



Bangalore Branch of SIRC e-Newsletter

Volume 07 | Issue 2 | September, 2018 | Pages : 25

English Monthly
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Happy Ganesha Chaturthi

- One Day Seminar on **GST Audit – Approach, Practical Issues and Challenges**
2nd September 2018
- One Day Seminar on **Charitable Trusts or Institutions**
4th September 2018
- **GST Reconciliations - a practical perspective Reconciliations**
6th September 2018
- One Day Seminar for **Young Members CAs**
8th September 2018
- One Day Workshop on **Auditing Standards**
11th September 2018
- Two Days Seminar on **Start Up & Fund Raising Growth**
26th & 27th October 2018

Chairman's Communique . . .



Dear Professional Colleagues,

It's the month of Financial Statements and Audit Reports! We are already in the race of fulfilling our responsibilities and it's the most exhilarating month for Chartered Accountants – we need to complete the Tax Audit assignments and submit the Audit Report before due date i.e., 30th September 2018. Unlike previous years, this year the Goods and Service Tax (GST) has upped the ante with its various associated challenges and issues that need to be meticulously and appropriately addressed. It is imperative that Chartered Accountants should keep up the quality of work and delivery in light of these new developments and challenges that have been added.

The 'Tuesday-Seminar Series' introduced by the Branch has been a hit with many members showing keen interest in knowledge updation on various topics of professional importance. This has garnered all the more interest, especially by those professionals who are specialising in these areas of practise, which has helped them to update their knowledge and excel in the said topics.

Bangalore Branch has revamped and relaunched its website with more ease of access to important links, and a refreshing interface. Suggestions to make the website more robust, suggestions on feature additions are welcome and the same can be sent to blrchairman@icai.org.

The month that was – August 2018

Fourth Breakfast Meeting was held on 4th August 2018 at Branch premises on "SA 701 Key Audit Matters" by CA Vinay K.S & CA. D. Ramprasad. 49 Members were benefitted from the deliberations therein.

An **Interactive Meeting with Income Tax Department officials**, in connection with CPC, was organized jointly by Bangalore Branch of SIRC of ICAI & FKCCI on 10th August 2018 at FKCCI premises and we are glad that many members sought solutions to their queries successfully.

In order to get updated 455 Members enrolled for **One Day Seminar on Tax Audit and ICDS** on Saturday, 11th August at Chancery Pavilion. Expert Speakers addressed on the Practical and Critical issues at the said Seminar. I thank the able co-ordinator **CA. Naveen Khariwal** for showing keen interest in guiding the Branch. I thank all the Speakers who made this Seminar a remarkable event in this month.

One Day Workshops in the month of August 2018 between 9.30 am to 5.30 pm at Vasanthnagar Branch Premises were held and details being as under-

Sl. No.	Date	One Day Workshops	No. of Members participated
1	13.8.2018	Private Limited Companies and Related Companies Act Provisions	101
2	14.8.2018	Ten Most Important FEMA Master Directions	77
3	21.8.2018	Concurrent Audit of Bank Branches	39
4	28.8.2018	Insolvency Bankruptcy Code for Chartered Accountants'	49

CA.B.P. Rao, Past President, ICAI hoisted the flag on 15th August on the occasion of 72nd Independence Day Celebrations at Vasanthnagar Branch Premises, and gave his informative address, filled with rich experience, which was an inspiration and motivation to all of us. I am happy to inform that Scholarship were given to 60 deserving needy and meritorious students. Various prizes for SICASA Sports – Kridostav 2018 were distributed. I thank CA. Abhishek Nagaraj, the All India CA Final Second Rank holder for motivating the students and guiding them towards the right path.

A Four Days **Advanced Workshop on GST** was held from 16th to 19th August 2018 at Vasanthnagar Branch Premises to empower the Members by providing specialized knowledge in GST and all legal aspects under GST law. I thank all expert and experienced Speakers and CA. Madhukar N Hiregange, Chairman, Indirect Taxes Committee, ICAI for addressing in this Workshop. 227 Members were empowered through the same.

To create awareness and sensitize the participants about the transformative technologies which are getting integrated into the domain of Accounting, St. Josephs Evening College in association with Bangalore Branch of ICAI organized a **One Day State Level Seminar on "Recent trends in accounting and their impact on business"** on 18th August 2018. I had an opportunity to inaugurate the Seminar along with CA. K. Raghu, Past President, ICAI, and Rev. Fr. Arun Prashanth D'Souza SJ, Director, St Joseph's Evening College.

Three days **Workshop on Transfer Pricing – Advance level** was held on 23rd, 24th & 25th August 2018 at Vasanthnagar Branch Premises and 58 Members attended the same.

Campus Placement Programme

It is very pleasing to know that the Campus Placement Programme held between 28th and 30th August 2018, in Bangalore, has seen participation by a record breaking 29 Companies. I must put on record the efforts of the Committee for Members in Industry & Business (CMI&B) and our President, ICAI CA. Naveen N.D. Gupta for organizing this programme in our Silicon city for Newly Qualified Chartered Accountants. I am happy to state that over 1,000 newly qualified CAs participated in the said drive, yet another milestone.

The months ahead - September and October 2018

1. In continuation of my opening remarks, it is necessary to empower our members in the field of GST, especially from the Audit perspective. Accordingly, a **One Day Seminar on GST Audit – Approach, Practical Issues and Challenges** is being organised on Sunday, the 2nd September 2018 between 9.30 am to 5.30 pm at Vasanthnagar Branch Premises. The said seminar will also focus on challenges faced in GST audit. The details and programme structure are presented elsewhere in this newsletter.
2. Continuing our Tuesday-Seminar Series, a **One Day Seminar on Charitable Trust** is being organized at Vasanthnagar Branch Premises on Tuesday, 4th September 2018 between 9.30am to 5.30 pm. The details and programme structure are presented elsewhere in this newsletter. This programme is driven by the able speaker CA N Suresh, a prodigy in the field of charitable trust compliances and nuances.
3. **GST Reconciliations - a practical perspective, Reconciliations : Why? What? How? Recon demo with mock data** is being conducted for the benefit of our members on Thursday, 6th September 2018 between 2.30 pm & 5.30 pm at Vasanthnagar Branch Premises. CA. Annapurna Srikanth will be addressing the above session. As this will be a practical session and also considering we have limited seats, I request members to register upfront on our website.
4. **One Day Seminar for Young CAs** is being organized by Young Members Skill and Innovation Development Committee of ICAI, New Delhi, and hosted by Bangalore Branch of SIRC of ICAI on Saturday, 8th September 2018 at Vasanthnagar Branch Premises. The details and programme structure is presented elsewhere in this newsletter. CA. Madhusudhan K, Chief Financial Officer at SJR Prime Corporation Pvt. Ltd has been invited as the Chief Guest to inaugurate and address the young members for this Seminar.
5. **One Day Seminar on Auditing Standards** is being organized by Auditing and Assurance Standards Board of ICAI, New Delhi, and hosted by Bangalore Branch of SIRC of ICAI on 11th September 2018 at Vasanthnagar Branch Premises between 9.30 am to 5.30 pm. I thank the efforts of CA Shyam Agarwal, the Chairman of the said committee, for his help towards this programme. Topics and speaker details are presented elsewhere in this newsletter.
6. Knowing something of everything and everything of something in **GST - 3 Day's Residential Refresher Courses (RRC) at Bangalore** is being organized under the aegis of Indirect Taxes Committee and hosted by Bangalore Branch of SIRC of ICAI on 11th, 12th & 13th October 2018. Expert and experienced Speakers will be addressing at these sessions as a part of this unique residential course.
7. Two Days **Seminar on Start Up & Fund Raising** is being organized on 26th & 27th October 2018 at Vasanthnagar Branch Premises between 9.30 am to 5.30 pm. This seminar, being a first of its kind will expose the members to various aspects of the start-up ecosystem and more importantly the critical aspects of fund raising. Speakers at this seminar have been carefully picked from the respective fields – most of them being first time speakers at our Institute forum though they have been experts in this field from many years.

