention	(i) Excess share application money was refunded beyond 180 days from the date of receipt of inward remittance (ii) Delay in reporting of receipt of foreign inward remittance (iii) Delay in submission of Form FC-GPR
Date of Order	October 22, 2019
Amount of Contravention	₹ 61,25,000 /-
Compounding Fee	₹ 25,000 /-

c. M/s Metacube Software Private Limited

Regulation	Paragraph 9(2) of Schedule-1 to Notification No. FEMA 20/2000-RB dated May 03, 2000 and corresponding regulation 13.1(3) of Notification No. FEMA 20(R)/2017-RB dated November 07, 2017
Contravention	Delay in filing of FLA Return beyond due dates specified by RBI in this behalf.
Date of Order	October 29, 2019
Amount of Contravention	Not Ascertainable
Compounding Fee	₹ 20,000 /-

GST REFUND PROCEDURE UNDER GST LAW

By CA Annapurna Kabra

Under the erstwhile taxation regime, the refund was onerous area for the tax applicant and the tax administrators. When GST was implemented it was expected that there will be effective and efficient mechanism put in place for issuing the refunds. The Government has assured the hassle-free refund process on the primer of the GST law in the country. In the initial period the tax payers were not able to apply for refund as there were technical issues in the GST portal. Later multiple circulars were issued to allow for manual filing and processing of refunds as a stop gap arrangement by inserting Rule 97A of CGST Rules 2017. The following is the gist of latest detailed circular (125/44/2019-GST dated 18th November 2019) on refund procedures under the GST law.

- With effect from 26.9.2019 the different types of refund shall be filed in Form GST RFD-01 on the common portal and will be processed electronically
- Form GST RFD-01 shall be filed along with other documents/Invoices (Four document) of each maximum size of 5MB.
- The Refund application or any other documents is not required to be filed manually to the Jurisdictional officer
- The ARN will be generated only after the applicant has completed the process of filing the Refund application along with supporting documents and debited in Electronic credit/cash ledger. The Acknowledgement in GST RFD-02 or deficiency memo in GST RFD- 03 would be issued electronically.
- Deficiency memo cannot be issued on the ground that applications are received in wrong jurisdiction. The proper jurisdiction should process the final order in FORM RFD-06/ FORM RFD-05. Refund claims can be made only after filing all the Returns (GSTR 3B/ GSTR-1)
- The applicant should give letter of undertaking that refund sanctioned will be paid back if conditions under section 16(2) or 42(2) is not fulfilled. The Refund application can be filed for a tax period or by clubbing successive tax periods. It should not be spread to different financial years. If the deficiency memo is issued the refund application will not be further processed and fresh application has to be filed. The credit/Cash debited shall be recredited without Form GST PMT -03
- The Applicant should rectify the defects and file fresh applications. The proper officer shall not serve deficiency memo unless original deficiency memo is rectified. Such applications should be filed within two years from the relevant date. **Provisional Refund** will be sanctioned as per Rule 91 and final sanction of refund shall be made as per Rule 92 of CGST Rules.
- In case officer is satisfied with the documents then it can be sanctioned within seven days and issue RFD-06 and then RFD-04 is not required for sanction of 90%. The proper officer can issue Show cause notice for wrong sanction or wrong claim of Refund. Form GST RFD-08 and GST RFD-06 are to be considered as adjudicating order or order for rejection of refund

