



Bangalore Branch of SIRC e-Newsletter

Volume 06 | Issue 9 | April, 2018 | Pages : 28

English Monthly
For Private circulation only



● **Diploma in Information Systems Audit**
5th May, 2018 to 3rd June, 2018

● Workshop on
Customs and FTP for Chartered Accountants
20th, 21st, 27th & 28th April 2018

● **Certificate Course on GST**
May, 2018 - 5th, 6th, 12th, 13th, 19th, 20th, 26th, 27th
June, 2018 - 2nd & 3rd

● 3 day weekend Course on
Analytics for Chartered Accountants
25th, 26th & 27th May 2018

● One Day Seminar on
Co-operative Audits
31st May 2018

Chairman's Communique . . .



Dear Professional Colleagues,

Beginning of a new Financial Year, on 1st April 2018, has a great significance for the entire nation especially for us Chartered Accountants. Let me take this opportunity to wish all our esteemed members a fruitful Financial Year 2018-19. As the days go by, this fiscal year also will provide us many avenues, professional opportunities, and challenges which we should turn into opportunities. As we move towards the 3rd month of our tenure, the team

is working cohesively to ensure that the Branch meets the needs of its members and students. Bangalore Branch, one of the vibrant branches of SIRC, is endeavouring to scale up and meet the growing needs of the profession.

April is the month where many of our members get engaged in Bank Audit Assignments and I would wish them all the best and good luck in discharging the onerous responsibility placed on them by the banking industry and various stakeholders. It is indeed our contribution that lubricates yet another wheel of the economy to ensure smoother and faster growth.

The month that was – March 2018:

Besides the value additive study circle meetings, the following significant programs were conducted during the month of March 2018.

A Two Day Week End Conference on “**UAE VAT**” for the Members on 3rd & 4th March was being hosted by Bangalore Branch under the aegis of Indirect Taxes Committee of ICAI was well attended by the members. Considering that many of our CAs having business transactions with several firms in UAE, we at the branch felt the need to organize a programme on UAE-VAT. The various topics dealt by an array of our learned speakers made the program all the more beneficial to the delegates. Let me place on record the great support & guidance by Indirect Taxes Committee, Chairman, CA. Madhukar N Hiregange and team.

In view of the Bank Branch Audit assignments to be taken up by our members, **Hands on training on Excel**, from Bank Branch Audit perspective, had been organized on 22nd and 27th March which was of immense value to the participants. Credit should go to CA. Venu Gopal G, the excel guru of the said programme.

The **Bank Branch Audit** Seminar, an annual feature programme of the Branch, conducted on 24th March was a refresher on audit focus areas for the members. The deliberations during the Conference by the distinguished Chief Guest Shri Rakesh Sharma, MD and CEO of Canara Bank, and the learned speakers of the Seminar made the programme very lively and interactive. It was attended by 419 members. On behalf of Bangalore Branch, let me profusely thank Shri Rakesh Sharma, our distinguished Chief Guest who has shared his expertise and experience for the said Seminar. Thanks to the speakers CA Manohar Gupta, CA Shyam Ramadhyani, CA Vittal Raj and Shri Ashit Hegde.

One day Conference on **Ind-AS** on 23rd March 2018, which was organised in association with BCIC at Hotel ITC Windsor Manor, brought a greater clarity on the recent developments in Ind-AS. I am happy that the members benefitted from the domain experts' knowledge rendition during this conference.

Bangalore Branch of ICAI associated as the knowledge partner in the initiative of the Department of professional studies of Christ University's programme titled “Investors Conclave INC.LINE” organised on 19th & 20th March. I am glad to have represented the branch and share ICAI's perspective on “Future of University and Commerce Education”.

The months ahead - April and May 2018:

In continuation of my term's agenda to hold at least one programme on unconventional topics in each month, we have a first of its kind 4-day workshop on **Customs and FTP**, being organized by IDTC, ICAI, and hosted by Bangalore Branch on 20th, 21st and 27th & 28th April 2018. The details are hosted in website – bangaloreicai.org. This will be a go-to course for all those specialising or willing to specialise in Customs and Foreign Trade Policy.

Another unique programme is planned in May 2018 – a three day course on **Analytics**. Being a successful CA is not just about having a good head for figures, but also about knowing your way around a spreadsheet, analysing patterns, data crunching, using the best data processing tools and presenting the analysis results effectively. This 3 day course, the

details are presented elsewhere in this newsletter, is a niche course limited only to 55 members.

A one day seminar on **Co-operative Audit** is being organised on 31st May 2018 at our branch premises. Practical issues, reporting requirements and GST implications in case of co-operatives will be touched upon in this seminar. Details are mentioned elsewhere in this newsletter.

Initiatives taken in March 2018:

Under the able guidance and initiative of CA Gururaj Acharya, we convened a **study group** consisting of bankers from well-known banks, and few of the past as well as present central statutory auditors of banks, with the intention of brain storming and analysing the recent bank fraud at PNB. The discussions and the suggestions drawn from this meeting were passed on to the members in the above said Bank Branch Audit Seminar.

The **campus placement program** for newly qualified CAs was held at Bangalore from 6th March to 12th March 2018 at Hotel Bangalore International. 26 Companies participated in Campus Placement drive and more than 250 candidates got placed from all over India who opted Bangalore as their placement centre. We managed to have our **highest ever placements of 254 candidates** for Bangalore. The previous highest was 243 in March 2017. Candidates were offered jobs with pay packages ranging from Rs. 5.5 lakhs to Rs. 17.00 lakhs.

Lot of efforts were put into making the **Job Portal** active. The status as on 31st March 2018 is as follows:

Category		Nos.
Job Providers	Audit Firms	150
Job Seekers	Articleship	81
	Paid Assistant	35
	CA	45

Programmes for Students:

On behalf of Bangalore Branch, let me appreciate CA.T. Srinivas, Chairman SICASA for taking initiative to conduct varied innovative programmes for the benefit of our students. **Meet the Rankers** - a unique program conducted on 17th March was a real motivational program in presence of CA. Pattabhiram, Chennai and the 10 distinguished Rank holders.

Bank Branch Audit program on 21st March and subject wise pre exam crash course conducted by the renowned faculty Members on 30th March were very well received by the student delegates.

Certificate courses in Bangalore:

Certificate Courses on DISA, GST, Concurrent Audit and Anti Money Laundering have been launched. The details are presented elsewhere in this newsletter. Certificate Course on Ind AS has commenced on 24th March 2018.

Other Programmes:

I am very glad to emphasize the fact that Bangalore is always in forefront in conducting programs for Members, Students and Society at large. As a Corporate Social Responsibility we conducted one day training programme on “Investor Awareness” for the Scientists and top level Executives of HPCL in their Research and Development Centre, Hoskote on 28th March 2018. The feedback of the said programme was encouraging.

Conclusion:

Let me remind my professional friends to renew the membership as we have already entered into April month. Membership fees and COP fees for the new financial year can be paid through online mode.

All in all, March was a very eventful month. Members are requested to participate in all the programmes scheduled in the upcoming months. Let us be abreast with all the changes happening in our profession and maintain the quality of our prestigious profession. Let us give a start for the new financial year with greater vigour and commitment. I am sure that with your support and guidance, we can conduct varied programmes for the benefit of Students and Members maintaining the bench mark set by our predecessors.