Programmes for Students:

One Day Seminar on **"Smart Approach to CA Exams"** for CA Students is being organized on 1st September 2018 which will be inaugurated by CA. N. Nityananda, Past Chairman of Bangalore Branch of SIRC of ICAI.

Rankers Meet program is planned on 15th September at Branch premises.

One Day **Seminar on Mental Health for Success** is being organized on 22nd September 2018 by a Counselling Psychologist & Life Skills Trainer for the benefit of CA students.

Though September is a very busy month for us, it is also a month of Festivals. Let us celebrate Ganesh Chaturthi Festival with all the fervour and spirit. Wish you all very happy festival celebrations.

With warm regards,
CA Shravan Guduthur
Chairman

CALENDAR OF EVENTS - SEPTEMBER & OCTOBER 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
02.09.2018 Sunday	One Day Seminar on GST Audit – Approach, Practical Issues and Challenges <i>Organized by : Bangalore Branch of SIRC of ICAI</i> Delegate Fee : Members : Rs. 750/- Inclusive of GST Non Members : Rs. 3,000/- Plus GST Details at Pg. No. 8	Branch Premises 9.30 am to 5.30 pm	6 hrs
04.09.2018 Tuesday	One Day Seminar on Charitable Trusts or Institutions <i>Organized by : Bangalore Branch of SIRC of ICAI</i> Delegate Fee : Members : Rs.750/- Inclusive of GST Non Members Fee : Rs.2,000/- Inclusive of GST Details at Pg. No. 9	Branch Premises 10.00 am to 5.00 pm	6 hrs
05.09.2018 Wednesday	ICDS – 1 to 10 CA. Pankil Sanghvi	Branch Premises 6.00 pm to 8.00 pm	2 hrs
06.09.2018 Thursday	GST Reconciliations - a practical perspective Reconciliations: Why? What? How? Recon demo with mock data CA. Annapurna Srikanth Fee : Rs.100/- Inclusive of GST for Members	Branch Premises 2.30 pm to 5.30 pm	3 hrs
08.09.2018 Saturday	One Day Seminar for Young Members Chartered Accountants <i>Organized by: Young Members Empowerment Committee of ICAI</i> <i>Hosted by : Bangalore Branch of SIRC of ICAI</i> Delegate Fee : Young Members (Upto age of 30 years as on 01.01.2018 – Rs.500/- (Inclusive of GST) Senior Members : Rs.750/- (Inclusive of GST) Details at Pg. No. 10	Branch Premises 9.30 am to 5.30 pm	6 hrs
11.09.2018 Tuesday	One Day Workshop on Auditing Standards <i>Organized by : Bangalore Branch of SIRC of ICAI</i> Delegate Fee : Members : Rs. 750/- Inclusive of GST Non Members Fee : Rs.2,000/- Inclusive of GST Details at Pg. No. 11	Branch Premises 9.30 a.m to 5.30 p.m	6 hrs
12.09.2018 Wednesday	Taxation of Co-operative Institution CA. D.R. Venkatesh	Branch Premises 6.00 p.m to 8.00 p.m	2 hrs
19.09.2018 Wednesday	Automation Solutions for paperless office CA. Anand P Jangid	Branch Premises 6.00 pm to 8.00 pm	2 hrs
26.09.2018 Wednesday	Presentation & Communication skills CA. Manasa Jagadeesh	Branch Premises 6.00 pm to 8.00 pm	2 hrs



CALENDAR OF EVENTS - SEPTEMBER & OCTOBER 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
03.10.2018 Wednesday	Discounted cash flow methodology for Business Valuation & Comparable Market Method Mr. Jasjivan Singh	Branch Premises 6.00 pm to 8.00 pm	2 hrs
10.10.2018 Wednesday	Recent Amendments to Companies Act 2013 and Significant Beneficial Owners Rules, 2018 CS. J. Sundharesan	Branch Premises 6.00 pm to 8.00 pm	2 hrs
11.10.2018 Thursday 12.10.2018 Friday 13.10.2018 Saturday	3 Days Residential Refresher Courses (RRC) on GST at Bangalore	Details will be informed later	—
17.10.2018 Wednesday	Export benefits under Foreign Trade Policy CA. R.S. Pavan Kumar	Branch Premises 6.00 pm to 8.00 pm	2 hrs
24.10.2018 Wednesday	FATCA & CRS – overview, practical issues and challenges CA. Vijay Kotha	Branch Premises 6.00 pm to 8.00 pm	2 hrs
26.10.2018 Friday & 27.10.2018 Saturday	Two Days Seminar on Start Up & Fund Raising Growth <i>Organized by : Bangalore Branch of SIRC of ICAI</i> Delegate Fee : Members – Rs.1,500/- Plus GST Non Members – Rs. 3,000/- Plus GST <i>Details will be informed later</i>	Branch Premises 9.30 am to 5.30 pm	12 hrs
31.10.2018 Wednesday	Indian Outbound companies – Tax considerations that company should look out for CA. Priya Narayanan & CA. Ramya Nayak	Branch Premises 6.00 pm to 8.00 pm	2 hrs

Advertisement Tariff for the Branch e-Newsletter

COLOUR FULL PAGE

Outside back	₹ 40,000/-
Inside front	₹ 35,000/-
Inside back	₹ 30,000/-

INSIDE BLACK & WHITE

Full page	₹ 20,000/-
Half page	₹ 10,000/-
Quarter page	₹ 5,000/-

Advt. material should reach us before 22nd of previous month.

