

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Bangalore Branch of SIRC e-Newsletter

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Shubh
Dipavali



Southern India Regional Council of ICAI
(SIRC)
organizes



SRESTATHA
excellence

49th Regional Conference

hosted by

Bangalore Branch of SIRC of ICAI

22nd & 23rd December 2017 . Bengaluru

Chairperson's Communique . . .



Dear Professional Friends,
Greetings!

"The future depends on what we do in the present"

– Mahatma Gandhi.

Every year 02nd October is celebrated across the country as Gandhi Jayanti which is the birth anniversary of Mohandas Karamchand Gandhi, a national event of India. It is celebrated as the national holiday to pay

respect to the Father of the nation. This day is also celebrated internationally as the International Day of Non-Violence after the declaration by the UN General Assembly on 15th June 2007. Gandhiji was the preacher of non-violence and followed non-violence all through his struggle for India's independence. He is remembered today by us as a symbol of peace and truth. We salute the great leader and pay deepest tribute to the father of our nation.

His famous quote *"Seven deadly sins: Wealth Without Work, Pleasure Without Conscience, Knowledge Without Character, Commerce (Business) Without Morality (Ethics), Science Without Humanity, Religion Without Sacrifice & Politics Without Principle* is relevant and a pervasive truth.

September & October being the months of tight schedules where majority of the CAs will be busy with Tax Audit, to complete the assignments within the stipulated time schedule and those who are in Industry/Employment are also busy with their work assignments and duties. After busy professional work, we also should find time to relax and enjoy to take life forward in the right direction; with **Deepavali festival just around the corner** let's have an enjoyable and pleasant time with our families; With these lighter moments and family get together, we can bounce back to our hectic and routine work with lot of zeal and enthusiasm.

I'm reminded of another quote from Mahatma Gandhiji i.e. **"Live as if you were to die tomorrow. Learn as if you were to live forever."** Taking cue from the aforesaid profound statement, I firmly believe that those individuals and organizations will succeed, who have mastered the art of continuous learning and comprehending the rapid changes in the best possible way. Hence, we all must update our professional skills: keeping this in view in October & November; few significant programs are being organized to enable our members to sharpen their subject knowledge and to accelerate their professional dynamism.

An update of the programs in Sept. 2017.

In addition to study circle meets, we had certain significant programs in Sept. 2017:

- ❖ **"Samvartaka"- Be a GST Compliant Assessee – the one-day Seminar on GST** was also one of the significant events of Sept. 2017. The deliberations by the Chief Guest Sri. M.A. Maniyar, Retd. Dy. Commissioner of Commercial Taxes department and the other learned and experienced speakers made the program beneficial to the delegates. Nearly 350 participants witnessed the program.
- ❖ **"Samartha"- Enriching Capacity Building Measures for the Practitioners was organized on 23rd Sept. 2017** by Committee for Capacity Building of Members in Practice (CCBMP) and hosted by our Branch was well received by the participants. I am very happy to state that this was the first ever Seminar wherein four of our respected Past Presidents CA. B.P Rao, CA. G. Ramaswamy, CA. K. Raghu and CA. Devaraja Reddy M shared the dais and addressed the Members on certain issues pertaining to our profession. The session on GST by CA. V. Raghuraman on the same day was of immense value to the delegates. On behalf of the Branch, I sincerely thank CA. Mukesh Singh Kushwah, Chairman of CCBMP and Dr. Sambit Kumar Mishra, Secretary of CCBMP for having permitted and supported us to conduct this event at Bangalore Branch.

- ❖ I am very proud and happy to share that the **1st Batch of the Course on Litigation Management was commenced on 23rd Sept. 2017** and around 43 Members have registered for the course. This four-day course **on 23rd, 24th Sept. and 7th & 8th October** with the expert and experienced Speakers specialized in the Litigation domain will make the participants to get deeper and finer understanding of various aspects of Litigation under Indirect Tax realm.

- ❖ **Revival of CPE Study group at Infosys campus, Electronic City:** I take pleasure in informing you that the CPE Study Circle is inaugurated & revived on 21st Sept 2017 at their campus. I request all the Study Groups pertaining to Blore Branch to organise programmes on current topics of professional interest as we have to update with various recent changes & several enactments & laws governing trade & industry.

Ayudha Pooja

- ❖ On the auspicious occasion of Dasara festival; pooja has been performed at the branch by the Students, Members, Faculty Members & office Staff on 28th September at around 5.00 pm. I pray, May Goddess the "Mighty Mother of the Universe" shower her blessings luxuriously on all our Students & Members.

Rally for Rivers

- ❖ To reinforce our role as 'Partners in Nation Building 'and fulfilling our CSR objectives, ICAI through its PR & CSR Committee has decided to support the Rally for River initiative of Isha Foundation to save our rivers and to prevent natural calamities, to have a better future for our Nation. The campaign has started from 3rd September and will continue upto 2nd October 2017.