- **No adjustment or withholding of refund** shall be applicable for the refund which has been provisionally sanctioned. Rather the proper officer should sanction fully and can recover the amount from the amount so sanctioned.
- In case of **Export of goods without payment of tax**, the shipping bills details will be checked through ICEGATE Site. The proper officer shall check Form GSTR 3B and GSTR -1 and refer the 26/26/2017 circular.
- In case of rejection of Refund claim due to ineligibility of input tax credit the proper officer can issue SCN in FORM **GST RFD-08** and accordingly it shall be adjudicated by issuing RFD-06. The Proper officer shall issue **DRC-07** for recovery of wrong refund claim or can ask the applicant for voluntary payment through **DRC-03**. Then the proper officer shall order for rejected amount to be recredited to electronic credit ledger.
- For the tax periods from 01.7.2017 to 30.6.2019, the registered person shall be allowed to file refund application in case of export of services with payment of tax or Zero-rated supplies to SEZ on payment of IGST. The applicants have shown in Table 3.1(a) of GSTR 3B instead of table 3.1(b) of GSTR 3B but correctly shown in GSTR-1. Therefore, system was not allowing because of wrong disclosure in Tables of GSTR 3B and accordingly the relief has given to such applicants to file the refund claim subject to the condition that refund claim should not be more than aggregate amount as mentioned in Table under columns.
- The disbursement of refund **under different tax heads by central officers and state officers** was causing undue hardship to refund applicants. In order to facilitate the refund process, If the case is assigned to centre, it is decided that sanction order and payment order under all tax heads shall be issued by central tax officers. Similarly, in case the Refund application assigned to state officers, it is decided that sanction order and payment order under all tax heads shall be issued by state tax officers.
- If the bank Account details are invalidated, the error message is transmitted to the common portal. It can be rectified by filing non-core amendment in **Form REG-14**. The updated bank details will be reflected in drop down menu on the dashboard. The proper officer will be able to issue the payment order in **Form GST RFD 05** only after bank account is validated.
- **Interest at 6%** will be paid if the refund is not paid within 60 days from date of receipt of acknowledgement. It is also stated that adjustment of refund amount against any outstanding demand under the existing law can be done.
- The proper officer will verify GSTR -2A as an evidence for verification of Input Tax credit. Invoices are not required to be uploaded. **Only self- certified invoices** are required where not declared in GSTR 2A but has been claimed as eligible input tax credit as per Rule 36(4) of CGST Rules 2017
- With reference to section 54(3) of CGST Act, if a supplier avails drawback in respect of duties rebated under customs and Central excise duties drawback rules 2017, he shall be eligible for refund of unutilized input tax credit of taxes. Refund of eligible credit on account of state tax shall be available if the supplier of goods or services or both has **availed drawback** in respect of central tax.

- Certain supplies have been notified as **deemed exports**. Either the recipient or supplier can apply for Refund. In case Refund is claimed by the supplier, the documentary evidences like undertaking that recipient has not claimed refund and shall not avail any input tax credit on such supplies. Even the recipient can claim refund stating that ITC is not availed on Invoices and Refund only for those invoices which are detailed in statement 5B and also declare that supplier has not claimed refund on those invoices. The procedure regarding supplies from DTA under deemed export needs to be complied as per circular 14/14/2017-GST dated 6.11.2017.
- The Exports of Goods or Services without payment of IGST by furnishing of letter of Undertaking (LUT) is eligible as exports, even though the exports are made before filing the Letter of Undertaking.
- In certain instances, exporters have been asked to pay IGST and then claim refund where the goods are **not exported within three months** from date of export. It has been directed to jurisdictional commissioner to grant extension of time limit for export. The same principle is applicable for export of services also.
- As per circular when a person intending to export under LUT is required to give self-declaration that he is not prosecuted. Therefore, asking for such **self-declaration** in every export under LUT is not required.
- During the process of refund claim, the value of the goods declared in the GST Invoice and the value in the corresponding **shipping bill/bill of export** should be examined and the lower of two values should be considered while calculating the eligible amount of refund.
- It is not mandatory to submit the **proof of realization of export proceeds** for processing of refund claims related to export of goods. It is the requirement in case of exports of services.
- In case of Zero-rated supply of exempted/Non-GST goods, the requirement for furnishing bond or **LUT** cannot be insisted.
- Refund of unutilized input tax credit is allowed in zero rated supplies made without payment of tax and inverted duty structure. The transitional credit pertaining to erstwhile law cannot be treated as part of Net Input Tax credit and no refund of such **unutilized transitional credit** is admissible.
- The exporters who are receiving **capital goods under EPCG** scheme through imports or through domestic procurements are eligible to claim refund and not hit by sub rule 96(10) of CGST Rules 2017.
- It has been clarified for the formula of **Inverted duty structure** that where there are multiple inputs attracting different rate of taxes, the Net ITC covers the ITC availed on all inputs in the relevant period irrespective of their rate of tax.
- In case of **TDS and TCS** if excess amount has been credited to the electronic cash ledger of deductee, the deductee can adjust the same while discharging his output liability or can claim refund of excess balance in electronic cash ledger
- In case of Refund of **IGST paid** on goods exported out of India, the shipping bill is deemed to be an application for Refund but it is deemed to be filed only when export manifest or export report is filed and applicant has filed the return in Form GSTR 3B and