EDITOR :
CA. SHRAVAN GUDUTHUR

SUB EDITOR :
CA. RAVEENDRA S. KORE

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CALENDAR OF EVENTS - SEPTEMBER 2018 FOR CA STUDENTS

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	FEE
01.09.2018 Saturday	One Day Seminar on "SMART APPROACH TO CA EXAMS" (How to prepare, appear & clear) for CA Students <i>Inauguration by CA. N Nithyanda</i> <i>Past Chairman of Bangalore Branch of SIRC of ICAI</i> "Corporate Law" by CA. Mehul Mehta (All India 14th Rank Holder) "General over view – Accounts" CA. Chandrashekar Shetty "Information Technology / ISCA" CA. Narasimhan Elangovan "Costing" CA. Abhishek Nagaraj (All India 2nd Rank Holder) "Auditing" CA. Vikas Oswal "Direct Tax / Income Tax" CA. Deepak Chopra	Branch Premises 09.30 am to 1.30 pm & 02.00 pm to 6.00 pm	50/-
08.09.2018 Saturday	Study Circle Meet on "Audit Preparation, Working Papers and Documentation" Chief Guest: CA. Cyrus Jal Bharucha Speaker : CA. Abdul Majeed	Branch Premises 06.00 am to 8.00 pm	FREE Program
15.09.2018 Saturday	Half Day Program on "RANKERS MEET" Chief Guest: CA. Chandrashekar Shetty (Interaction with 10 Rank Holders)	Branch Premises 10.00 am to 1.30 pm	100/-
22.09.2018 Saturday	One Day Seminar on "MENTAL HEALTH FOR SUCCESS" Chief Guest: CA. Raghunatha S R Speaker : Ms. Jestalaxmi B (Counselling Psychologist & Life Skills Trainer)	ICAI Bhavan Sub Branch Race Course Road Bangalore 10.00 am to 5.30 pm	150/-

Registration on First come, first serve basis

Please Contact: **Mrs. Manjula - 080-30563547**

Payment Mode: cash / cheque / DD in favour of **"Bangalore Branch of SICASA"** payable at Bangalore

For online registration visit us: **www.bangaloreicai.org**

Rank Holders of IPCC - May 2018 EXAM - New & Old Syllabus

IPCC New Syllabus				
NAME	SRO NO	ROLL NO	TOTAL MARKS	RANK
B DHEERAJ KUMAR REDDY	SRO0604979	503450	635	8
BAGRECHA SAKSHI RAJENDRAKUMAR	SRO0633463	503152	618	15
AYUSH BAPNA	SRO0616025	503556	575	45
ANUSHKA MANDOT	SRO0622771	503341	575	45
IPCC Old Syllabus				
GAYATHRI S	CRO0554552	459192	452	10



One Day Seminar on GST Audit – Approach, Practical Issues and Challenges

Organised by **Bangalore Branch of SIRC of
The Institute of Chartered Accountants of India**

On **2nd September 2018**

Venue: **Vasanthnagar Branch Premises**

Time: **9.30 am to 5.30 pm**



Timings	Topics	Speakers
9.30 am to 9.45 am	Registration	
9.45 am to 11.15 am	Approach to GST Audit and relationship with other audits	CA. N.R. Badrinath
11.15 am to 11.30 am	Tea Break	
11.30 am to 01.15 pm	Aspects to be covered under Sec. 35(5) Audit Common Errors to be avoided in Audit	CA. Rajesh Kumar T.R.
1.15 pm to 2.00 pm	LUNCH	
2.00 pm to 4.00 pm	Aspects to be focused in reconciliations under Sec. 44(2) and annual returns	CA. Venugopal Gella
4.00 pm to 4.20 pm	Tea Break	
4.20 pm to 5.30 pm	Panel Discussion - Challenges faced in Audit	<i>Panelists:</i> CA. Jatin Christopher CA. N.R. Badrinath CA. Venugopal Gella

CA. Shravan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CA. Rajesh Kumar T.R
Programme Co-ordinator

CA. Raveendra S. Kore
Secretary
Bangalore Branch of SIRC of ICAI

Online Registration open

DELEGATE FEES : **MEMBERS** : Rs.750/- Inclusive of GST for Members
NON-MEMBERS : Rs.3,000/- Plus GST

Mode of Payment: Online/Cash/Cheque/DD in favour of
"Bangalore Branch of SIRC of ICAI", payable at Bengaluru

For Registration, Please contact:

Ms. Geetanjali D., Tel: **080 - 3056 3513 / 3500**

Email : blrregistrations@icai.org | Website : www.bangaloreicai.org

Visit our website: bangaloreicai.org for Online Registration

One Day Seminar on Charitable Trusts or Institutions

Organised by **Bangalore Branch of SIRC of
The Institute of Chartered Accountants of India**



On **4th September 2018**

Venue: **Vasanthnagar Branch Premises**

Time: **9.30 am to 5.30 pm**

Timings	Topics	Speakers
8.30 am – 9.30 am	Registration	
9.30 am – 11.30 am	1. Basics on Formation of Charitable Trust or Society or section 8 company registration and documentation 2. Issues on taxation (including registration) of Charitable trusts, including recent amendments 3. Accreted Income Tax – Legal and Procedural requirement	Dr. N. Suresh
11.30 am – 12.00 pm	Tea Break	
12.00 pm – 1.30 pm	Applicability of GST to charitable trust or institution	CA. Annapurna D Kabra
1.30 pm - 2.30 pm	LUNCH	
2.30 pm – 3.30 pm	1. Income of Education Institution and Hospital and other institutions Sec 10(23C) 2. Accounts & Audit – Requirement of form 10B and 10BB	Dr. N. Suresh
3.30 pm – 4.30 pm	CSR Provisions under the companies act and Income Tax Act	CA. Pavan Jayaprakash
4.30 pm – 5.30 pm	Questions hour discussion	Dr. N. Suresh

CA. Shravan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CA. Raveendra S. Kore
Secretary
Bangalore Branch of SIRC of ICAI

Online Registration open

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For Registration, Please contact:

Ms. Geetanjali D., Tel: **080 - 3056 3513 / 3500**

Email : **blrregistrations@icai.org** | Website : **www.bangaloreicai.org**



One day Seminar for Young Members Chartered Accountants

Organized by **Young Members Skill and Innovation Development Committee of ICAI**