You can participate in the campaign by giving a missed call to **80009 80009**. Let us join hands in this awareness campaign and help to revive our rivers. The events connected with Rally for Rivers is readily available at the link <http://isha.sadhguru.org/rally-for-rivers/schedule/>. Let us actively contribute in this campaign, safeguarding our Nation in preserving our environment.

Activities of SICASA.

- ❖ On behalf of Bangalore Branch, let me congratulate CA. B.T. Shetty, Chairman SICASA and the student representatives for conducting various activities enhancing the knowledge and skills of our students. Recently SICASA conducted three Industrial visits, live webcasting on Technical subjects of IPCC & Final courses organized by BOS and Seminar on Tax Audit etc, materializing the objectives of SICASA and serving the students community.

Programs scheduled in October 2017.

- ❖ **One-day Technology Summit for CAs**, Organized by Digital Accounting & Assurance Board, ICAI & Information Technology Committee of SIRC of ICAI Hosted by Bangalore Branch of SIRC of ICAI **on 7th October 2017** with the theme "Empowering CAs to Meet Challenges of Digital Transformation" is designed in such a way that it will harness the power of existing & emerging Technology to apply digital power in our services.

"Srestatha"- excellence

- ❖ I would like to remind you about the fast-approaching mega event - **49th Regional Conference of SIRC of ICAI "Srestatha"-excellence on 22nd & 23rd December 2017. "Srestatha"-Excellence**, the most significant mega event of the year, for which exponents of the various subject domain are invited to present the papers on current topics of professional interest, culminating the said mega event to a knowledge feast. **Let me conclude my Communique by appealing my professional friends to actively support and join this event to make it a resounding success.**

With warm regards,

CA. Geetha A.B.

Chairperson

Bangalore Branch of SIRC of ICAI

CALENDAR OF EVENTS - OCTOBER & NOVEMBER 2017

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
04.10.2017 Wednesday	Valuation Nuances & How to build our Valuation Practice CA. A M Chinmaya	Branch Premises 6.00 pm to 8.00 pm	2 hrs
07.10.2017 Saturday	One day Technology Summit for CAs - "Empowering CAs to meet Challenges of Digital Transformation" Organized by Digital Accounting & Assurance Board, ICAI & Information Technology Committee of SIRC of ICAI Hosted by Bangalore Branch of SIRC of ICAI Co-ordinator: CA. A Rafeeq Delegate Fee: Rs.900/- for Members only (Inclusive of GST)	Branch Premises 9.30 am to 5.45 pm Details in Page No.: 14	6 hrs
11.10.2017 Wednesday	Overview of BEPS CA. S Anantha Padmanabhan & CA. Priya Narayanan	Branch Premises 6.00 pm to 8.00 pm	2 hrs
18.10.2017 Wednesday	Holiday - There will not be any programmes		—
25.10.2017 Wednesday	International Transfer Pricing – Income Tax Vis a Vis GST CA. Bhamini G S & CA. Rakesh Jain	Branch Premises 6.00 pm to 8.00 pm	2 hrs
27.10.2017 Friday	GST – Hands on Training on Filing the Returns CA. Annapoorna D Kabra Delegate Fee: Rs.150/-	29/1, ICAI Bhavan, Racecourse Rd, Gandhi Nagar, Next to SBI Bank, Bengaluru, 560002 5.00 p.m to 8.00 p.m	3 hrs
1.11.2017 Wednesday	Kannada Rajyotsava Day - Holiday		—
4.11.2017 Saturday	"KALAA KRUTI" Kannada Rajyotsava Day Celebration - Cultural Program by CAs	Branch Premises 3.30 p.m to 6.45 p.m	—
8.11.2017 Wednesday	How to implement SAP successfully - How do CFOs and Management optimise their SAP implementation? - How should other stakeholders contribute and benefit? CA. Jatin Suresh Bhatt	Branch Premises 6.00 pm to 8.00 pm	2 hrs
10.11.2017 Friday	"Manthana" Programme on Trust CA. Dr. N. Suresh	Branch Premises 6.00 pm to 8.00 pm	2 hrs
11.11.2017 Saturday	Workshop on Representation before NCLT CA. Ravi Prasad, Co-ordinator Delegate Fee: Rs.150/-	Branch Premises 3.00 p.m to 6.00 p.m	3 hrs
15.11.2017 Wednesday	Mediation The Most Popular Alternative Dispute Resolution Sri. Thiruvengadam, Advocate	Branch Premises 6.00 pm to 8.00 pm	2 hrs



CALENDAR OF EVENTS - NOVEMBER 2017

22.11.2017
Wednesday

Companies Amendment Act 2017
CA. Ravi Prasad

Branch Premises
6.00 pm to 8.00 pm

2 hrs

29.11.2017
Wednesday

GST - Issues relating to Place of Supply
CA. Sai Prasad A

Branch Premises
6.00 pm to 8.00 pm

2 hrs

KIND ATTENTION MEMBERS



SRESTATHA

excellence

49th Regional Conference

49th Regional Conference "SRESTATHA" – **excellence**, is being organised by SIRC of ICAI and hosted by Bangalore Branch on **22nd & 23rd Dec 2017** at **Bangalore**. The details will be informed later.