With warm regards,

CA. Shravan Guduthur

Chairman

Bangalore Branch of SIRC of ICAI

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KIND ATTN. MEMBERS

Bangalore Branch is delighted to inform you that the
Registration commenced for

Diploma in Information Systems Audit

at Bengaluru on 5th May, 2018

No. of days: **10**, Batch Days: **Weekends only**

Dates: **5th May, 2018 to 3rd June, 2018**

Timings: **9:30 am to 5:30 pm**

Fees: **Rs.20,000/- for Members only**

Venue: **Race Course Road Premises of Bangalore Branch
Institute of Chartered Accountants of India**

29/1, Racecourse Road, Next to State Bank of India, Bengaluru 560001 | Tel: **(080) 4092 9607**

Payment to be made online by visiting: **<http://pqc.icaai.org/>**

For more details about the course, please visit: **<http://cit.icaai.org/StaticPages/aboutisapqc.html>**

Contact: **C.R. Kulashekhar** / email id: **kulashekar@icaai.in** / Telephone: **(080) 3056 3541**

**30^{hrs}
CPE**

KIND ATTN. MEMBERS

Bangalore Branch is delighted to inform you that the
Registration commenced for

Certificate Course on GST

at Bengaluru on 5th May, 2018

No. of days: **10**, Batch Days: **Weekends only**

Dates: **May, 2018 - 5th, 6th, 12th, 13th, 19th, 20th, 26th, 27th, June, 2018 - 2nd & 3rd**

Timings: **9:30 am to 5:30 pm**

Venue: **Hotel Fortune JP Cosmos**

49, Cunningham Crescent Rd, Behind Sigma Mall

Bengaluru - 560 052, Phone : **(080) 3988 4422**

For more details about the course, please visit:

<http://idtc.icaai.org/about-certificate-course.html>

Contact: **C.R. Kulashekhar** / email id: **kulashekar@icaai.in** / Telephone: **(080) 3056 3541**

**30^{hrs}
CPE**

CALENDAR OF EVENTS - APRIL & MAY 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
04.04.2018 Wednesday	RERA – A Refresher Session CA. Sandeep Jhunjunwala	Branch Premises 6.00 pm to 8.00 pm	2 hrs
11.04.2018 Wednesday	US Tax & Reporting obligations for US citizens – Green Card Holders CA. Mithun D'Souza	Branch Premises 6.00 pm to 8.00 pm	2 hrs
18.04.2018 Wednesday	Project Reports And Business Plans – Formulation and Presentation CA & CS Pratap Giri S. <i>IIM, Bangalore</i>	Branch Premises 6.00 pm to 8.00 pm	2 hrs
20.04.2018 & 21.04.2018 Fri. & Sat. 27.04.2018 & 28.04.2018 Fri. & Sat.	Workshop on Customs and FTP for Chartered Accountants Delegate Fee: Members : Rs. 4,500/- plus GST Non Members : Rs.10,000/- plus GST <i>Details at Pg. No.: 7 to 9</i>	Branch Premises 9.30 am to 5.30 pm	24 hrs
25.04.2018 Wednesday	How to use Tally ERP 9 for Assurance & verifying Compliances CA. Abdul Rafeq & Mr. Pugal T <i>Founder / CEO – Potential Solutions</i>	Branch Premises 6.00 pm to 8.00 pm	2 hrs
02.05.2018 Wednesday	Cyber Crime & Financial Fraud CA. T.P.S. Easwaran	Branch Premises 6.00 pm to 8.00 pm	2 hrs
5th May, 2018 to 3rd June, 2018	Diploma in Information Systems Audit <i>Details at Pg. No.: 4</i>	Institute of Chartered Accountants of India 29/1, Racecourse Road, Next to State Bank of India Bengaluru – 560001 Tel: (080) 4092 9607 9:30 am to 5:30 pm	30 hrs



CALENDAR OF EVENTS - APRIL & MAY 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
May, 2018 - 5th, 6th, 12th, 13th, 19th, 20th, 26th, 27th June, 2018 - 2nd & 3rd.	Certificate Course on GST <i>Details at Pg. No.: 4</i>	Hotel Fortune JP Cosmos 49, Cunningham Crescent Rd, Behind Sigma Mall Bengaluru - 560 052 Ph:(080)3988 4422 9:30 am to 5:30 pm	30 hrs
09.05.2018 Wednesday	IND AS – 115 CA. Mohan Lavi	Branch Premises 6.00 pm to 8.00 pm	2 hrs
16.05.2018 Wednesday	AS 15 & Actuarial Valuation - key terms decoded from a CAs perspective <i>Details will be informed later</i>	Branch Premises 6.00 pm to 8.00 pm	2 hrs
23.05.2018 Wednesday	Practical aspect of Housing Society: GST and Income Tax perspective CA. Anand Kumar Jaiswal	Branch Premises 6.00 pm to 8.00 pm	2 hrs
25.05.2018 Friday 26.05.2018 Saturday 27.05.2018 Sunday	3 day weekend Course on Analytics for Chartered Accountants <i>Details at Pg. No.: 25</i>	Institute of Chartered Accountants of India 29/1, Racecourse Road, Next to State Bank of India Bengaluru – 560001 Tel: (080) 4092 9607	18 hrs
30.05.2018 Wednesday	Start-up Economy – Pitfalls and Benefits from Regulators CA. Chinmaya A.M & CA. Heena Kauser	Branch Premises 6.00 pm to 8.00 pm	2 hrs
31.05.2018 Thursday	One day Seminar on Co-operative Audits <i>Details at Pg. No.: 26</i>	Branch Premises 9.00 a.m to 5.30 p.m	6 hrs

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

EDITOR :
CA. SHRAVAN GUDUTHUR

SUB EDITOR :
CA. RAVEENDRA S. KORE

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Workshop on Customs and FTP for Chartered Accountants

Organized by: Indirect Taxes Committee of ICAI

Hosted by: Bangalore Branch of SIRC of ICAI

Date : 20th, 21st, 27th & 28th April 2018 Time : 9.30 am to 5.30 pm

Venue : Vasanthnagar, Bangalore Branch Premises

Day 1 - Friday, 20th April 2018

24 hrs
CPE

Session	Time	Topics	Speakers
Inaugural session	9.30 A.M To 10.00 A.M	INAUGURATION <i>Chief Guest: Shri. P. Anjani Kumar, IRS Commissioner of Customs, Airport & Air Cargo, Bangalore</i>	
1st session	10.00 A.M to 11.15 A.M	<ul style="list-style-type: none"> ♦ Introduction to Customs ♦ What is import? What are common misconceptions? ♦ Illustration based on comparative study of 13 and 23 extend to 21, 22 and 24 ♦ HSN and Customs classification ♦ Requirements for Import documentation ♦ Practice on identification of HSN for some sample products. 	Shri. B.V. Murthy Retired Tribunal Member CESTAT
Short-break	11.15 A.M to 12.15 PM		
2nd Session	11.30 A.M to 12.15 PM	<ul style="list-style-type: none"> ♦ Import / export valuation including value rejection and provisional assessment ♦ SVB procedure – background, purpose, benefits and transparency 	
3rd session	12.15 PM to 1 PM	<ul style="list-style-type: none"> ♦ Practical case studies – personal imports, gifts, samples, demo supplies, etc. ♦ Practical case studies – free-issue materials, royalty, conditional payments, etc. ♦ Practical case studies – identification of general exemptions and preferential tariff agreement. 	
Lunch break	1.00 P.M to 2.00 P.M		
4th session	2.00 P.M to 2.45 P.M	<ul style="list-style-type: none"> ♦ Background – India's share in global exports ♦ Purpose of duty/tax neutralization in exports ♦ Non-impact of export incentives to domestic industry 	Mr. A.S. Harihara Kumar, Chennai
5th session	2.45 P.M to 3.30 P.M	Comparative view of duty drawback u/s 74 and 75 <ul style="list-style-type: none"> ♦ Analysis of Drawback Rules, 1995 – also covering excise and service tax ♦ Practice based on Sample Illustrations 	
Short-break	3.30 P.M to 3.45 P.M		
6th session	3.45 P.M to 5.30 P.M	Principle of advance license and replenishment license including sample format of the documents/licenses involved <ul style="list-style-type: none"> ♦ Survey of Pre-export licensing schemes including ARO and AIL ♦ Survey of Post-export licensing schemes including duty credits including sample format of the documents/licenses involved 	