Hosted by **Bangalore Branch of SIRC of ICAI**

On **Saturday, 8th September 2018**

Venue: **Vasanthnagar Branch Premises**

Time: **10.00 am to 5.30 pm**

**6 hrs
CPE**

Timings	Topics	Speakers
9.30 am - 10.00 am	Registration	
10.00 am - 10.30 am	Inauguration by the Chief Guest CA. Madhusudhan K , <i>Chief Financial Officer, SJR Prime Corporation Pvt. Ltd</i>	
10.30 am – 12.00 pm	Recent amendments in Companies Act 2017	CS J Sundharesan
12.00 pm - 12.15 pm	Tea Break	
12.15 pm - 1.45 pm	Latest Updates in Income Tax	CA. S. Vishnumurthy
1.45 pm to 2.15 pm	LUNCH	
2.15 pm – 3.45 pm	Auditing Compliance and Controls in an Automated World: How Analytics is a Big Differentiator?	CA. Narasimhan Elangovan
3.45 pm – 4.00 pm	Tea Break	
4.00 pm – 5.30 pm	How to be a Successful Chartered Accountants?	CA. Nanu R Mallya

CA Jay Chhaira

*Chairman, YMS & IDC
& Programme Chairman*

CA. Madhukar N. Hiregange

*Central Council Member, ICAI
and Member & Programme Director, YMS & IDC*

CA. Shravan Guduthur

*Chairman
Bangalore Branch of SIRC of ICAI*

CA. Divya S

*Programme Co-ordinator &
Member, Bangalore Branch of SIRC of ICAI*

CA. Raveendra S. Kore

*Secretary
Bangalore Branch of SIRC of ICAI*

Online Registration open

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Visit our website: **bangaloreicai.org** for Online Registration

One Day Workshop on Auditing Standards

Organized by **Auditing and Assurance Standards Board**

Hosted by **Bangalore Branch of SIRC of ICAI**

On **11th September 2018**

Venue: **Vasanthnagar Branch Premises**

Time: **9.30 am to 5.30 pm**

6 hrs
CPE

Timings	Topics	Speakers
8.30 am – 9.30 am	Registration	
9.30 am – 11.00 am	Technical Session I "Audit Quality Insights" Learnings from ICAEW initiative – False Assurance – (A Documentary Film)	CA. Vandana Saxena Poria ICAEW vandana@vandanasaxena.com
11.00 am – 11.30 am	Tea Break	
11.30 am – 1.00 pm	Technical Session II Overview of Auditing Standards with Emphasis on SA 701 "Communicating Key Audit Matters in the Independent Auditor's Report"	CA. Srinivas K.P
1.00 pm – 2.00 pm	LUNCH	
2.00 pm – 3.00 pm	Technical Session III Case Studies on Auditing Standards	CA. S. Sundaresan
3.00 pm – 4.00 pm	Technical Session IV Audit Documentation	CA. Mohan R Lavi
4.00 pm – 4.30 pm	Tea Break	
4.30 pm – 5.30 pm	Technical Session V Guidance Note on Reports or Certificates for Special purposes	

CA. Shyam Lal Agarwal

Programme Chairman

Chairman, Auditing & Assurance Standards Board

CA. Shravan Guduthur

Programme Director

Chairman, Bangalore Branch of SIRC of ICAI

CA. Megha Saxena

Secretary

Auditing & Assurance Standards Board

CA. Raveendra S. Kore

Programme Coordinator

Secretary, Bangalore Branch of SIRC of ICAI

Online Registration open

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Please Visit: **www.jobportal.bangaloreicai.org**



Bangalore Branch of SIRC of the Institute of Chartered Accountants of India

(Set up under an Act of Parliament)

Admissions open for Subjectwise Coaching Classes for
IPCC / Intermediate Course for May 2019 Examination -New & Old Syllabus
Consolidated Schedule for IPCC/Intermediate Course for May 2019 Examination

Duration of the Course : 06th September 2018 to March 2019 | Timings : 6.30am to 9.30am (Morning Batch)
Tentative scheduled faculty may change due to non availability at that point of time

Attention:
IPCC/
Intermediate
New & Old
Syllabus
Students

Salient features

- Experienced, Expert and Dedicated faculty members, Methodology – Conceptual teaching, Affordable Coaching Fee.
- The journey of CA with Bangalore Branch is that of progress with innumerable activities of knowledge supported and guided by our senior renowned faculty members- resource persons.
- During the course, amazing, inspiring and motivational sessions and Orientation classes will be conducted. Hence be proud to be a part of the Branch by enrolling as a student to become a prestigious member of this glorious profession.

Subject	Duration	Faculty Name
Paper-1: Accounting	06.09.2018 to 30.09.2018 & 18.10.2018 to 26.10.2018	 CA. Murali Nagaraj AE - India Rank Holder
Paper-4: Taxation: Direct Tax Laws	01.10.2018 to 17.10.2018	 CA. Prashanth Bharadwaj
Paper-5: Advanced Accounting	27.10.2018 to 30.11.2018	 CA. Vinutha Hegde AE - India Rank Holder
Paper-3: Cost and Management Accounting Cost Accounting	03.12.2018 to 31.12.2018	 CA. M. Irfat
Paper-4: Taxation: Indirect Tax Laws	02.01.2019 to 15.01.2019	 CA. Venugopal G AE - India Rank Holder
Paper-7: Enterprise Information Systems / Information Technology Strategic Management	16.01.2019 to 06.02.2019	 CA. Anand P Jangid
Paper-6: Auditing and Assurance	07.02.2019 to 20.02.2019	 CA. Anjan Babu
Paper-8: Financial Management & Economics for Finance	21.02.2019 to 07.03.2019	 CA. Anjan Babu
Paper-2: Corporate and Other Laws / Business Laws, Ethics and Communication	08.03.2019 to 25.03.2019	 CA. Mridul Agarwal

Venue: Sub Branch of Bangalore Branch of SIRC of ICAI
#29/1 Keonics Building, Race Course Road, Near Sugama Tourist & Voltas Office

Course Fees

Rs. 13,500/- for Both Groups
Rs. 9,500/- for Single Group
Rs. 3,500/- for Single Subject

Mode of Payment DD only - DD in Favour of
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To Register & further details please contact
Mr. Girish B C, Tel: 080-30563555/500/548
birstudentevents@icai.org | www.bangaloreicai.org

CA. Shravan Guduthur
Chairman

CA. Raveendra S. Kore
Secretary





Bangalore Branch of SIRC of the Institute of Chartered Accountants of India

IPCC / INTERMEDIATE - PRE-EXAM CRASH COURSE FOR Nov 2018 EXAMS - OLD & NEW SYLLABUS

We are glad to know that you have registered for IPCC/ Intermediate Course and would be appearing for Nov 2018 exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for Nov 2018 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