Members are requested to actively participate and make this mega event a resounding success.

CONFERENCE CHAIRMAN

CA. Cotha S Srinivas
Chairman – SIRC of ICAI

CONFERENCE CONVENORS

CA. Panna Raj S
Treasurer – SIRC of ICAI

CA. Geetha AB
Chairperson – Bangalore Branch of SIRC of ICAI

CONFERENCE CO-ORDINATOR

CA. Babu K Thevar
Regional Council Member – SIRC of ICAI

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

EDITOR :
CA. GEETHA A.B

SUB EDITOR :
CA. BHAT SHIVARAM SHANKAR

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CERTIFICATE COURSE ON 'GST'

Bangalore Branch is delighted to inform you that the Certificate Course on GST in the Country is being launched on 11th November 2017 to 10th December 2017 (10 days weekend course) under the aegis of Indirect Taxes Committee of ICAI with the guidance of CA. Madhukar N Hiregange, Chairman of the IDT Committee. Request the Members to register at the earliest and derive maximum benefit out of the course.

Duration	: 11 th November 2017 to 10 th December 2017
Timings	: 9.30 a.m to 5.30 p.m
Course Fee	: Rs. 20,000/- per participant (Taxes : Extra as applicable) for Members only
Mode of Payment	: DD/Cheque in favour of Bangalore Branch of SIRC of ICAI
Venue	: Yet to be decided
Contact Tel	: (080) 3056 3541 E-mail: kulashekhar@icai.in
Website	: www.icai.org / http://idtc.icai.org/about-certificate-course.html

30 hrs
CPE

Date / Day	Duration	Topics Covered
DAY 1 (Saturday) 11th November 2017	30 minutes	Constitution of India (Provision related to GST) & Important legal Maxims
	2 Hour 30 Min.	Introduction to GST
	3 Hour	Explain how principles discussed in previous session are implemented
DAY 2 (Sunday) 12th November 2017	1 Hour 30 Min.	Levy of GST
	30 Min.	Purpose of time of supply with reference to previous discussion on levy of GST and focus attention to Time Supply of Goods
	4 Hour	Purpose of place of supply and discuss from basics onwards
DAY 3 (Saturday) 18th November 2017	2 Hour	Registration Amendments, Cancellations and Revocations
	3 Hour	Registration process and purpose of registration
	1 Hour	How to fill the registration Form with practical case study
DAY 4 (Sunday) 19th November 2017	4 hour	Input tax credit with specific arrangement
	2 Hour	Valuation with specific focus
DAY 5 (Saturday) 25th November 2017	3 hour	Transition provisions and purpose of transition with specific reference to Balance of credits in last and first returns
	3 hour	Transition provisions and purpose of transition with specific reference to Migration, Revision in prices, Other Transition Provision
DAY 6 (Sunday) 26th November 2017	3 Hour	Discuss nature of verification
	3 Hour	Maintenance of Records & Books
DAY 7 (Saturday) 2nd December 2017	3 Hour	Returns under GST Types, Applicability, Annual returns, Matching, Final returns with Rules and specific reference to: How to file the returns to be explained with real document
	3 Hour	Payment under GST Refund under GST
DAY 8 (Sunday) 3rd December 2017	3 Hour	Overview of Audit and Appeal Provision Overview of Miscellaneous Provision including anti profiteering concepts Assessment Demands and Recovery
	3 Hour	Changes and Configurations of Accounting Systems and the need to have data relevant to filing
DAY 9 (Saturday) 9th December 2017	3 Hour	Inspection, Search, Seizure and Arrest Offences and penalties including 'general principles' for imposing / not imposing penalty Advance Ruling
	3 Hour	FTP and/or Customs Duty
DAY 10 (Sunday) 10th December 2017	3 Hour	Ethical Practice & Professional Opportunities
	3 Hour	Industry specific analysis like Real Estate, Construction, Gems and Jewellery etc.(as per industry prevalent at the location of the course)

Note : Expert & Experienced Members of the Faculty will be conducting the sessions.