Day 2 - Saturday, 21st April 2018

Session	Time	Topics	Speakers
1st session	9.30 A.M to 10.30 A.M	<ul style="list-style-type: none">♦ Import procedure – workflow prescribed with role of all participants♦ Postal imports, Courier imports and Project Imports♦ Practice tips – import payments (FEMA circular), TDS and ST impact, etc.	CA. Jatin Christopher
2nd session	10.30 A.M to 11.15 A.M	<ul style="list-style-type: none">♦ Export procedure – workflow prescribed♦ Postal export and courier exports♦ Practice tips – export declarations (FEMA), netting-off / write-off, etc.	
Short-break	11.15 AM to 11.30 AM		
3rd session	11.30 A.M to 1.00 PM	<ul style="list-style-type: none">♦ Baggage Rules and transfer of residence procedure♦ Practice tips – common errors including GST/VAT refunds at exit-port	
Lunch break	1.00 P.M to 2.00 P.M		
4th session	2.00 P.M to 3.00 P.M	<ul style="list-style-type: none">♦ Framework of EOU scheme♦ Setting-up of EOU – FTP and Customs/Central Excise♦ Brief on provisions under State laws for EOUs	CA. T.R. Rajesh Kumar
5th session	3.00 P.M to 4.00 P.M	<ul style="list-style-type: none">♦ Concessional Procurement Rules – process, checks and controls♦ End-use monitoring of duty-free purchases♦ De-bonding of duty-free purchases	
Short-break	4.00 PM to 4.15 PM		CA. C.R. Raghavendra
6th session	4.15 P.M to 5.30 P.M	<ul style="list-style-type: none">♦ Service exporters as EOUs♦ Operation of Cenvat Credit Rules♦ Refund of service tax – history, important amendments and accounting issues♦ Export of Service and e-BRC	

Day 3 - Friday, 27th April 2018

Session	Time	Topics	Speakers
1st session	9.30 A.M to 10.30 A.M	<ul style="list-style-type: none">♦ Framework of SEZ♦ Role of Development Commissioner♦ Contrast comparison with EOU♦ Imports and exports by SEZ♦ DTA supplies to SEZ	CA. Gopal Kedia, <i>Mumbai</i>
2nd session	9.30 A.M to 11.15 A.M	<ul style="list-style-type: none">♦ SEZ Developer – special provisions♦ Rebate and concessions♦ Is Cenvat available to SEZ units?♦ Refund to SEZ	
Short-break	11.15 AM to 11.30 AM		
3rd session	11.30 A.M to 1.00 PM	<ul style="list-style-type: none">♦ Exit from SEZ♦ Comparative study♦ Advance Ruling and Settlement Commission Aspects	
Lunch break	1.00 P.M to 2.00 P.M		

Session	Time	Topics	Speakers
4th session	2.00 P.M to 3.00 P.M	<ul style="list-style-type: none">♦ Survey of EPCG scheme including sample format of the documents/licenses involved♦ Exit from EOU	CA. Abhishek Sharma
5th session	3.00 P.M to 4.00 P.M	<ul style="list-style-type: none">♦ Background to deemed exports♦ Survey of deemed export benefits – TED, deemed –Dbk, WB projects, etc.	
Short-break	4.00 PM to 4.15 PM		
6th session	4.15 P.M to 5.30 P.M	<ul style="list-style-type: none">♦ Survey of incentive schemes like SEIS, MEIS, etc. including sample format of the documents/licenses involved♦ Practical questions on EOU & SEZ Schemes	

Day 4 - Saturday, 28th April 2018

Session	Time	Topics	Speakers
1st session	9.30 A.M to 11.15 A.M	<ul style="list-style-type: none">◆ Background to appellate provisions◆ Appeal under Customs◆ Appeal under FTP	CA. K.S. Naveen Kumar <i>Advocate</i>
Short-break	11.15 AM to 11.30 AM		
2nd session	11.30 A.M to 1.00 PM	<ul style="list-style-type: none">◆ Options of approaching High Court◆ Circumstances where writ not maintainable◆ Circumstances where writ maintainable◆ Principle of 'latches'	
Lunch break	1.00 P.M to 2.00 P.M		
3rd session	2.00 P.M to 3.00 P.M	<ul style="list-style-type: none">◆ Offences – smuggling activities and common wrongs amounting to such offence◆ Penalties – various types and its purpose◆ Penalty in-lieu of confiscation – valuation of offending articles	Shri. G. Shivadas <i>Advocate</i>
4th session	3.00 P.M to 4.00 P.M	<ul style="list-style-type: none">◆ Search (conveyance and persons), seizure and confiscation◆ Prosecution	
Short-break	4.00 PM to 4.15 PM		
5th session	4.15 P.M to 5.30 P.M	<ul style="list-style-type: none">◆ Open Discussion & Q&A Session	

DELEGATE FEE : **Rs. 4,500/- + GST for Members**
Rs. 10,000/- + GST for Non Members

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IDTC of ICAI

CA. Shravan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

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

Three Day Week End Course on Analytics for Chartered Accountants

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

18 hrs
CPE

On **25th, 26th & 27th May 2018** | Time: **10:00 am to 5:30 pm**

Venue: **ICAI**, 29/1, Racecourse Road, Next to State Bank of India, Bengaluru 560001

BASIC SKILL DEVELOPMENT

Date	Topics	Learning Outcomes	Duration (in Hrs)
25.05.2018	Basic data processing in Excel		4
	Mathematical functions Text functions Date and Time functions Nested Functions Formatting data in Excel & Pivot table Mr. Manoj M.	Basic mathematical and conditional formulae, array formula, handling errors, text-column functions, concatenate, IF & Nested IF commands, Vlookup & Hlookup, Pivot tables and conditional formatting	
	Use of Data Analysis toolpak in Excel		2
	Use of Data Analysis toolpak in Excel Built-in Addins Solver and Analysis ToolPak. These tools 2 helps in finding optimal solutions and data analysis. Data Sample Techniques Mr. Kamal Das	Solver and Analysis ToolPak. These tools 2 helps in finding optimal solutions and data analysis.	
26.05.2018	Data Visualization		4
	Best practices in Data Visualization	Underlining the importance of visualization through illustrations and identifying the appropriate tools and options	
	Histograms Line graphs Scatter plots Bubble & Waterfall charts Mr. Manoj M.	Understanding how to manipulate data to organize and communicate visually.	
	Presenting analysis results		2
27.05.2018	MS Powerpoint Mr. Kamal Das	Understanding how to organize & structure presentation by providing an illustrative backdrop to the content presented.	
	Forecasting Model		6
	CMA Reports preparation Building Trend, MIS CA. Venu Gopal	Presentation of CMA/Audit report using excel charts & power point through a hands on case study.	