IPCC/ Intermediate Course Timings: 10.00 am to 06.00 pm

Sl. No.	Date	Subject	Faculty Name
01	03.09.2018, Monday 04.09.2018, Tuesday 05.09.2018, Wednesday	Paper-3: Cost and Management Accounting / Cost Accounting and Financial Management	CA. Modassar Irfat 
02	06.09.2018, Thursday 07.09.2018, Friday 08.09.2018, Saturday	Paper-1: Accounting	CA. Murali Nagaraj 
03	10.09.2018, Monday 11.09.2018, Tuesday 12.09.2018, Wednesday	Paper-7: Enterprise Information Systems & Strategic Management/ Information Technology	CA. Anand P Jangid 
04	14.09.2018, Friday 15.09.2018, Saturday 16.09.2018, Sunday	Paper-4: Taxation: Direct Tax Laws Paper-4: Taxation: Indirect Tax Laws	CA. Prashanth Bharadwaj  CA. Naveen Rajpurohit 
05	17.09.2018, Monday 18.09.2018, Tuesday 19.09.2018, Wednesday	Paper-5: Advanced Accounting	CA. Murali Nagaraj 
06	20.09.2018, Thursday 21.09.2018, Friday 22.09.2018, Saturday	Paper-6: Auditing and Assurance	CA. Anjan Babu 
07	23.09.2018, Sunday 24.09.2018, Monday 25.09.2018, Tuesday	Paper-2: Corporate and Other Laws / Business Laws, Ethics and Communication	CA. Punarvasu Jayakumar 
08	26.09.2018, Wednesday	Paper-8: Economics for Finance - for New syllabus	CA. Anjan Babu 

FEE FOR IPCC/INTERMEDIATE COURSE:

Both Groups : Rs.5000/-

I Group Subjects : Rs.3000/-

II Group Subjects: Rs.3000/-

Single Subject: Rs.1000/-

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FINAL - PRE-EXAM CRASH COURSE FOR Nov 2018 EXAMS - OLD & NEW SYLLABUS

We are glad to know that you have registered for Final Course and would be appearing for Nov 2018 exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for Nov 2018 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

Final Course Timings: 10.00 am to 06.00 pm

Sl. No.	Date	Subject	Faculty Name
01	05.09.2018, Wednesday 06.09.2018, Thursday 07.09.2018, Friday	Paper-4: Corporate, Economic Laws & Allied Laws	CA. Punarvasu Jayakumar 
02	08.09.2018, Saturday 09.09.2018, Sunday	Paper-8: Indirect Tax Laws	Mr. A.S. Harihara Kumar Chennai 
03	10.09.2018, Monday 11.09.2018, Tuesday 12.09.2018, Wednesday	Paper-1: Financial Reporting	CA. Murali Nagaraj  CA. Chinmay Hegde
04	13.09.2018, Thursday 14.09.2018, Friday 15.09.2018, Saturday	Paper-2: Strategic Financial Management	CA. Chinmay Hegde 
05	17.09.2018, Monday 18.09.2018, Tuesday 19.09.2018, Wednesday	Paper-5: Strategic Cost Management and Performance Evaluation /Advanced Management Accounting	CA. Modassar Irfat 
06	24.09.2018, Monday 25.09.2018, Tuesday 26.09.2018, Wednesday	Paper – 6: Information Systems Control and Audit	CA. Anand P Jangid 
	27.09.2018, Thursday	Quantitative Techniques	CA. Chinmay Hegde
28th Sep. to 5th Oct. 2018 No Classes			
07	06.10.2018, Saturday 07.10.2018, Sunday 08.10.2018, Monday	Paper-3: Advanced Auditing and Professional Ethics	CA. Vikas Oswal  CA. Anand P Jangid
08	10.10.2018, Wednesday 11.10.2018, Thursday 12.10.2018, Friday	Paper-7: Direct Tax Laws and International Taxation (7.00am to 01.30pm)	CA. T. G. Suresh Chennai 

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OUTDOOR CATERING – CATERING WITH CARE: APPLICABLE GST CHANGES

CA. Gella Praveen Kumar

A year has been spent working on GST and certain practices towards adoption of Rate, procedural aspects for Documentation & Compliance, availment of Input Tax credit etc., have been understood to be settled the way GST law has been set. Does it mean we have reached serenity in thinking so to do, answer is definitely a big NO due to the amendments peeping here and there.



Recent GST council discussion held during July 2018 has proposed for couple of Rate changes for services and scheme of operation with regards to "Outdoor catering service". A much more simplified proposal intriguing invoke of Section 14 can be seen in that amendment. Also, this proposal of amendment has tweeted itself challenging

Old Entry	New Entry
Read as up to 27.08.2018:	On or after 27.08.2018
Entry: 7 (v):	Notification 13/2018 CT(R) dtd:26.07.2018
"Supply, by way of or as part of any service or in any other manner whatsoever in <u>outdoor catering wherein goods</u> , being food or any other article for human consumption or any drink (whether or not alcoholic liquor for human consumption), <u>as a part of</u>	Entry: 7 (i): "Supply, <u>by way of or as part of any service</u> , of goods, being food or any other article for human consumption or any drink, provided by a... <i>Explanation 1.- This item includes such supply at a canteen, mess, cafeteria or dining space of an institution</i>

Old Entry	New Entry
<u>such outdoor catering and such supply or service is for cash, deferred payment or other valuable consideration"</u>	<i>such as a school, college, hospital, industrial unit, office, by such institution or by any other person based on a contractual arrangement with such institution for such supply, provided that <u>such supply is not event based or occasional</u>"</i>
Rate Applicable: 18%	Rate Applicable: 5%
Terms & Conditions: NIL	Terms & Conditions: Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
Choice for lower/ higher rate: There is no choice of lower or higher rate. However, choice of availment of Input Tax credit or not, rests with the service provider in the present scenario	Choice for lower/ higher rate: Supplier can avail the ITC whereby the Rate of supply shall stand revised to 18% as per entry 7(v)

Note:

The above amendment brought in effective from 27th of July 2018, there has been a relaxation in the rates provided by the Outdoor Catering activity from 18% to 5%, which is a welcome move. However, few riders have been enforced for the above change as per below:

- Benefit of Input Tax credit should not have been availed for the above said supply



- Eligibility of Input Tax credit on common Inputs or Input Services is permissible subject to Provisions of Section 17(2) of CGST Act, 2017

- The above supply by way of Outdoor catering should be in pursuance of a contract with such institution and not an event-based supply

GST charged by the Supplier on Outdoor catering activity has been enlisted in Section 17 of CGST Act, 2017 for imposing restriction on availment of Input Tax credit, subject to restrictions & conditions thereof. Accordingly, all the recipients of the Outdoor catering service are accounting for 18% GST as a cost forming part of the supply in their Books of Accounts.