IND-AS PRACTICE POINTS – “OTHER COMPREHENSIVE INCOME”

CA. Vinayak Pai V



Introduction

Indian Accounting Standards (**IND-AS**) notion of income is wider in comparison to a relatively narrower concept of income under erstwhile AS (Accounting Standards) based Indian Generally Accepted Accounting Principles). This is not a new concept to the accounting world as these concepts have been in vogue for decades under United States Generally Accepted Accounting Principles (USGAAP) as also International Financial Reporting Standards (IFRS) albeit it made a relatively belated entry.

With the **second phase of IND-AS** converging companies preparing their first IND-AS financial statements in the current fiscal, evaluation of OCI exposure at the date of transition and on a steady-state basis assume significance from the financial statement preparation, internal controls, Income Tax including MAT and statutory audits perspectives.

Background

Indian Accounting Standards (IND-AS) is the Indian variant of IFRS that Indian corporates switch over in the second phase from Fiscal 2017-18. The second phase of migrating companies are required to prepare an opening IND-AS balance sheet as at April 1, 2016 and also provide relevant GAAP reconciliations and disclosures.

Other Comprehensive Income

The Companies Act vide Schedule III mandates the use of the formats prescribed therein for certain components of the financial statements including

the financial performance statement. Part II of the Schedule prescribes the **format for the Statement of Profit and Loss**. The terminology used in the format is a misnomer since any performance statement that includes

Income. It may be noted that this is an indicative list and not a comprehensive list as OCI items emanate from a number of other IND-AS's than those that are listed in IND-AS 1 – *Presentation of Financial Statements*.

Relevant IND-AS	IND-AS	Accounting Topic
IND-AS 16	Property, Plant and Equipment	Revaluation Model
IND-AS 38	Intangible Assets	Revaluation Model
IND-AS 19	Employee Benefits	Defined Benefit Plan Accounting
IND-AS 21	The Effects of Changes in Foreign Exchange Rates	Translation of Financial Statements of Foreign Operations
IND-AS 109	Financial Instruments	Equity investment fair valuation
IND-AS 109	Financial Instruments	Financial Assets fair valuation
IND-AS 109	Financial Instruments	Cash Flow Hedge Accounting
IND-AS 109	Financial Instruments	Designated financial liabilities
IND-AS 109	Financial Instruments	Option Contracts

other comprehensive income cannot be termed merely as a statement of profit or loss but needs to be termed as statement of comprehensive income. It may be noted that IFRS uses the term “Statement of Profit or Loss and Other Comprehensive Income”. Nevertheless, **items of OCI require careful evaluation for accounting exposures at transition.**

IND-AS defines Other Comprehensive Income (OCI) as comprising *items of income and expense (including reclassification adjustments) that are not recognized in Profit or Loss as required or permitted by other IND-ASs.*

Practice Points

Herein below is provided a list of accounting items that currently fall under the purview of Other Comprehensive

Assessment at Transition Date

Typical items that would necessitate the need for creation of an **accumulated OCI at transition** for non-complex companies could be retiral benefit plans (defined benefit plans) and investments in equity shares/certain category of fixed income securities etc. Companies with subsidiaries that qualify as foreign operations and companies that manage risks on the balance sheet by entering into derivative contracts that qualify for a category of hedge accounting too would be exposed to OCI reporting.

While recreating the past financials under IND-AS is the mantra at transition, companies need to **evaluate the exemptions provided at the date of transition** for some of the above line items. For instance, the requirement

to fair value financial assets in creating the opening IND-AS balance sheet comes with an exemption that could be availed by a reporting entity wherein the reporting entity need only apply the fair value measurement base prospectively to transactions entered into on or after the date of transition to IND-AS.

Some of the other requirements that a reporting entity would need to consider include:

- **Deferred tax implication** under the balance sheet approach to deferred taxes on OCI items,
- **Disclosure as a reconciling item** in the GAAP reconciliation statement.

Steady-state OCI reporting

On a steady state basis, a few of the OCI financial reporting considerations are discussed herein below:

- **Classification of OCI items** for the purposes of presentation and disclosure. It may be noted that the relevant classifications are "Items that will be subsequently be reclassified to P&L" and "Items that will not be subsequently reclassified to P&L"
- **Fine tuning assumptions and judgments that go into the measurement of OCI items** and the related disclosures including importantly the requirements of IND-AS 113 – *Fair Value Measurement*.
- **Computation of the related deferred tax asset/liability valuation** based on the IND-AS approach to deferred taxes that is at variance from the income statement approach under the AS based accounting framework.
- Evaluation of the **presentation choices for income taxes related** to items of OCI.
- **Maintaining a tab on the OCI items in order to settle the same**

accounting wise one of which could be by way of a reclassification adjustment or the fair value hedge settlement.

- **Formulate accounting policy choices as appropriate** for certain items of OCI. For instance OCI related to PPE can be settled in two ways as permitted by IND-AS 16.
- Consider the **disclosure requirements of individual IND-AS standards** and **Schedule III presentation aspects** including the requirements with respect to the Statement of Changes in Equity.