CA. Shravan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

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

Online Registration open

DELEGATE FEE: Rs.7,500/- + GST for Members (LIMITED ONLY TO 50 PARTICIPANTS)

Mode of Payment: Online/Cash/Cheque/DD in favour of
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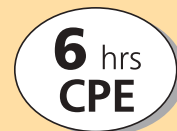
One Day Seminar on Co-Operative Audit

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

On **Thursday, 31st May, 2018**

Venue: **Bangalore Branch Premises, Bengaluru**

Time: **9.00 am. to 5.30 pm.**



Timings	Topics	Speakers
09.00am to 09.45am	Registration	
09.45am to 10.15am	Inauguration	
10.15am to 11.45am	Overview of Co-operative Audit & Professional Opportunities	CA. Ravindranath B.V <i>Sagar</i>
11.45am to 12.00pm	Tea Break	
12.00pm to 01.30pm	Practical issues in Co-operative Audits & Reporting Formats	CA. Umesh Bolmal <i>Belagavi</i>
01.30pm to 02.30pm	LUNCH	
02.30pm to 03.45pm	Controversial issues in Income Tax of Co-operative Societies & Co-operative Banks	CA. D.R. Venkatesh <i>Bengaluru</i>
03.45pm to 04.00pm	Tea Break	
04.00pm to 05.30pm	GST applicability & implications on Co-operative Institutions	CA. Prateek Marlecha <i>Bengaluru</i>

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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Rs.750/- (Inclusive of GST) for Members,

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Mode of Payment: Online/Cash/Cheque/DD in favour of
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For Registration, Please contact:

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

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



Announcement

Three Hundred Sixteenth Batch of the Certificate Course on Concurrent Audit of Banks

on **June 9 & 10, 23 & 24, and July 7 & 8, 2018**

at **Race Course Road Premises of Bangalore Branch,**
29/1, Racecourse Road, Next to State Bank of India, Bengaluru – 560001

30 hrs
CPE

Organized by **Internal Audit Standards Board of the ICAI**

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

Date	Technical Sessions (90 minutes each)	Topics
June 9, 2018	09:45 AM to 10:00 AM	Inaugural Session
	I - 10:00 AM to 11.30 AM	Effective Concurrent Audit
	II - 11.45 AM to 01.15 PM	Legal and Regulatory Framework
	III - 02.15 PM to 03.45 PM	KYC norms & Obligation of banks under Prevention of Money Laundering Act (PMLA 2002) Negotiable Instrument Act, 1881
	IV - 04:00 PM to 05.30 PM	Book Debts and Stock Audit Review of Due-Diligence Reports and Credit Audit Reports
June 10, 2018	V - 10:00 AM to 11.30 AM	Loans and Advances
	VI - 11.45 AM to 01.15 PM	
	VII - 02.15 PM to 03.45 PM	Prudential Norms on Income Recognition, Assets Classification and Provisioning pertaining to Advances
	VIII - 04:00 PM to 05.30 PM	
June 23, 2018	IX - 10:00 AM to 11.30 AM	FOREX AND TRADE
	X - 11.45 AM to 01.15 PM	
	XI - 02.15 PM to 03.45 PM	
	XII - 04:00 PM to 05.30 PM	Fraud Detection, Classification and Reporting
June 24, 2018	XIII - 10:00 AM to 11.30 AM	Concurrent Audit Procedures
	XIV - 11.45 AM to 01.15 PM	
	XV - 02.15 PM to 03.45 PM	
	XVI - 04:00 PM to 05.30 PM	
July 7, 2018	XVII - 10:00AM to 11.30 AM	Treasury and Investment Function Part I
	XVIII - 11.45 AM to 01.15 PM	Treasury and Investment Function Part II

Date	Technical Sessions (90 minutes each)	Topics
July 7, 2018	XIX - 02.15 PM to 03.45 PM	Implementation of Basel Capital Regulatory Requirements in India Disclosure Requirements
	XX - 04:00 PM to 05.30 PM	Banker Panel Discussion (GMs of Banks to Address) Concurrent Audit-Banker's perspective and Expectations - To be finalized by the Branch The objective is to get banker's views on expectations from concurrent auditors and how the chartered accountants can add value to concurrent audit.
July 8, 2018	XXI - 10:00 AM to 11.30 AM	Audit in CBS Environment
	XXII - 11.45 AM to 01.15 PM	
	XXIII - 02.15 PM to 03.45 PM	Software Usage in Banks
July 21, 2018 (Saturday)	11:00 AM to 12:30 PM	Objective assessment The Board would send e-mail to all the participants of the said batch about the examination date, timings and venue.

- For detailed Course Structure, please refer link: <https://resource.cdn.icai.org/29877course-structure19476.pdf>
- Participation Fees:**

FEES DETAILS	Metro Cities	Online payment link	Registration Form
For Members of ICAI born before 01.01.1988	Rs. 17,700 (Rs. 15,000 per participant +18% GST)	https://ccm.icai.org/?progid=1679	https://goo.gl/forms/zXkmlX1hWcJ5Acfm2
For Members of ICAI born on or after 01.01.1988*	Rs. 14,160 (Rs. 12,000 per participant +18% GST)	https://ccm.icai.org/?progid=1678	

- *I. Chartered Accountant up to the age of 30 years on 1st January of every calendar year will be considered as Young Member i.e. Members born on or after 1.1.1988 will be considered as young member for calendar year 2018.*
- II. The members who are suffering from permanent disability of 50% and above be treated at par with young members and all those concessions which are available to the young members may be extended to such members provided such member is not a partner in a firm.*

Course Chairman :
CA. Anil Satyanarayan Bhandari
Chairman,
Internal Audit Standards Board

Course Co-ordinator :
CA. Shravan Guduthur
Chairman,
Bangalore Branch of SIRC of the ICAI

For Registration, please contact:
Mr. C R Kulashekhar
Contact no. **(080) 3056 3541/ 42/ 45/ 16**, Email: **kulashekhar@icai.in**



Bangalore Branch of SIRC of ICAI

ANNOUNCEMENT

Coaching Classes: Foundation Course/CPT, IPCC & FINAL Students IPCC/
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Course	Fees	Duration (4 Months)	Timings
Foundation/CPT Course	Rs.8,500/-	24 th May 2018 to August 2018	04.30pm to 07.30pm (Monday to Saturday) & 08.00am to 12.30pm (Sunday)
IPCC/ Intermediate	IPC/Intermediate Rs. 13,500/- for Both Groups Rs. 9,500/- for Single Group Rs. 3,500/- for Single Subject	24 th May 2018 to August 2018	06.30am to 09.30am & 06.00pm to 09.00pm & (Monday to Saturday) 08.00am to 05.30pm (Sunday)
CA FINAL	FINAL Rs.15,000/- for Both Groups Rs. 10,000/- for Single Group Rs. 4,000/- for Single Subject	24 th May 2018 to August 2018	06.30am to 09.30am & 06.00pm to 09.00pm & (Monday to Saturday) 08.00am to 05.30pm (Sunday)

CA. Shravan Guduthur

Chairman

CA. Raveendra S Kore

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Schedule for all the subjects will be announced in due course of time.