Post amendment, there is a possibility for reduction in Tax Rate for the above supply from 18% to 5% in the hands of the recipient. However, an exercise has to be carried out by the Service provider to examine the impact/effect of Input Tax credit restriction for the reduction in the Supply rate from 18% to 5%. Most of the service providers in the MSME segment opt out of the Input Tax credit, considering the compliance cost involved therein.

If one has to examine the Service provider perspective for availability of Input Tax Credit prior to and post above amendment, list of some Inward supply on which Input Tax credit commonly availed are as per below:

- Purchase of goods
- Transportation services
- Rental service
- Professional or other support services

As discussed, above availment of the Input Tax credit is a choice available with the Service provider prior to the above amendment. However, post 27th July 2018, service provider can choose to charge a lower rate with No Input Tax credit or a higher rate with benefit of

Input Tax for the Institutional supplier on a regular basis.

Challenge for the Tax Invoice issued pertaining to July 2018:

We shall now try to explore the challenges by the supplier, where there is an expectation from the user industry i.e. the institution receiving the catering services under contractual obligation for demanding to charge GST @5% for the supplies made from July 2018 onwards. Is it possible for a supplier to levy GST @18% for the period 01st July 2018 till 26th July 2018 and then opt to charge 5% from 27th July 2018 onwards, though earlier a single Tax Invoice used to be issued on periodical basis. This can be explained from the analogy drawn from the definition as per Section 2(33) of CGST Act, 2017 which defines "Continuous Supply of Services". The same has to be read with Section 31(5) of CGST Act, 2017 for determining when to Issue a Tax Invoice.



Combined reading of the above provisions, Tax Invoice can be issued as per the milestones determined as per the contractual arrangement. Accordingly, the Service provider has to issue a single Tax Invoice for the period July 2018, though there is a change in effective rate of tax.

However, one has to refer to Section 14 of CGST Act, 2017 which governs the applicable rate in case of change in rate of tax for goods/ services. As per the above provision, new tax rate is

applicable to the service provider if he is issuing the Tax Invoice post completion of the Tax period and payment for the same is received as per the mile stone post submission of the Tax Invoice.

Accordingly, a Service provider who is not hitherto availing benefit of Input Tax credit has a choice of issuing the Tax Invoice @5% for the supplies made during July 2018.

In all possibilities, this amendment has been a negotiation factor for both the Service Provider and Recipient and overall there should be a reduction of cost in the Recipient hands in case of Outdoor Catering services availed from a Service provider who is not availing the benefit of Input Tax credit. This factor of negotiation is a fruitful one, only if the MSME service providers are open up for exploring the cost variants with aid of Input Tax credit availment scheme.

To conclude: Supplier, who have institutional supplies and event-based

supplies are going to have a challenging task, where the supplier opts to pay GST @ 5% for the institutional supplies on regular basis under a contractual obligation and a regular rate of tax @ 18% for the event-based supplies. This mechanism is going to complicate the mechanism of Input tax credit

segregation & identification requirement as per Section 17 of CGST Act, 2017. Kindly, note that the Event based supplies, cost born on the Inward supplies by way of GST is going to be a cutting edge for a better pricing mechanism if Input Tax mechanism has been opted for.

Disclaimer: The above views expressed are as per the understanding of the present GST provisions by the author. Any corrections or suggestions may be sent to praveen@gella.in

FOREIGN TAX CREDIT

Veena Ramachandran & Vishal Dhanuka, *Deloitte Haskins & Sells LLP*



India being an emerging economy has witnessed a rapid increase in the foreign investment as well foreign trade in the past couple of decades. When the volume of foreign trade increases, issues like double taxation and claiming tax credits also crop up.

Countries tax systems could be based on taxation on residential basis or source basis or a mix of both. A country that seeks to tax the global income of a person who is a resident in that country is referred to as residential basis. Whereas, a country, which seeks to tax depending on where the source of income arises is referred to as source basis. A taxpayer could be taxed in two countries on both the above basis and then the question of how the taxpayer can claim a credit arises.

Introduction of the concept of foreign tax credit has been a boon to international taxpayers saving them from the burden of paying taxes twice on the same income.

India tax treaties

The tax treaties (or the Double Taxation Avoidance Agreements) that India has entered into with various countries under section 90/90A of Income-tax Act, 1961 ('Act') contains an Article which deals with elimination of double taxation. Further, for countries where India does not have tax treaties, Section 91 of the Act provides for relief of taxes paid in source countries.

Various methods for claim of tax credit in

the country of residence are provided in the tax treaties. While some tax treaties provide *Exemption method* for claim of foreign tax credit, others provide *Credit method*. Even under these broad methods (i.e. Exemption or Credit), each treaty prescribes the mechanism by which the tax credit is to be determined, like:

- i) *full credit*, where the entire tax paid is allowed as credit.

For e.g. if Rs. 100 is paid as tax in the source jurisdiction, the entire amount will be adjusted against the tax payable in the residence jurisdiction.

- ii) *ordinary credit*, where deduction is based on the tax paid in the country of residence. The total credit will be restricted to the total tax payable on such foreign income locally.

For e.g. if tax paid in source jurisdiction is Rs. 100 and tax payable in residence jurisdiction is Rs. 80 under the local provisions, then tax credit will be restricted to Rs. 80.

- iii) *underlying tax credit*, where credit is provided for income, which is already tax, suffered in the hands of payer in the source country.

For e.g. credit in the hands of recipient of dividend, for tax paid by foreign company on profits out of which dividend is paid.

- iv) *tax sparing credit*, where credit is allowed on tax that would have been payable in the source country

(typically provided when income is exempt in source country).

For e.g. tax payable in source jurisdiction is Rs. 100. However, due to tax incentives granted in the source country, the income is exempt. As regards to tax payable in residence country, the tax credit of Rs. 100 that should have been paid can be availed.

India domestic law

Historically, there have been issues around interpretation of Foreign Tax Credit ('FTC') related provisions in domestic tax laws/tax treaties. Taxpayers often resorted to judicial precedents to gain clarity. Certainty and simplification is the need of the hour for all businesses, and foreign trade and resultant tax exposure would be a critical aspect that calls attention. To address some of these issues, the Income-tax Rules ('the Rules') was amended. A new rule 128 was introduced providing the method for claiming FTC. The Rule specified not just the mechanism to compute FTC but also the procedure to claim the same.