OCI and Minimum Alternate Tax

The provisions related to computation of book profit for the purposes of levy of Minimum Alternate Tax (MAT) under section 115JB of the Income-tax Act, 1961 for Indian Accounting Standards (IND-AS) compliant companies need to be considered.

It has been clarified by the regulators

that the starting point for computing Book profits for IND-AS compliant companies shall be Profit before other comprehensive income.

It may be noted that certain items of OCI will never enter the P&L and accordingly for the purpose of MAT, their inclusion in book profits will be at the specified time/s (Amendments to Sec 115JB).

The IASB proposals

The International Accounting Standards Board (IASB), the IFRS standard setter is revamping the conceptual framework for IFRS reporting and the board has tentatively decided to set out a principle that income and expenses should be included in the statement of profit or loss unless the relevance or faithful representation of the information provided in the statement of profit or loss for the period would be enhanced by including a change in the current value of an asset or a liability in OCI. This principle would replace the rebuttable presumption about the use of the statement of profit or loss proposed in the Exposure Draft. The revised *Conceptual Framework* would state that this is only expected to occur in exceptional circumstances.

Watch this space!





ENTREPRENEURSHIP AND MYTHOLOGY

CA. Roopa Venkatesh



Dear Friends,

In the earlier article I wrote about why Entrepreneurs are more valued than employees. An employee does as he is told, but an entrepreneur does what needs to be done (without necessarily being told). It is a mind-set, a way of being, of behaving.

What do you need to be an entrepreneur? Seems like this question is a no-brainer!! But lets take a quick look-see and understand it better.

1. Goal – often easier said than done.

Fool not yourself or others. State it like it is. Getting clarity on the goal is crucial and even more crucial is the transmission of the same to the rest of the team/ group. Often entrepreneurs claim to have a high esoteric goal of “serving society” but in truth, the real goal is to make money from the current gap in products/ services. Profit is not a bad word, so long as the means to achieve it are fair.

Often first time entrepreneurs get carried away by the love of their own idea and the benefit it will bring to a certain group/ community that they begin to evangelise the same. Guard against this. Clarity on what you want to achieve and the time frame you have to achieve it in, is a big contributor to success.

2. Prior Experience and Domain knowledge.

Hey!! This is a new one!! Yes, experience is required in terms of the product/service you plan to offer. Of course, you will learn along the way, but you must know the basics, the why's and how's at least at a high level. You may not have experience as an entrepreneur, but you must have experience in the field you are venturing into.

The more technical the subject of the business, the more information and knowledge you need to possess. For those who have watched reality shows like “shark tank” (a show based on live examples of entrepreneurs being funded based on their idea presentation to a group of investors) this would be hugely familiar. Many an idea has been refused, as the entrepreneur did not have the requisite experience and knowledge. You must know the technology, the domain, the market, the gap and the need you are trying to fulfil. As an entrepreneur you must have your elevator pitch down to a pat.

3. The law of connectedness

Remember, in business most of the things are connected to each other. Each sector has an impact, direct or indirect on the other. Who would have thought that the mobile phone

would practically erase the camera market? Or that it would impact the music market? Keeping your ears to the ground, constantly considering what each change in technology can bring to your offering – threat or opportunity, will determine longevity and profitability.

Let me quote an anecdote to bring home this point.

Once upon a time, at a farm, a rat overheard the farmer's wife tell the farmer to bring a rat trap. Alarmed at this, the rat ran to the other farm animals for help. The sheep was too timid, the pig unconcerned. The horse neighed his dis-concern, and the hen clucked and said it was the rat's problem.

The rat, who was wary, did not go near the rat trap, but at night a snake slithered in, and got caught in the trap. The farmer's wife thought it was the rat and came in, only to be bitten by the thrashing snake. Soon, the poison spread through her body, and the doctor came in and said she needed some chicken soup to get better. So, the hen was sacrificed. But the farmer's wife got no better. So, the horse, was hitched to the wagon and made to rush to the city (in the terrible weather) up and down, and the horse was whipped into frenzy. But sadly the farmer's wife died and

then a funeral was held at the farm. To feed the guests, the pig was slaughtered and so was the sheep. The farmer lost all interest, left the farm and went away.

So, it turned out, that the rat's problem, affected all the farm animals in various ways. Similarly in business, each new opportunity can mean a threat, and a threat can mean an opportunity for another. Keeping an open mind, networking and thinking out of the box can make a huge difference to survival of a business. Workshops, conferences, etc are places where people may discuss their own point of view, helping entrepreneurs to understand opportunities and threats.

4. Resources – Financial & others

Most entrepreneurs look at the financial resources, with greater focus than others. However, human resources will be a crucial input for any entrepreneur. Getting quality human resources, who are aligned

to the organisational goal, will always be a challenge.