Registration Fees - Mode of payment: DD should be drawn in favour of

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For further details please contact: Tel: 080-30563500 / 547 /511/555

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

Certificate Courses

Sl. No.	Date	Certificate Courses	Timings	CPE Hrs.	website url	Venue
1	24th March 2018 to 29th April 2018	Certificate Course on IND AS	9:30 am to 5:30 pm	30 hrs	https://www.icai.org/post.html?post_id=3562	Race Course Road Premises of Bangalore Branch , Institute of Chartered Accountants of India, 29/1, Racecourse Road, Next to State Bank of India, Bengaluru - 560 001, Tel: (080) 4092 9607
2	5th May 2018 to 3rd June 2018	Diploma in Information Systems Audit	9:30 am to 5:30 pm	30 hrs	- PQC.ICAI.ORG	
3	5th May 2018 to 3rd June 2018	Certificate Course on GST	9:30 am to 5:30 pm	30 hrs	www.idtc.icai.org	Hotel Fortune JP Cosmos , 49, Cunningham Crescent Rd, Behind Sigma Mall, Bengaluru - 560 052, Phone : (080) 3988 4422
4	9th June 2018 to 8th July 2018	Certificate Course on Concurrent Audit	9:30 am to 5:30 pm	30 hrs	https://goo.gl/forms/zXkmlX1hWcJ5Acfm2 / https://ccm.icai.org/?progid=1679	Race Course Road Premises of Bangalore Branch , Institute of Chartered Accountants of India, 29/1, Racecourse Road, Next to State Bank of India, Bengaluru - 560 001, Tel: (080) 4092 9607
5	14th July 2018 to 29th July 2018	Certificate Course on Anti Money Laundering	9:30 am to 5:30 pm	30 hrs	http://ccm.icai.org/?progid=1718	
6	4th August 2018 to 24th August 2018	Certificate Course on Valuation	9:30 am to 5:30 pm	30 hrs	(PROPOSED)	

Contact

C. R. Kulashchkar, Section Officer (SU), Bangalore DCO,
The Institute of Chartered Accountants of India,

No. 16/0, Millers Tank Bed Area, Vasanth Nagar, Behind Bhagwan Mahaveer Jain Hospital,
Bengaluru – 560 052, Telephone - **(080) 3056 3541**



TAX CHALLENGES OF THE DIGITAL ECONOMY, BEPS ACTION POINTS AND AMENDMENTS TO DOMESTIC TAX LAWS OF INDIA

CA. Ramya S Nayak & CA. Sunil Bhat



Background:

Historically, business profit of an enterprise is taxable in the country in which such entity is a tax resident. However, if such an entity carries on business in another country through a 'Permanent Establishment' (PE) situated therein, such another country may tax the business income attributable to the PE.

The physical presence of the entity is a decisive factor to determine the taxability of business profits in the source state by virtue of the domestic tax laws as well as the tax treaties. However, with the various new business models that have evolved in the digital platform in recent years, non-residents (NR) may interact with customers in another country without the need of having physical presence in the other country thereby avoiding payment of tax on any business income derived in the source country. Thus, the source country is deprived from its right to levy tax on profits generated in its territory. Advancement in technology resulted in significant changes in the manner of conducting business in recent the years, have created opportunities for base erosion and profit shifting (BEPS).

The Taskforce committee of OECD and G20 countries was entrusted with functions of identification of the main difficulties that the digital economy poses for the application of

existing domestic and international tax rules and develop detailed options to address these difficulties, taking a holistic approach and considering both direct and indirect taxation. Issues to be examined include, but not limited to,

- the ability of a company to have a significant digital presence in the economy of another country without being liable to taxation due to the lack of nexus under current international rules;
- the attribution of value created from the generation of marketable location relevant data through the use of digital products and services,
- the characterisation of income derived from new business models;
- the application of related source rules;
- how to ensure the effective collection of VAT/GST with respect to the cross-border supply of digital goods and services.

Addressing BEPS, OECD and G20 countries adopted a 15-point Action Plan to address the following factors to ensure that profits are taxed where economic activities take place and value is created:

- introducing coherence in the domestic rules that affect cross-border activities;
- reinforcing substance requirements in the existing international standards;

- improving transparency as well as certainty

The BEPS actions points were aimed to be implemented via changes in domestic law and practices, and via treaty provisions, with negotiations for a multilateral instrument.

Digital economy:

The digital economy has given rise to various new business models. The new generation business models discussed in the BEPS action plan are:

- Electronic commerce (B2B, B2C and C2C)
- Payment services (cash payment solutions, E-wallet/ cyber-wallets, Mobile payment solutions)
- App stores
- Online advertising
- Cloud compounding
- High frequency trading
- Participative networked platforms

Key features of digital economy

- Mobility of intangibles on which the digital economy relies heavily;
- Mobility of users;
- Mobility of *business functions* as a consequence of the decreased need for local personnel to perform certain functions as well as the flexibility in many cases to choose the location of servers and other resources.
- Reliance on data, including in particular the use of so-called "big data".

- Network effects, understood with reference to user participation, integration and synergies.
- Use of multi-sided business models in which the two sides of the market may be in different jurisdictions;
- Tendency toward monopoly or oligopoly in certain business models relying heavily on network effects;
- Volatility due to low barriers to entry and rapidly evolving technology.

Key base erosion strategies identified in digital economy:

The taskforce identified the following co-ordinated strategies adopted by the MNEs in connection with the BEPS in the context of direct tax:

- Minimization of taxation in the market country by avoiding taxable presence, or shifting gross profits by shifting trading structures or reducing net profit by maximising deductions;
- Low or nil withholding tax at source;
- Low or no taxation at the level of recipient via intra-group arrangements;
- No current taxation of the low-tax profit at the level of the ultimate parent

Key challenges raised by the digital economy in the areas of direct taxation:

- Nexus: The continual increase in the potential of digital technologies and the reduced need in many cases for extensive physical presence in order to carry on business, combined with the increasing role of network effects generated by customer interactions, raise questions as to whether the current rules to determine nexus with a jurisdiction for tax purposes are appropriate.

- Data: The growth in sophistication of information technologies has permitted companies in the digital economy to gather and use information across borders to an unprecedented degree. This raises the issues of how to attribute value created from the generation of data through digital products and services.
- Characterisation: The development of new digital products or means of delivering services creates uncertainties in relation to the proper characterisation of payments made in the context of new business models, particularly in relation to cloud computing.

Administrative challenges in the digital economy:

- Identification: While global business structures in the digital economy involve traditional identification challenges, these challenges are magnified in the digital economy. Difficulties in identifying remote sellers may also make ultimate collection of tax difficult.
- Determining the extent of activities: Even if the identity and role of the parties involved can be determined, it may be difficult to ascertain the extent of sales or other activities without information from the offshore seller since no records held in the local jurisdiction or otherwise accessible by the local revenue authority.
- Information collection and verification: The tax administration may need to seek information from parties that have no operations in the jurisdiction and are not subject to regulation therein. While exchange of information can be a

useful tool, obtaining the details of tax residence of the overseas entity and then obtaining the details from the reciprocating tax authority could pose challenges.