Despite introduction of the Rule for ease in claiming FTC, there remains some areas that requires further clarification on a comparison between the Rule, the provisions of the Act and the tax treaties such as:

A. FTC Rule vs. tax treaties

The Rule prescribes the method of computing FTC under the Act. However, it is not in harmony with many India tax treaties:



- a) The Rule requires foreign tax to be paid by the Indian company and furnish proof for payment to claim credit. The question here is whether the tax authorities can deny FTC claim under tax treaty if documents as required under the Rule are not furnished
- b) Certain tax treaties with India like Japan and Singapore provide FTC relief under *tax sparing credit* method. Whereas Mauritius tax treaty, among other methods of claiming FTC also permits claim of FTC through underlying tax credit method. However, these methods is not recognised in the tax Rule.

Given the above, let us understand if the Rule or the tax treaties would prevail?

Under the Act, a taxpayer can choose either provisions of tax treaty or the Act, whichever is more beneficial to him. The provisions of the Act applies to the extent they are more beneficial to the taxpayer to whom provisions of treaty applies. Certain India tax treaties, say treaty with UK, mentions that claim of FTC will be subject to the provisions of law in India. In these scenarios, ideally the FTC Rule would prevail over tax treaty.

B. FTC Rule vs. other provisions of Act

The FTC Rule is inserted to bring in more clarity for claim of tax credit. However, there are certain hardships which taxpayers may face like:

1. Credit of Disputed Foreign Tax

The Rule restricts claim of credit of disputed foreign tax until the Indian taxpayer provides evidence of settlement of dispute, discharge of

liability and an undertaking that no refund has been claimed in respect of such foreign taxes within six months from the end of the month in which dispute is finally settled.

Practically, the dispute will be settled post filing tax return and completion of tax assessment. Until four years of receipt of order from tax authorities, the taxpayer can file a rectification application. However, there would be no recourse for the taxpayers to claim FTC if the time limit for rectification has lapsed.

2. Claim of tax credit to be made in Form no. 67

The online Form along with proof for payment/deduction of tax should be filed on or before the due date of filing of tax return. While there are enabling provisions in the Act to file belated tax return, it is not clear on whether a belated Form No. 67 will be treated valid.

3. Credit for taxes grossed up in the source country

When tax is gross up i.e. borne by the payer, could the Indian taxpayer be denied credit? Essentially, the condition for claim of FTC as per Rule is that the tax should have been paid by the taxpayer by way of deduction or otherwise. Thus, the taxpayer should have suffered tax on such foreign income.

The Rule has also brought with itself an interplay with Minimum Alternate Tax (MAT)/Alternate Minimum Tax (AMT). Where a taxpayer is liable to tax under MAT/AMT in any year, certain points needs to be kept in mind for claim of FTC:

- a) The Rule provides that FTC credit will be available even if the tax is payable under MAT/AMT.

However, if FTC claimed against MAT/AMT liability is greater than the FTC available against tax payable under normal provisions, then carry forward of MAT/AMT credit shall be reduced by differential in FTC (under MAT/AMT and normal provisions)

The rationale behind such restriction is that the taxpayer should not carry forward the FTC credit in disguise of MAT/AMT credit to subsequent years.

- b) In a particular year, if the taxpayer is eligible to claim both MAT credit and FTC, the question arises as to which credit should be considered first?

A notable point here is that FTC is available in the year in which corresponding income is offered to tax in India. Whereas utilization of MAT credit is just a mechanism to discharge the tax liability, which can be carried, forward and claimed over a period of 15 years. Hence, FTC should be considered first to match the claim against income offered to tax.

Further, there are no provisions in the Rule to carry forward the unutilised FTC to subsequent years. This results into additional tax burden for Indian taxpayers. The Government should include the provision for carry forward of FTC which will provide a competitive edge to the Indian taxpayers in the global market.

By the introduction of Rule, the Government has tried to bring clarity to taxpayers on claim of FTC. However, the Rule is not in parity with the provisions of the tax treaties on certain aspects, few being discussed above. Hence, any change in Rule accommodating the above disparity will be a welcome move.





EQUALISATION LEVY - NATURE OF LEVY AND OTHER SIGNIFICANT CONSIDERATIONS

CA. Guruprasad

Digital advancements have posed severe challenges to time-tested truths of the pre-digital period and have shaken the very foundations of business models and value chains. Digital era and challenges related to taxation are regular headlines in the professional world. The report of the committee on taxation of e-commerce which proposed the Equalisation levy (EL) in Feb 2016, specifies that the multinational enterprises enjoys an unfair advantage over Indian competitors with their ability to avoid taxes in the source jurisdiction and has a detrimental impact on growth of Indian enterprises. The proposed levy is understandably to combat such economic disadvantage.

The BEPS report on Action 1 suggests three possible options (a) New economic nexus standard based on significant economic presence (b) withholding tax (or TDS) on digital transactions (c) Equalisation levy under domestic law. The report (as referred above) states that *"The Equalization Levy imposed on the payment for digital transactions, would not be a tax on income, and hence would not be covered by tax treaties. As Equalization Levy is not proposed as tax on income, it would need to be imposed outside the Income-tax Act, 1961."*

With effect from June 01, 2016 the equalisation levy was introduced through Finance Act 2016 (Chapter VIII) – outside the contours of the Income Tax Act, 1961.

Definition: Equalisation levy is defined as "the tax leviable on consideration received or receivable for any specified service under the provisions of this Chapter". The Equalisation Levy would be applicable at a specified percentage on gross consideration payable for a 'Specified Service'. As on date, "specified service" is restricted to online advertising, digital advertising or other facilities/ service for the purpose of online advertisement. It empowers the Government to notify any other service. Equalisation levy is to be deducted @6% on amount paid to a non-resident, not having a PE in India for "specified services" [Sec 165(1) of the Finance Act, 2016]

Article 246 of the Constitution of India empowers the levy of taxes. However, the legislative powers are distributed between the Union and the States in the form of separate lists. The Constitution permits a single transaction or activity to be taxed more than once provided there are multiple aspects available in that transaction for each one of them to be taxed. For ex. a CA rendering professional service has to pay both GST and income tax in view of the presence of two aspects, namely rendition of service liable to GST and earning of income liable to income tax on the same consideration charged. Similarly, for a self-occupied property, the annual letting value for levy of Income tax could constitute one aspect, and the levy of

property tax under State laws, could be another. This is called Aspect theory.

The constitutional bench and other judgments of the Supreme Court have mandated identification of the nature and character of a tax as a *sine qua non* requirement for imposition of a levy. The question that needs to be addressed is: What is the true nature and character of this equalisation levy?

The definition of EL makes it look like a service tax or GST, which is already a separate levy in force and double levy is impermissible. The equalisation levy is admittedly not an Income tax in India. However, the global consensus is diametrically conflicting.