furnished in GSTR-1 of the relevant period. Upon receipt of the information from common portal the custom system process the claim for refund and an amount equal to IGST paid in respect of such export is electronically credited to the bank account of the applicant.

- Exporter will be eligible to take credit of tax at 0.5%/1% paid by him. The supplier who supplies at above **concessional rate** is also eligible for refund under inverted duty structure. The Exporter of such goods is eligible to export the goods only under LUT/bond and cannot export on payment of IGST.
- The Input Tax credit **of Invoices** issued in previous months and availed in current month cannot be excluded from the calculation of the refund amount for the current month.
- The above circular has clarified on **practical instances** which were confronted during applying Refund from the Refund Authority. The Processing of timely GST Refunds will release blocked working capital and facilitate trade to the registered persons. Therefore, the Refund Authority should not hold the refund because of non-technical or minor procedural lapses and should release the refund hastily.

GST UPDATES

1. Clarification regarding optional filing of annual return under Notification No 47/2019-CT dated 09th October, 2019 -

- Tax payers who fall under composition scheme and regular tax payers whose aggregate turnover in a financial year does not exceed two crore rupees may at their own option file GSTR 9A and GSTR 9 respectively for the financial years 2017 18 and 2018 19 before the due date prescribed for filing annual returns. In case such tax payers do not file before the due dates it shall be deemed that such returns have been filed before the due dates. Hence, after the due date of filing annual returns for FY 2017 18 and 2018 19 the common portal shall not permit furnishing of annual returns (both GSTR 9A and 9) for the said periods.
- In case any short payment of tax or ineligible availment of tax is found by those tax payers after due date for furnishing annual returns, such tax payers may pay the short paid taxes or wrongly availed credits through Form GST DRC-03 available in the common portal.

2. Generation and quoting of Document Identification Number (DIN) on any communication issued by the officers of the Central Board of Indirect Taxes and Customs (CBIC) to tax payers and other concerned persons - Circular No. 122/41/2019-GST dated 05-11-2019

- The Board in exercise of its power under section 168(1) of the CGST Act, 2017/ Section 37B of the Central Excise Act, 1944 directs that no search authorization, summons, arrest memo, inspection notices and letters issued in the course of any enquiry shall be issued by any officer under the Board to a taxpayer or any other person, on or after the 8th day of November, 2019 without a computer generated Document Identification Number (DIN) being duly quoted prominently in the body of such communication. The digital platform for generation of DIN is hosted on the Directorate of Data Management (DDM)'s online portal "cbicddm.gov.in".
- Exceptions : The exigent situations in which a communication may be issued without the electronically generated DIN are as follows:-
 - when there are technical difficulties in generating the electronic DIN, or
 - when communication regarding investigation/enquiry, verification etc. is required to issued at short notice or in urgent situations and the authorized officer is outside the office in the discharge of his official duties
- It is also clarified that any specified communication which does not bear the electronically generated DIN and is not covered by the

exceptions mentioned in above para, shall be treated as invalid and shall be deemed to have never been issued.