- Identification of customers: Though a business can identify the country of residence of its client and/or the country in which consumption occurs, identification of customers could be burdensome for the business and would not work where customers are able to disguise their location.

Concept of significant economic presence

The BEPS action plan developed a new concept of nexus for net-basis taxation (a “significant economic presence”), with the intent to reflect situations where an enterprise leverages digital technology to participate in the economic life of a country in a regular and sustained manner without having a physical presence in that country.

- This option would create a taxable presence in a country when a non-resident enterprise has a significant economic presence on the basis of factors that evidence a purposeful and sustained interaction with the economy of that country via technology and other automated tools. These factors are developed giving specific focus on excluding remote transactions, in order to ensure that only cases of significant economic presence are covered and thereby compliance costs of the taxpayers are limited.
- The options considered for determining the significant presence together with potential approaches for attributing income to nexus:



- *Revenue based factor* - Revenue generated on a sustained basis may be considered as a potential indicator of the existence of a significant economic presence. While determining the revenue, due consideration to be provided to the (i) transactions covered (whether or not to include only revenues generated from digital transactions concluded with in-country), (ii) level of the threshold (to prescribe threshold in absolute terms and in local currency) and (iii) Administration of the threshold (ability of the country to identify and measure remote sales activities of the non-resident enterprise).
- *Digital factor* - The ability to reach significant numbers of customers. Factors considered to include (i) *local domain name and local digital platform* (ii) *Local payment options*
- *User-based factors* – (i) *Monthly active users* (number of “monthly active users” (MAU) on the digital platform that are habitually resident in a given country in a taxable year) (ii) *Online contract conclusion* (conclusion of contracts via a digital platform without the need for the intervention of local personnel or dependent agents) (iii) *Data collected* (the volume of digital content collected with specific focus on the origin of the data collected, irrespective of the data warehouse. The range of data captured by the threshold would not be confined to personal data, but would cover also, e.g. user created content, product

reviews, and search histories.

- *Possible combinations of the revenue factor with the other factors captured above* – Since revenue may not by itself suffice to evidence a non-resident enterprise’s regular and sustained participation in the economic life of a country, revenue factor could be combined with other factors, such as the digital and/or user-based factors that indicate a purposeful and sustained interaction with the economy of the country concerned. The choice of which factors should be combined with the revenue factor to be driven by the unique features and economic attributes of each market (e.g. size, local language, currency restrictions, banking system).

Action plans by BEPS in connection with the digital economy:

It is aimed that the Actions plan on BEPS will increase transparency between taxpayers and tax administrations and among tax administrations themselves once the different measures have been implemented in a co-ordinated manner, taxation is more aligned with the location in which economic activities take place.

BEPS Action Plan in digital economy in the area of direct taxation

Issues listed in BEPS	Action plan
Issues in the market jurisdiction	Action 6-Preventing treaty abuse (to tackle treaty shopping); Action 7-Preventing the artificial avoidance of permanent establishment

Issues listed in BEPS	Action plan
Market and residence BEPS issues	Action 5-Countering harmful tax practices more effectively Action 8 to 10-Ensuring that transfer pricing outcomes are in line with value creation Action 13 – Transfer pricing documentation and Country-by-Country reporting

Changes in the tax laws of India

Indian is actively participating the discussions on BEPS action plan and also has been a signatory to the Multilateral Instrument for promoting certainty, flexibility and increased transparency and thereby rewriting of tax rules in jurisdiction as well as international treaties. In order to introduce coherence in the domestic rules that effect cross-border activities, the following amendments have been sought in the domestic tax laws of India.

Action 13 – Transfer pricing documentation and Country-by-Country reporting	Introduction of section 286 and amendment to section 92D, Rule 10DA, 10DB – Applicable from FY 2016-17 and onwards
Action 1 – Challenges in Digital Economy - Equalization levy at 6% on payment towards online/ digital advertisement	Chapter VIII to Finance Act 2016 effective from 1 June 2016

Action 5 – Harmful tax practices - Reduced tax rate of 10% for any qualifying royalties relating to patents developed and registered in India	Insertion of section 115BBF – Applicable from FY 2016-17 and onwards
Action 1 – Challenges in Digital Economy - Concept of Significant Economic Presence introduced	Explanation 2A inserted to section 9(1) – Applicable from FY 2018-19 and onwards

Concept of Significant Economic Presence introduced in Finance Act 2018

Section 9(1)(i) of the Income Tax Act was amended w.e.f. FY 2018-19 to provide that the significant economic presence in India shall constitute business connection in India. The significant economic presence was defined to mean;

- (i) any transaction in respect of any goods, services, property (including download of data/ software in India) carried on by non-resident (NR) in India of the aggregate of payment arising from such transaction during the previous year exceeding the prescribed amounts; or
- (ii) systematic and continuous soliciting of its business activities or engaging in interaction with such number of users, as may be prescribed, in India through digital means

It is provided that the income attributable to the above transaction shall be deemed to accrue or arise in India. However, the

method of attribution of India to India is not prescribed. It is further provided that the above transactions create significant economic presence in India for NR irrespective of NR having place of business in India/ renders services in India.

At this juncture, reference can also be made to the recent order of Bangalore Tribunal in the case of Google India Pvt. Ltd. v. Add. CIT [IT(TP)A No. 1511 to 518/Bang/2013] wherein the Tribunal held that payment made by Google India to its overseas AE towards distribution rights granted in respect of Adwords program to advertise in India constitutes royalty for use of intellectual property.

The Tribunal held that under the arrangements Google India gained access to the user specific data (IP address of the desktop / laptop / tablet, photographs of users and the time spent on websites, eating habits, wearing preferences, access to data pertaining to the user of the website in the form of name, sex, age, city, state, religion, etc.). It was held that the above user specific data enabled Google India to provide effective focussed campaign to the advertisers thereby facilitating display and publishing advertisement to the targeted customer.

The above ruling was pre the 2018 proposed amendment. Post amendment a business presence is likely created if the NR is engaged in interaction with prescribed number of users in India through digital means. This may lead to conclusion that the information collected through digital means from users in India could result in PE for the NR and any income earned

by NR through subsequent use of such information may be treated as income derived from PE in India taxable as per the domestic tax laws (net-off expenses). Further, any income received from sharing such information in customers in tax territories other than India may also result in attribution of income to India.

Closing note:

With the adoption and implementation of the measures developed under the BEPS in domestic as well as the international tax laws, it is expected by the State Tax Administrators that the measures will substantially address the issues exacerbated by the digital economy with the aim of putting an end to the tax planning by multinational enterprises to artificially reduce taxable income or shift profits to low tax jurisdictions in which little or no economic activity is performed.

The following way forward options may be adopted by the MNEs having regarding to the proposed changes in the domestic and well as international tax laws:

- Detailed review of the business model in light of the BEPS recommendations
- Review documentation viz, agreements / contracts etc. maintained by the Company
- Relook at the TP policies to appropriately reflect the functions performed and the risks assumed
- Evaluate alternate structures in light of the BEPS recommendations



THE ERA OF E-ASSESSMENTS UNDER INCOME TAX: WHAT WE NEED TO KNOW

CA. Sandeep Jhunhunwala



"With the experience gained so far, we are now ready to roll out the e-assessment across the country. Accordingly, I propose to amend the Income-tax Act to notify a new scheme for assessment where the assessment will be done in electronic mode which will almost eliminate person to person contact leading to greater efficiency and transparency" - the Finance Minister said in his Budget speech for 2018-19 tabled in the Parliament earlier last month. The proposed e-assessment would surely transform the age-old assessment procedures of the Income Tax Department and the manner in which interactions occur between taxpayers and the taxman.