DTAAs exclude taxation of digital e-commerce transactions and allow taxation only when it is a business income earned in India, or that portion of the income earned in India through a permanent establishment (PE). When these factors are absent, India cannot tax the transaction. It is for this reason that the OECD clarified that unless there is a modification of DTAAs through a multilateral arrangement, equalisation levy should not be imposed under the domestic laws. India appears to demonstrate enthusiastic conduct in bypassing OECD recommendation and proposing this levy with a different colour (which is neither a transaction tax nor an Income tax). The character of Equalisation levy in its present form is difficult to comprehend. Confusion



may prevail until such time the matter is settled by the courts.

Analysis:

- What constitutes “online advertisement” or “other facilities/ service for the purpose of online advertisement” in the definition of specified service is not adequately defined. The expression “Other facilities or service for the purpose of online advertisement” is vague, wide and all-encompassing, it may become hot bed of contention if substantial amounts are involved. For Eg. If an Indian company provides consultancy service to determine discounts to be offered on products advertised by a non-resident e-commerce operator, it is unclear whether this constitutes service for the purpose of online advertisement. Again, whether immediate purpose of the facility or service in relation to online advertisement should be considered; or the ultimate purpose should be taken into account? No straight forward solution. These grey areas are simmering without definitive answers, waiting to be explored in the future.
- The major impact of EL for the non-resident payee would be non-availability of tax credits in the resident country, as the levy is not characterized as an income tax and specifically excluded from Article 2 of the DTAAs. So, the non-resident payee may almost always opt for contractual coverage to remit the entire sum regardless of the levy.

- From a deductor’s perspective, Chapter VIII does not prescribe any requirement of grossing up of EL similar to the requirement for grossing up of tax provided in section 195A of the Income tax Act. However, where contractually the entire sum is required to be remitted, there could be issues regarding allowability of deduction under section 40(a)(ib) of the Income tax Act, unless the payment is grossed up. Grossing up of payments at all times has a business impact and increases cost of doing business.
- Let us assume that EL is deducted from the payment to a non-resident payee for a specified service,

assuming that the non-resident payee did not have a PE in India. If the non-resident payee is later found to have a PE in India, at present there is no recourse to adjust the EL deducted earlier, either in the form of set off or tax credit.

At the moment, the EL seems to affect only few players as list of specified services is limited. It is right time for the Government to evaluate, consider future legislative course and address some important concerns that affects ease of doing business, before embarking upon notifying a whole range of digital services under the umbrella of Equalisation levy.



CBDT PUTS OFF REPORTING ON GAAR AND GST IN TAX AUDIT REPORT – NEED OF THE HOUR

CA. Sandeep Jhunjunwala



The Central Board of Direct Taxes (CBDT) has directed that the proposed reporting norms related to General Anti Avoidance Rules (GAAR) and Goods and Services Tax (GST) under Clause 30C and Clause 44 respectively of the amended tax audit form (introduced vide Notification No 33/ 2018 dated July 20, 2018) be kept in abeyance until March 31, 2019. The amended form included disclosures on secondary adjustments, interest deduction limitation, specified financial transactions, expense break-up related to entities with regard to GST and GAAR related flagging up by the tax auditor, among others. This dispensation would be available for tax audit reports to be furnished by auditable companies on or after August 20, 2018 (which is the date from which the new form became effective) but before April 1, 2019.

In a Circular issued on August 17, 2018 [Circular No 6 of 2018], the CBDT mentioned that various representations were received by the Board that the implementation of reporting requirements under the proposed Clause 30C and Clause 44 of the tax audit report be deferred. Ever since the revised format of tax audit report was notified by the CBDT in July 2018, there was anxiety among the taxpayers and the professionals likewise on the extensive

import of GAAR related clause. It was also symptomatic of burdening tax auditors with an onerous responsibility to step into the shoes of a tax officer (or rather an Adjudicating Officer!) and determine if any transaction was an impermissible avoidance arrangement. Even though the Income tax Rules [Rule 10U] prescribe a threshold of INR 3 crores of tax benefit for a transaction to be categorised as an impermissible avoidance arrangement, the proposed Clause 30C in Form 3CD was not very clear if disclosure was required only for transactions exceeding this threshold¹. Though the reporting deferral of this clause would undeniably provide a temporary respite to the tax auditor, the Board should relook at this clause in the interim and modify it suitably so as to require the tax auditor to report objective information only, that could aid the Revenue authorities in determining whether a particular arrangement falls within the purview of Section 96 of the Income Tax Act or not and without requiring expression of opinion by the tax auditor.

Clause 44 was a very detailed reporting

requirement in the tax audit report for break-up of total expenditure of entities, registered or not under the GST Act. It was represented that GST Audit, is in any case, provided under the GST regime and that the required reporting under Clause 44 of Form 3CD should ideally be covered under GST audit as expense details in much more precise form would get captured in GST returns. It is important to note here that though the requirement to disclose GST suffered expenses in the tax audit report has been deferred, Schedule GST in income tax return form applicable to companies for AY 2018-19 (Form ITR-6) still requires detailed and similar disclosures of such expenses. However, this schedule is required to be filled up by assessee who are not liable to get accounts audited under Section 44AB of the Income tax Act.

The decision to defer these onerous reporting requirements is a clear indicator that the CBDT is ensuring that there aren't any slips between the cup and the lip, leading to taxpayers' angsts. It is anticipated that there would be a fair and detailed guidance on these deferred reporting requirements in the tax audit report, before it is made operative post April 2019.

¹ Please refer the article titled "CBDT expands scope of tax audit - Decoding key changes" in the newsletter of August 2018 for detailed discussions with respect to expanded scope of tax audit for AY 2018-19

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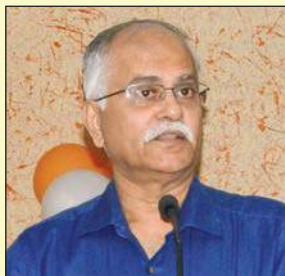
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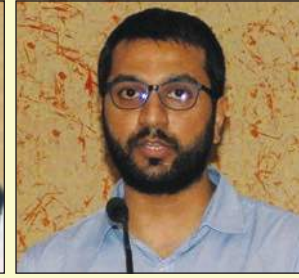
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CA Shravan Guduthur, Chairman, inaugurating the seminar held by Bangalore Branch jointly with St Joseph's Evening College, Bangalore.
CA K Raghu, Past President of ICAI, and Rev. Fr. Arun Prashanth D'Souza SJ, Director, St Joseph's Evening College jointly inaugurated the One-day Seminar.

Interactive Session on TDS with Income Tax Department held at FKCCI, Bengaluru



Mr. Sanjay Kumar, Commissioner of Income Tax(TDS), CA. Raveendra S.Kore, Secretary, Bangalore Branch, CA Nityananda N, Past CCM of ICAI, & Mr. Sudhakar S.Shetty, President of FKCCI participated

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