3. Restriction in availment of input tax credit in terms of sub-rule (4) of rule 36 of CGST Rules, 2017 - Circular No. 123/42/2019- GST

- With effect from 09th October, 2019 vide notification no 49/2019-CT following rules have been incorporated in Rule 36 “(4) *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. 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.*”
- Hence, a tax payer shall not be allowed to take input tax credit more than 120% of eligible input tax credit as per GSTR 2A in case all the invoices for the tax period are not uploaded by suppliers. Following issues are explained by the board Vide above circular.
 - The restriction of availment of ITC is imposed only in respect of those invoices / debit notes, details of which are required to be uploaded by the suppliers under sub-section (1) of section 37 and which have not been uploaded. Therefore, taxpayers may avail full ITC in respect of IGST paid on import, documents issued under RCM, credit received from ISD etc. which are outside the ambit of sub-section (1) of section 37, provided that eligibility conditions for availment of ITC are met in respect of the same.
 - The restriction imposed is not supplier wise. The credit available under sub-rule (4) of rule 36 is linked to total eligible credit from all suppliers against all supplies whose details have been uploaded by the suppliers. Further, the calculation would be based on only those invoices which are otherwise eligible for ITC.
 - The amount of input tax credit in respect of the invoices / debit notes whose details have not been uploaded by the suppliers shall not exceed 20% of the eligible input tax credit available to the recipient in respect of invoices or debit notes the details of which have been uploaded by the suppliers under sub-section (1) of section 37 as on the due date of filing of the returns in FORM GSTR-1 of the suppliers for the said tax period. The taxpayer may have to ascertain the same from his auto populated FORM GSTR 2A as available on the due date of filing of FORM GSTR-1 under sub-section (1) of section 37.

4. Clarification on scope of the notification entry at item (id), related to job work, under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017 – GST - Circular No. 126/45/2019-GST

A clarification is issued by board on the scope of the notification entry at item (id) under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017 inserted with effect from 01-10-2019 to implement the recommendation of the GST Council to reduce rate of GST on all job work services, which earlier attracted 18 % rate, to 12%.

It has been stated that the entry at item (id) under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017 inserted with effect from 01-10-2019, prescribes 12% GST rate for all services by way of job work. This makes the entry at item (iv) which covers “manufacturing services on physical inputs owned by others” with GST rate of 18%, redundant.

Job work has been defined in CGST Act as under.

“Job work means any treatment or processing undertaken by a person on goods belonging to another registered person and the expression ‘job worker’ shall be construed accordingly.”

In view of the above, it may be seen that there is a clear demarcation between scope of the entries at item (id) and item (iv) under heading 9988 of Notification No. 11/2017-Central Tax (Rate) dated 28-06-2017. Entry at item (id) covers only job work services as defined in section 2 (68) of CGST Act, 2017, that is, services by way of treatment or processing undertaken by a person on goods belonging to another registered person. On the other hand, the entry at item (iv) specifically excludes the services covered by entry at item (id), and therefore, covers only such services which are carried out on physical inputs (goods) which are owned by persons other than those registered under the CGST Act.

Some Important Updates on Companies Act 2013 and Insolvency and Bankruptcy Code 2016

CA. Sripriya Kumar

Identification and flagging of Disqualified Directors

Click on Link : http://www.mca.gov.in/Ministry/pdf/Upload_31102019.pdf

Please note that the Registrar of Companies (ROCs) are in process of **identification and flagging of Directors** disqualified under section 164(2)(a) of the Companies Act, 2013 for their default of non-filing of financial statements or annual return for continuous period of three financial years i.e. 2015-16, 2016-17, 2017-18. In this regard all the defaulting directors are hereby cautioned to find the pending statutory returns and do necessary compliance as per provisions of law, otherwise actions will be initiated under section 164 of the Companies Act, 2013 and Rules made thereunder. The DIN of such Directors **are not allowed to be used for filing any e-forms on MCA21 portal.**” (emphasis supplied)

The disqualification may arise when the company has defaulted in filing of the financial statements or annual return for a **continuous period of Three financial years** (i.e. 2015-16, 2016-17, 2017-18).