An anecdote from mythology to prove this point.

When the Kurukshetra war was imminent, each side (The Pandavas, and Kauravas) began to get together their resources. Family, relatives were aligned. New allegiances were forged. Old ties were re-kindled. Kings and kingdoms were wooed. Almost all of Aryavarta was involved and polarised.

Duryodhana (the prince of the Kauravas) went to Krishna to ask him for his help. At the same time Arjuna too, came to Krishna for the same purpose. Krishna was asleep, so both decided to wait for him till he woke up. When Krishna awoke he asked them what they wanted, but also cautioned them that what was on offer was his brave and famed army (The yadava army) and himself (unarmed and as a charioteer only) – they could choose

what they wanted. Duryodhana chose Krishna's yadava army (the power of numbers) and Arjuna was very happy to have Krishna, as he valued his advice and support.

In the end, it was the valuable support and advice of Krishna which helped the Pandavas win the war.

At times, we behave like Duryodhana, mistakenly believing that access to funds, large human resources etc is the most important thing. However, in the long run, in the battle, which is the market place, sage advice, support and guidance will be the key to success. So choice of human resources (especially leadership) is crucial. Money does not necessarily attract the best talent. Alignment of ideas, values and goals is the pivot

Let us continue this conversation in the next and final sequel, where we shall discuss the various facets of entrepreneurship. ■

Kind Attention : Members

Half a day Program "Kalaa Kruti"

– Kannada Rajyotsava and Cultural Program

is being Organized by

Bangalore Branch of SIRC of ICAI

on Saturday, **4th November 2017** at **Bangalore Branch premises.**

This is the first ever Kannada Cultural Program being held by the Branch. This cultural activity will culminate with fun filled colourful event, Kannada Rajyotsava celebration to highlight the richness (grandeur) of our culture.

We are planning to have Singing, Extempore Speech, Mimicry, Harate, Humorous Panel Discussion, Reading self-authored Poems, Writing slogans, Quiz, Bharata Natyam & Group dances & Kannada Talamaddale.

We whole heartedly invite your goodself to actively participate in this special cultural event and make it a memorable day.



UNDERSTANDING MIS-MATCH REPORTS

CA. Venugopal G



Dear Friends, we completed 3 months journey of GST so far. To assess the success or failure of this implementation we look back things, it appears to be partly successful. However, the real Success of the same can be estimated or confirmed after filing of the Returns, because whatever presented in the Law be it sections, Rules, Notifications, Trade circulars it closes at Returns and Assessments. Assessments to happen a long way to go, but the immediate thing in our Hand is GST Returns. Looking at the GST returns we could say that implementation of GST is partially successful only since many returns to be filed by now hasn't seen the light even in Draft mode. In this article, I would like to focus on understanding more on Mis match of the credits.

What is likely to happen come Post November 10th i.e. after GSTR 3 of July is filed, system would start showing lot of mismatches, it could be any of the reasons below:

- Customer has not submitted the GSTIN at the time of transaction, supplier considered as B2C and Recipient considered it as B2B.
- Customer gave a wrong GSTIN, supplier considered as B2C and Recipient considered it as B2B
- Data entry error at the Recipient or Supplier side.
- Claim of input tax credit on the same invoice more than once
- Supplier did not file GSTR 1, 2 & or 3.
- Supplier did not pay the taxes.

- Credit Notes / Debit Notes uploaded by supplier but not accepted by Recipient.

The above are sample instances, GSTN software does the matching of records and any data entered by supplier and Recipient doesn't match in the following fields, it will classify the records as mismatch.

- GSTIN of the supplier;
- GSTIN of the recipient;
- Invoice/ or debit note number;
- Invoice/ or debit note date;
- tax amount

Any changes in the fields other than above will not result in the mis-match.

Note:

- Deemed Not Matched: Even if the above items are matching and the supplier has not filed a Valid return, even then these credits availed by the Recipient are treated as NOT Matched.
- Deemed Matched: The input tax credit claimed by Recipient is less than the output tax paid by the corresponding supplier & allows it as Final ITC

It is important to note that if the recipient has not availed any input tax credits they wouldn't be appearing in the mis match report. There are specific queries in the minds of people especially when they avail services from a hotel and hotel issues the food bill with a Tax Invoice. Since this being purchased from Registered dealer, the recipient need not pay taxes under reverse charge mechanism, however the recipient

GSTIN is not mentioned and the Hotel/ Supplier records this transaction as B2C. In these cases, recipient, most of the times do not get input tax credit since it is a blocked credit under sec 17(5) of the CGST Act. While filing the Returns i.e. GSTR 2, Recipient can add these transactions as their purchases and not avail any Input tax credit. i.e. They can mark the credits are In Eligible in Column 12 of Table 3 in GSTR 2. Similar scenarios would be for Bus tickets, Train tickets etc. when obtained by means other than online booking. Even telephone & insurance expenses many portals have not yet enabled the field to take GSTIN of the recipient. However, this being eligible credits it would be unfair if these would be unavailable.