The Central Board of Direct Taxes (CBDT), the policy-making body of the Income Tax Department had been running a pilot project in few major cities and testing the feasibility of implementing this new regime of tax assessment for the last few years. The "faceless and nameless" e-assessment initiative was launched to reduce visits by taxpayers to Income tax offices and their interface with the taxman, thereby bringing anonymity in proceedings using technology in order to ensure that vested interests do not obstruct the due course of law. With the earlier set of instructions and notifications on e-assessments, the CBDT has now

notified a "Centralised Communication Scheme 2018" for serving e-notices to income taxpayers as part of the Government's ambitious plan to usher in a countrywide paperless system of interface between the taxman and the assessee. The scheme stipulates that an internet-based independent Centralised Communication Centre (CCC) would be established in the Income Tax Department that would issue notice to any person through email or by placing a copy in the registered account on the web portal followed by an intimation on SMS. The CCC has also been tasked with running a sustained campaign to ensure compliance (on taxpayer side) by sending emails, SMS, reminders and letters.

With the colours of Government's programmes such as E-governance and Digital India, this "Man to tech" approach has many advantages such as time savings (not going through the traffic snarls, waiting in the lobby to meet the tax officer), avoiding voluminous prints etc. There are, however, few significant limitations as well to the proposed system of e-assessment that needs to be kept in mind in deciding the approach and best practices. Generally, a "checklist" approach is followed while issuing notices, seeking documents and information that may not be too relevant for examination in a particular

scrutiny case (for instance, seeking details of opening and closing stock in case of pure play service provider). Additionally, few documents such as return of income, tax audit report, certificate under transfer pricing (Form 3CEB) and other certificates such as Forms 56F and 29B etc, which would have already been uploaded by the assessee at the time of filing of return and hence available with the tax department, also form a part of such list in the notice issued. At the same time, the capacity for uploading documents under e-assessment proceedings (whether on site or mail size) is limited. This could lead to hassles in terms of uploading or emailing the requisitioned documents. Other important drawback is lack of understanding of commercial transactions on the part of tax officers, which could lead to an unwarranted addition to the reported income. Currently, during the course of face-to-face assessment hearings, the tax professional is in a position to explain such rationale to the examining officer and clarify any doubts straightaway, thereby reducing the chances of misinterpretation. At times, even eloquent written submissions require oral explanations for a better clarity. Forwarding the previous emails of submissions to the succeeding tax officer on transfer of the preceding one,

is another issue, though it subsists in a similar form in the existing regime as well, where copies of previously filed submissions are requisitioned by the newly deputed officer on the change of incumbent of an office under Section 129 of the Income Tax Act.

Though it is not practical to develop a "one-size fits all" approach that could be followed under e-assessment, the taxpayers could consider a set of best practices, including a few mentioned in the para ahead, in tailoring their own conduct - (i) Technical submissions should be clear, comprehensive and logical in structure (following principles of clear writing) for easy absorption (ii) Commercial rationale of any anticipated adjustments should be explained in a lucid and coherent manner to avoid any undeserved additions (iii) It may also be a good practise to provide a memorandum explaining the basis of preparation of the return of income along with the computation of taxable income, which may assist the tax officer in understanding the key technical positions adopted by the assessee in arriving at taxable income (iv) Order sheet notings as provided by the tax officer through electronic means to be examined and read cautiously and any deviations in the understanding should be formally communicated to avoid unjustified adjustments to the returned income (v) In cases of request for previously filed information/documents, references to the past submissions such as date of filing could be provided, instead of submitting the documents/ information all over again (vi) "Request a delivery receipt" option could be selected while sending

e-mails to ensure that documents have landed in the recipient's mailbox and the delivery receipt could be used as an acknowledgment for having sent the documents to the tax officer (vii) Needless to mention, data security is of utmost importance and due care must be taken towards phishing or fake emails.

The perception that a tax administration is effective, efficient and fair is a fundamental component of public confidence in the Government. While the idea of e-assessment, is in principle, an outstanding one, the administrative systems and procedures need to be tweaked a little to ensure that it does not result in an uncalled-for injustice to the taxpayers in the form of meaningless adjustments to the reported income. It is recommended that the scheme of e-assessments be made optional in the first few years, so that the administrative anomalies could be ironed out in such test phase. Administrative guidance and training may be provided to the tax officers to empower them take up scrutiny examination on an e-assessment mode, without causing any undue hardship to taxpayers.

Once the technical and administrative glitches are ironed out and the system is evolved, the e-assessment mode to be made mandatory for all taxpayers. In parallel, to ensure a uniform and systematic approach to conduct audits under e-assessment mode, the tax administration needs to delve into the key performance drivers such as targeted correspondence, centralised guidance on key issues (instead of individual judgement), taxpayer segmentation (followed by differentiated operating model for each segment) and training of field examination staff with industry specific knowledge, coupled with a constant on-the-job coaching.

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Advt.



HR AND LABOUR LAW COMPLIANCE MANAGEMENT

Ram K Navaratna



Today in industrial world it is said corporate compliance management is essential for achieving better corporate governance. There are many organizations which are large and diverse with hundreds of daily transactions that company has to comply with innumerable regulations of respective countries/states. In such case compliance issues have to be taken seriously, investigate each one and many times revisit their operational controls. In few companies they conduct policies, set expectations that all employees will comply with all laws and regulations governing their company's behavior. Thus, today compliance of relevant, applicable law has come as need of business without which their business is at jeopardy. This has not only become legal but business essential and social need also. That is why in few sectors it is called social audit compliance. Today most customers/buyers/business houses are serious about these issues and they lay solid foundation and continuously update and upgrade their compliance issues.

2. Dimensions: Thus, compliance has to be seen from different angles like labour law, social, business, HR and legal need. Each dimension plays important role and have their impact in compliance. Non-compliance, deviations in this area lead to unionism, discontentment among

employee's legal exposure and risk to the management represented by their directors. In addition, today retention of employees, talent management, attrition of good professionals needs all this in order. As such compliance of employment and HR laws have become basic need of healthy establishment. Statistics reveal reduction of loss of man hours, labour unrest, strike and lockouts due to growing awareness about compliance among employers and employees.

Many times, compliance personnel are bored with stereo type compliance system and sometimes they get doubt about how to make compliance in time? But in few cases and in general executives and organizations lack knowledge about its applicability. Today corporate compliance can't be considered as just another burdensome, complicated, back office operation monotonous work but they have to see as an opportunity in them. In reality an opportunity lies in good corporate governance. Only the culture of adherence to good compliance can keep a company ahead on sustainable basis and bring in larger revenue and profit.

Therefore, compliance has to be seen in letter and spirit. One of the rules therefore laid – board shall periodically review reports of all laws applicable to the company prepared by the company

as well as steps taken by company to rectify instances of non-compliance. Ensure all the time compliant.

3. What is compliance of law? Compliance of all laws not just like any other compliance but it is a hidden treasure for all stake holders. Thus, one has to understand their company, see what is applicable and analyze relevant applicable laws periodically and make an assessment. This will ease for business as well comfort to the Directors who are responsible to run the business and accountable for governance.