It appears that the RoC after identification and flagging off would not allow the DIN to be used for filing of any e-forms on the MCA portal

Kindly advise clients to ensure compliance in this regard as it appears that there would potentially result in the Directors DIN not being usable for any other companies where there are no such defaults also. This would mean that all financial statements that have not been filed till date should be completed and filed at the earliest

Extension of Time for Filing NFRA 2

Click on Link : http://www.mca.gov.in/Ministry/pdf/NFRA_27112019.pdf

The Ministry of Corporate Affairs has received several representations regarding extension of the last date of filing of Form NFRA-2, which is required to be filed under rule 5 of the National Financial Reporting Authority Rules, 2018. The matter has been examined and it is stated that the time limit for filing Form NFRA-2 will be 90 days from the date of deployment of this form on the website of National Financial Reporting Authority (NFRA).

For the categories of Companies and auditors for which this rule is applicable, click on link for Rule 3 of the National Financial Reporting Authority Rules 2018 <http://ebook.mca.gov.in/Default.aspx?page=rules> . For Rule 5 which prescribes the Annual Return to be filed in NFRA 2 , click on link for the Amendment Rules 2019 at <http://ebook.mca.gov.in/Default.aspx?page=rules>

Insolvency Resolution Process for Personal Guarantors to Corporate Debtors

Click on Link : http://www.mca.gov.in/Ministry/pdf/Notification_18112019.pdf

http://www.mca.gov.in/Ministry/pdf/ResolutionandBankruptcy%20Rules_19112019.pdf

<p>The Government has notified that the Insolvency Resolution Process for Personal Guarantors to Corporate debtors shall come into force on December 1, 2019 and notified the rules for the same</p>	<p>In exercise of the powers conferred by sub-section (3) of section 1 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Central Government hereby appoints the 1st day of December, 2019 as the date on which the following provisions of the said Code only in so far as they relate to personal guarantors to corporate debtors, shall come into force</p> <ol style="list-style-type: none">(1) clause (e) of section 2;(2) section 78 (except with regard to fresh start process) and section 79;(3) sections 94 to 187 [both inclusive];(4) clause (g) to clause (i) of sub-section (2) of section 239;(5) clause (m) to clause (zc) of sub-section (2) of section 239;(6) clause (zn) to clause (zs) of sub-section (2) of section 240; and(7) section 249.
<p>The Government has also notified the rules in this regard by the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019</p>	<p>These rules stipulate the manner of filing of applications before the Adjudicating Authority and till such time, rules of procedure for conduct of proceedings under the Code are notified, the applications under rules 6 and 7 shall be filed and dealt with by the Adjudicating Authority in accordance with</p> <ol style="list-style-type: none">(a) rules 20, 21, 22, 23, 24 and 26 of Part III of the National Company Law Tribunal Rules, 2016 made under section 469 of the Companies Act, 2013 (18 of 2013); or(b) rule 3 of the Debt Recovery Tribunal (Procedure) Rules, 1993 made under section 36 of the Recovery of Debts and Bankruptcy Act, 1993 (51 of 1993) and regulations 3, 4, 5 and 11 of the Debt Recovery Tribunal Regulations, 2015 made under section 22 of the Recovery of Debts and Bankruptcy Act, 1993, as the case may be

MADRAS HIGH COURT Judgments in VAT CST GST

by Sampathkumar V V

Freight Charges: Rule 8 (2) of TNVAT Rules 2006, specifically excludes the freight charges as post-sale charges which are separately charged in the invoices. The Division Bench of this Court, in a recent decision reported in 2019 (1) TMI 711 in the case of M/s. Larsen & Toubro Limited Vs. State of Tamil Nadu, had held that the cost of freight and delivery or cost of transportation cannot be included in the sale price, where they are separately charged and when the freight charges and pumping charges have been separately shown in the invoices without including the same in the cost of the goods, the tax cannot be levied on the same. **M/s.Technomax Building Solutions India (Pvt) Ltd., Coimbatore Vs AC (CT), Thudiyalur Assessment Circle W.P.Nos.932 & 933 of 2013 DATED: 20.06.2019**