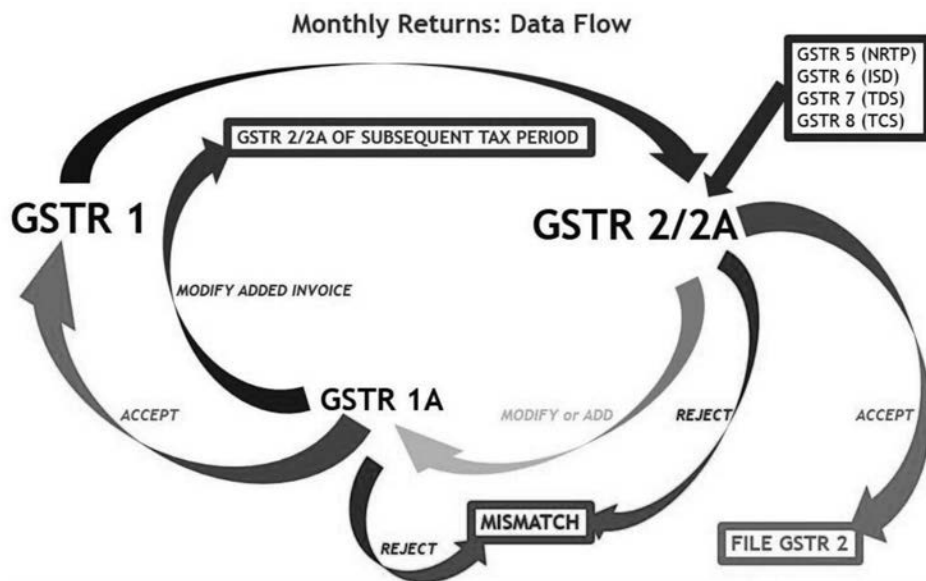
Origin of Mis match and Types of Mis match reports:

To put it in simple terms mis match reports originates if there is any change between GSTR 2A and GSTR 2 with regards to Registered Purchases, these changes move to Mis-match reports. The details are depicted in red colour in the below picture

Upon filing of the Returns esp. GSTR 3 by Dealers shall be getting System Generated Reports

- MIS – 1: Towards all the ITC Credits Matched / Not matched. i.e. Inward Supply related.
- MIS – 2: Towards all the Outward supplies not matched with Recipient Data

If these mis-matches are not rectified either by recipient or supplier in the



the tax declared by the supplier tax payer.

- The input tax credit claimed by a recipient tax payer but the corresponding outward supply is not declared by the supplier taxpayer in his valid returns.
- The duplication of claims of input tax credit shall be communicated to the recipient.

Additions to Output Tax liability of Recipient Tax Payer

1. The amount in respect of which mismatch is communicated and which is not rectified by the supplier in his valid return for the month in which mismatch is communicated shall be added to the output tax liability of the recipient in his return for the month succeeding the month in which the mismatch is communicated.
2. Duplicate claims of input tax credit shall be added to the output tax liability of the recipient in his return for the month in which duplication is communicated.
3. Applicable interest should be paid by recipient for the period where he enjoys the credit which is reversed.

Reclaim of ITC

- The recipient shall be eligible to reduce from his output tax liability, the additions made earlier if the supplier declares the details of the invoice and/or debit note in his valid return within the time specified under If such reduction is accepted the interest paid earlier will be refunded by way of credit

coming months, the same shall be added back as output tax liability of recipient/supplier as the case may be and reflected in GSTR 3 Table 7.

Rectification means

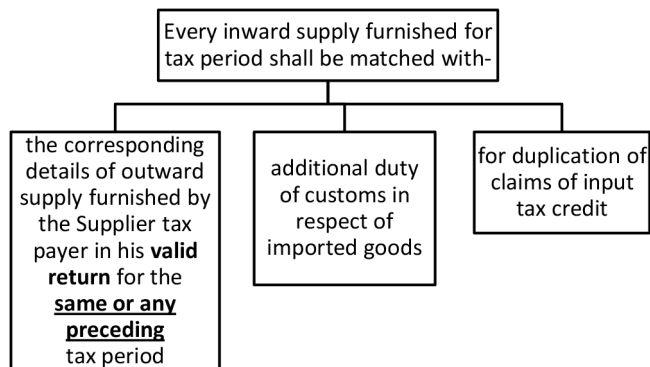
- Rectification by a supplier means adding or correcting the details of an outward supply in his valid return so as to match the details of corresponding inward supply declared by the recipient;
- Rectification by the recipient means deleting or correcting the details of an inward supply so as to match the details of corresponding outward supply declared by the supplier.