4. Compliance Timings: Every compliance will have timings and evaluation like fixed regular and event based. Thus, compliance department has to make and develop compliance management tools by preparing various check lists. They may be law wise or period wise and also, they have to be on their toes constantly to keep update on this. Eg. Karnataka Minimum wage rules amendment, drastic revision of minimum wages of 37 scheduled industries in Karnataka, Maternity benefit revised provisions. Awareness on recent bill on Wages, enhancement of penal provisions under Karnataka Minimum wage rules, Employee compensation liberal provisions, Deposit Linked insurance (DLI) etc. Such many updates will impact organizations and have to display exhibit their proactive

approach. By using proper and right compliance system one can convert their role from traditional to strategic by making an impact in the business.

5. Various Compliance:

Competition law: Employees may not engage in anti competitive conduct nor permitted to take unfair advantage of any customer, supplier, competitor or other person through manipulation, concealment, miss representation of material fact or other unfair dealing practices.

b. Environmental law: Today this is gaining upper hand and has become the need. Hence employees have to become familiar with relevant applicable regulation being employment responsibilities.

c. Contractual Obligations: Employees, contractors, sub contractors have to understand their contractual obligations to make compliance successful and avoid any problems to company and to its products.

6. Employment and labour law Policy: Today many establishments acclaim employees as their valuable assets. That is the reason today it is called Human capital rather than Human Resource. Organization policy is to comply all applicable laws and regulations including those concerning hours, compensation, rights and responsibilities, working conditions etc.

In additions to various regulations child labour is prohibited. Same way many buyers insist avoidance of forced or compulsory labour. Modern economy companies declare - It is our policy that all employees work in a clean, orderly and safe environment. The company

requires full compliance with applicable work place safety and industrial hygiene standards mandated by many laws including factories act.

7. Labour law compliance: Business in India is synonymous with the need to understand company and to stay out of legal issues. Whether it is statutory compliance or labor law compliance, progressive and bottom line focused managements understand that any form of compliance should be viewed as a dynamic item of cost, rather than a passive charge on profits. A superior operational fineness is needed to achieve this goal. Insight into compliance can make all the difference in getting workflow remaining competent as ever. Meaningful self assessment exercises on and often also helps for better compliance practices and structures.

Noncompliance of employment laws lead to many problems and their consequences are far reaching. Some deviation or noncompliance is risky. Example - Minimum wages, PF ESI, safety, overtime provisions. Hence it can be called as risk management also.

On an average any factory or establishment depending on the nature of business around 14-16 labour laws applicable like

Factories act, Shops act, payment of wages, minimum wages act, contract labour act, payment of bonus, payment of gratuity act, labour welfare fund, Building and other construction workers regulations and Cess rules, National and festival holidays act, Maternity Benefit act, Equal remuneration act, Prevention of Sexual harassment provisions like committee, EPF and ESI,

Industrial Dispute Act provisions like Grievance Redressal committee, lay off, retrenchment, working conditions etc, Standing order provisions, Subsistence allowance rules, Motor transport workers act, Interstate Migrant workers regulations, Employment Exchange notification regulations, Stringent safety provisions like On site emergency preparations, operation of safety management, First aid, Health provisions like water, toilets, preventive measures like health checkup, Welfare measures like canteen, creche, rest shelters.

Employees participation measures like Safety committee, Internal Committee, Canteen committee, Works Committee, Joint consultations, Bi partite agreements, settlements, LTS adoptions, Discipline and its management by following Principles of natural justice.

While more responsibilities are cast on employer, employee's duties and responsibilities are also regulated in factories act. Thus, to avoid frictions, and disputes, differences one must be aware rights and duties of employees under various laws and also by terms of employment.

In HR systems for effective and fair management practices, various systems like good and fair selection practices, joining formalities, right communications at the time of induction, maintenance of personal file of employees as per sop, legal documents like declarations of pf, esi, gratuity etc, follow of probation period, extension, termination, appraisal at appropriate time, proper salary structure under law and industry practices of course income tax law provisions, professional tax,



proper allowances, deductions, leave management, review of salaries with proper base and assessments, assessing the performance periodically, making employee happy and deliverable, promotion and demotion, transfer based on laid down practices, relieving formalities, final settlement system, bonus and incentive payment, accident management, employee reduction and right size exercises etc. all have legal and other bearings which to be fit into applicable requirements of law and practices which all need appropriate compliance and their validity as well revalidation from time to time. All these forms good compliance for sound footing/stand of any organisation.

8. Risk Management in Compliance aspect- Steps to follow.

1. Stay informed by experts:

Ignorance of law is no excuse. As such there is no plea for ignorance. Laws are constantly changing and hence it is employer's responsibility to get updated. Refer various journals, business house periodicals, chamber of commerce bulletins, professional bodies, employer's associations etc. Government cites are now improving. Once, I faced a problem in minimum wage compliance. Every year in April law publishers publish minimum wage rates of various scheduled industries. One of employer in the month of May purchased the book and after reference followed notified wages. But to his bad luck after one quarter their union raised an objection for short payment of minimum wage. They came with another law publisher's booklet. When compared earlier book it was not

changed with latest and was not update but was stereotype. Consequently, employer ended in difference payment without his fault. Hence double check is essential.

2. Choose the right expert source:

Law is the only subject in the world, where many people can opine differently on one matter. Hence choose your counsel, consultant, compliance agency competent one who is research oriented with update mind.

3. Reject Copy Paste advice:

Compliance is more about judgment than templates. Take information from source to adapt to your company's variable needs. Consult experts who are with wide case studies, expertise and experience. It should not be one stop shop.

4. Document policy and incidents.

Authorities, courts, regulatory agencies look for evidence and abundant care, all reasonable care precaution beyond doubts. Hence employees hand books, manuals, related document, and proof of receipt is a must to prove your case. The same case in issue of safety equipments. Example - Personal protective equipments (ppes). The employer need to prove the employee knew what was expected. Consistency of enforcement without discrimination is critical. In accident case, incident reports, failure reports, misappropriation cases valid relevant job descriptions and clear compliant performance appraisals are contributory tool sets.

Consider self certification, voluntary compliance review for risk areas and laws to build affirmative defense

through reasonable care. Example: Few states self certification model.

5. Train the Concerned: Culture of learning play a very important role. To quote one leading industrialist- "Training is expensive but nontraining is still more expensive and risky" Hence training of employee in operations procedure, liability aversion, documentation and diversity is important. While the employer is not ultimately expected to control each and every work place action, the employer is held accountable to reasonable care. Proper training averts risk, and act of training builds affirmative defense. This is the reason HRD department Government of India has fixed minimum man days training for public sector employees to keep them competitive and also to meet needs of industries. Example in Karnataka safety training programs conducted by department of factories add value in safety compliance management for safety award in industries and considered as plus point.

6. Stay current and prepare for Change: The employer who has been non compliant 'has never had a problem' is probably due. Everyone is vulnerable. As long as problem do not arise it is ok. As long as employees don't ask it is ok. But once above two turn – problem starts and pinch in multiple ways. Hence don't waive off vulnerability. Like in any business insurance protect your interest but it is the responsibility of the employer to protect their own interest. Stay up to date with regular compliance review for practices and policies. Take reasonable care and secure update validation for compliance.