Personal hearing: Order of assessment was passed in the absence of any reply filed by the petitioner. The petitioner sought for third party documents, which are relied on by the Assessing Officer. Those documents were not furnished to the petitioner. Court has remitted the matter back to the AO with specific directions to redo the assessment once again after furnishing copies of documents to the petitioner. **Tvl.Anuj Traders vs. AC (ST) Shevapat (North) Assessment Circle W.P.No.6717 of 2019 DATED: 18.09.2019**

Remand directions: Stating that no reply filed or filed the declaration forms till date, the notified proposal is confirmed by the AO. The writ petitioner sought time to the notice dated 23.06.2014 bearing CST/697145/2006-07 and the same has been duly received by the respondent namely CTO, Nungambakkam Assessment Circle, Chennai - 600 031. Considering that there was floods, deluge, disruption of normal life in November-December of 2015, this Court is inclined to set aside the impugned order and remanded the matter with directions. **Tvl. KJK Poly diamonds International (p) Ltd., Vs the AC (CT), Nungambakkam Assessment Circle W.P.No. 8593 of 2019 DATED: 20.06.2019**

Export oriented units: Claim for the refund of input tax credit relating to the supply made to 100% export oriented units situated inside the SEZ was rejected without a proper speaking order. The matter is remitted back to the respondent for passing fresh orders on merits and in accordance with law with reasons and findings. **M/s.R.R.K.Alloys vs. AC (ST) Avinashi Circle Coimbatore. W.P.Nos.25042, 25045 & 25046 of 2019 DATED: 05.09.2019**

Limitation: The AO sought to revise the assessment in respect of assessment years 2008-09, 2009-10 & 2010-11, to which, the deemed assessment has already been taken place and completed on 30.06.2012. Therefore, if the AO intends to revise the assessment based on a reason that the turnover has escaped assessment or that the assessee has wrongly availed the Input Tax Credit, he ought to have proceeded to determine it within the time (i.e., on or before 30.06.2018) prescribed u/s 27 of the TNVAT Act. Owing to the meaning of the term "determine", the Court came to the conclusion that impugned assessment orders are barred by limitation. **M/s.Chhotabhai Retailing India P. Ltd, Vs. AC (ST) Nungambakkam Assessment Circle, W.P.Nos.31431, 31433, 31434 of 2018 Dated: 05.09.2019**

Input Tax Credit: The application for the transfer or input tax credit from the transferor company to the transferee company has not taken place as no orders were passed by the AO, for past five years. In a writ petition, the Court directed the respondent to consider the application filed in this regard by the petitioner on 01.08.2013 and pass orders on the same on merits and in accordance with law. **Orix Auto Infrastructure Services Ltd., vs. AC (CT) Royapettah Assessment Circle Chennai W.P.No.26792 of 2019 DATED: 06.09.2019**

Time sought for reply: In these cases, the Assessee has sought for time to file their objection through their letter dated 15.03.2019. Such communication was also received by the AO, as found in the impugned order itself. If that be the case, the AO is not justified in proceeding to pass the assessment orders without informing the assessee as to whether their request for time to submit their reply has been accepted or rejected. The act of the AO in not passing any order on the request of the petitioner seeking for time and proceeding to pass the orders of assessment straightway, amounts to violation of principles of natural justice. **Delphi TVS Technologies Limited Vs. AC (ST), (BYA), Anna Salai Assessment Circle, Chennai 600 006. W.P.Nos.11757, 11765, 11769, 11774 and 11777 of 2019 Dated 09.09.2019.**

Assessment: In an assessment process, after considering the objections to the proposal notice, if the assessing officer intends/decides to drop the proposal as a whole, there is no need for personal hearing. On the other hand, if the assessing officer intends/ decides to confirm the proposal either in part or whole, then he should invite the assessee for personal hearing. Stating so, the Court concluded that when an order of assessment is passed u/s 22(4) of the TNVAT Act 2006, the assessee has right to be heard in person. **T.M.Natarajan & Company Vs. AC, Pollachi Rural Assessment Circle. W.P.Nos.7905, 7918 & 7924 of 2019 Dated: 13.09.2019**

Penalty: Penalty cannot be levied without affording a personal hearing to the assessee. **M/s. National Tyre Re-treading vs. The State Tax Officer, Vandavasi W.P.No.27349 of 2019 DATED: 16.09.2019**

Advance Rulings: Without providing an opportunity of personal hearing the application for Advance Ruling cannot be rejected vide proviso to Section 48A of the Tamil Nadu VAT Act, 2006, **M/s.V.L.S.Fibre Vs. Authority for Clarification and Advance Ruling, W.P.No.16792 of 2019 Dated: 18.09.2019**

Income Tax Updates

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1. Penalty proceedings initiated against assessee cannot be continued against legal representative: In *CIT v. Smt. S.Gowri (2019) 417 ITR 45 (Mad)* proceedings for levy of penalty under section 271(1)(c) was initiated against the assessee and subsequently it was continued against the legal representative. The tribunal held that the penalty proceedings cannot be continued against the legal representative in spite of the specific provision contained in section 159(2)(b). The Court held that the provisions of section 271(1)(c) depend upon the guilty animus or mens rea on the part of the assessee concerned. The legal representative cannot be held liable to defend those penalty proceedings or be held guilty of any mens rea on the part of the late assessee. Where the penalty proceedings are not concluded against living assessee, the legal heirs cannot be held liable to face those proceedings or pay any sum determined as penalty under the Act. Though this decision is on section 271(1)(c) penalty, the rationale of the decision could be applied for all penalties leviable under the Act.

2. Notice for reassessment solely based on statement recorded during income-tax survey is not valid in law: In *A.Thangavel Nadar Stores v. ITO (2019) 417 ITR 50 (Mad)* the assessee filed a writ challenging the issue of notice under section 148 based on the statement recorded during the course of survey conducted under section 133A. There was no incriminating material found in the course of survey as can be seen from the Mahazarnama recorded on the day of survey by the survey team. The Court held that a statement recorded under section 133A is distinct and different from a statement recorded under section 132(4) which is recorded in the course of search and seizure. The Court held that a statement recorded by the searching officer under section 132(4) is specifically permitted to be used as evidence in any proceeding under the Act but there is no similar sanctity ascribed to the statement recorded under section 133A. The utility of a statement recorded in the course of survey is limited to the extent it is useful or relevant to any proceeding under the Act. Accordingly, notice for reassessment solely based on the sworn statement recorded under section 133A is not tenable in law.

3. Income tax survey cannot be converted in to search under section 132 except for the reasons contained in section 132(1): In *Pawan Kumar Goel v. Union of India (2019) 417 ITR 82 (P&H)* the Officials of the Income-tax Department entered the business premises of the petitioner and wanted him to sign the documents without disclosing their contents. When the assessee asked for the reasons a summon under section 131 was

served and the officials wanted to carryout a survey operation under section 133A. The petitioner voluntarily disclosed cash held in the premises exceeding Rs.2 crores. He also cooperated with the Officials of the Department by providing books of account, keys of lockers and all other necessary support during survey. The assessee contested the issue of summons under section 131(1) and conversion of survey into search and seizure. The court took note of the Bombay High Court decision in the case of *L.R.Gupta v. Union of India (1992) 46 DLT 14* where it was held that a search under section 132 is a serious invasion into the privacy of a citizen. No search under section 132(1) can be ordered except for any of the reasons contained in clause (a), (b) or (c). Accordingly, it held that the survey proceedings cannot be converted into search in violation of the legal procedure contained in the statute.

4. Cash seized under the guidelines of the Election Commission is not a seizure consequent to section 132:

In *Indian Traders v. State of Bihar (2019) 417 ITR 95 (Patna)* as per the guidelines of the Election Commission a flying squad entered into the business premises of the petitioner claiming knowledge about huge cash lying therein meant for use in elections for influencing voters in violation of the election laws and guidelines. The petitioner did not receive any notice and the authority vested with the flying squad was also not known to him. The petitioner handed over the cash which was a collection of payments received from different customers and meant for different purposes. The cash was not counted by the flying squad, who simply collected the cash, prepared a seizure list and left the business premises. The petitioner challenged the seizure by the flying squad as per the guidelines of Election Commission of India which could not be equated to a raid conducted under section 132 of the Income tax Act nor could any order be passed in purported exercise of jurisdiction under section 226(3) of the Income-tax Act, 1961. The court held that as per clause 16(iv) of the guidelines, the Nodal Officer of the Income-tax Department must be informed if a release above Rs.10 lakh is to be effected and there is no obligation on the Committee to transfer the cash to the Income-tax Department. Accordingly it was held that the action of the District Treasury Officer, Muzaffarpur in transferring the money to the Income-tax Department is not tenable in law. However, the Court gave a disclaimer by stating that it has not expressed its opinion on the exercise of powers by the Income-tax Department under sections 131 and 132A of the Act. In other words, if the Department had seized cash by invoking these provisions, the seizure might have been in compliance with the legal provisions.

5. Application for settlement of case by a company when the specified persons have less than 20% shareholding:

In *Bhatia Colonizers (P) Ltd v. Dy. CIT (2019) 417 ITR 143 (Raj)* the directors of the company declared additional income in their personal hands on which tax payable was above Rs.50 lakhs each. The company also applied for settlement of the case by declaring additional income of Rs.30.90 lakhs with resultant tax liability of

Rs.10.03 lakhs. The issue before the court was whether the shareholding of all the directors is to be reckoned for ascertaining the 20% substantial interest or is it with reference to any one director who has preferred settlement of the case with shareholding exceeding 20%. The Court held that substantial interest for clause (vi) of Explanation to section 245C(1) would reveal that at least one shareholder who has preferred settlement of his case, must hold not less than 20% of the voting power in the company. Clubbing of shareholding of different shareholders to make it 20% to satisfy the criteria of substantial interest is not permissible under the law.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/CDMRD/DRMP/CIR/P/2019/149

November 29, 2019

To,

The Managing Directors / Chief Executive Officers,
All Recognised Stock Exchanges and Clearing Corporations having
Commodity Derivatives Segment

Sir / Madam,

Sub: Cut-off Time for Determining Minimum Threshold of Margins to be Collected from Clients

1. SEBI vide circular [SEBI/HO/CDMRD/DRMP/CIR/P/2016/80](#) dated September 07, 2016 and [SEBI/HO/CDMRD/DRMP/CIR/P/2019/73](#) dated June 20, 2019 prescribed mechanism for levying penalties on short-collection/non-collection of Margins.
2. SEBI has received feedback from the market participants that members currently report margins collected from their clients to clearing corporations (CCs) *vis-à-vis* the End of Day (EOD) Risk Parameters File (RPF) generated by the CC. In case of commodity derivative products that are traded beyond 5:00 PM, members face difficulty in collecting Initial Margin (IM)/Extreme Loss Margin from their respective clients. This is because final margin requirements are crystallized at EOD, which is beyond banking hours.
3. In the light of the above, following has been decided for commodity derivative contracts, having trading hours beyond 5:00 PM:-
 - a. For the purpose of determining minimum threshold of margins to be collected by members from their clients, cut off time shall be kept as 5:00 PM.
 - b. Risk Parameter File (RPF) to be generated at cut-off time shall be applied on clients' EOD portfolio for the purpose of determining minimum threshold of margin to be collected from clients by members.
 - c. Similarly for the purpose of determining minimum threshold of Extreme Loss Margin (ELM) to be collected from clients, EOD client portfolio shall be



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

valued at the half an hour weighted average trade price arrived at cut-off time stipulated above.

4. For commodity derivative contracts having trading till 5:00 PM, margin collection from clients shall be on EOD basis.
5. Further it is also clarified that there shall not be any change in norms regarding margin computation and collection by the CC from its members.
6. This circular shall be effective from **April 01, 2020**.
7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Vishal V. Nair
Deputy General Manager
Division of Risk Management
Commodity Derivatives Market Regulation Department
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