Interest on Mis match: The reversal of these credits will not only add the Tax portion as GST liability, these would also create Interest for wrong ailment. However, when the other person acknowledges or rectifies the mistake, the interest so paid shall be refunded under sub-section (9) of section 42/43 to the registered person in his return in FORM GSTR-3 and shall be credited to his electronic cash ledger. This can be claimed as refund or utilize towards any future Interest liability.

Claim of input tax credit and provisional acceptance thereof

Every registered person shall be entitled to take the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited **on a provisional basis** to his electronic credit ledger. The credit shall be utilised only for payment of self-assessed output tax as per the return.

Input Tax Credit Matching process



Communication of Mismatch/ Discrepancy

Mismatch shall be communicated to both Supplier and Recipient tax with respect to the following

- The input tax credit claimed by a recipient tax payer is in excess of



under the corresponding head in his Electronic Cash Ledger. Such interest will not exceed the interest paid by the Supplier Taxpayer.

Reclaim of reduction in output tax liability

- Supplier shall be eligible to reduce from his output tax liability, the amount added earlier if the recipient declares the details of the credit note in his valid return within the time specified in
- Where any reduction in output tax liability is accepted, the interest paid earlier shall be refunded to the supplier by crediting the amount in the corresponding head of his electronic cash ledger in the manner prescribed. Provided that amount of interest to be credited in

any case shall not exceed amount of interest paid by recipient.

Summary:

GST Compliance work do not end by mere filing of GSTR 1, 2, 3. Infact the actual work gets completed only when the mis match reports are cleared. Since the matching of invoices are done on one to one basis, there are likely to have many mis-matches and these are going to create many challenges to Industry. This can be linked with extended version of C form receipts and submission.

Industry and members to be geared up for

- Understanding various sections of Mis-match reports.
- deployment of additional manpower to follow up with the vendors or customers for rectification of the mistakes.
- there shall be heavy reliance to be

placed on IT systems for enabling in understanding mis match reports

- Automation of following up with the parties appropriately or pro-actively assessing likely mis matches. -
- Ledger Controls to debit the counter party for the interest debits made by GSTN
- Mechanism to claim Refund of interest paid when supplier corrects the mistakes
- Since mismatch leads to Tax reversal and Interest payments till, there would be unexpected blockage of working capital & also extreme chaos is expected to persist.

Views expressed are purely by the Author and ICAI has no holdings on the views expressed by the author.

Author can be reached at venu@vnu.ca

Kind Attention: Members

Members are requested to pass on the information to their clients

COURSE ON FINANCE FOR NON-FINANCE EXECUTIVES

(WITH SPECIAL FOCUS ON GST)

**Sub: XX Batch of the Course on Finance for Non-Finance Executives
– A Management Development Programme**

The course is **open for Non-Finance Executives** such as Engineers, Architects, Doctors, Human Resource Personnel, Department Heads / Administrators / Entrepreneurs and various other professionals, those who are not having adequate knowledge of Accounts / Finance. The course does not call for any prior knowledge in Accountancy, Finance and Tax Laws. The course coverage will be basic in all subjects.

Duration: **October 2017 to January 2018,**

Timings: **02.00pm to 07.00pm (Only on Saturdays)**

Course Fee: **Rs.15,000/-** (Inclusive of all Taxes) per participant.

Mode of payment: DD/Cheque in favour of **Bangalore Branch of SIRC of ICAI**

Contact Tel: **080 - 30563500 /512** | E-mail: **blrprogrammes@icai.org** | website: **www.bangaloreicai.org**

Course Contents:

- Financial Accounts & Company Accounts
- Direct Taxes
- Financial Analysis
- Project Reports
- GST
- Corporate Finance
- Cost Accounts

One Day Seminar on – ICDS & TAX AUDIT



Inauguration



Chief Guest
Smt. Nutan Wodeyar, IRS,
Principal Chief Commissioner
of Income Tax. (Retd)



CA. K. Gururaj Acharya



CA. Manohar Gupta



Participants

One Day Seminar on GST "Samvarthaka" – Be a GST Compliant Assessee



Inauguration



Chief Guest Mr. M A Maniyar
Deputy Commissioner of
Commercial Taxes (Retd), Bangalore



CA. P V Srinivasan



CA. N R Badrinath



Sri Basavaraj S,
Joint Commissioner (E Audit),
Commercial Taxes Department & other officers



CA. Annapurna D Kabra

Half day Seminar – "Samartha"- Enriching Capacity – Capacity Building Measures for the Practitioners



Inauguration



First ever Seminar Four of our beloved Past Presidents of ICAI



CA. B. P. Rao
Past President, ICAI



CA. Devaraja Reddy M
Past President, ICAI



CA. G. Ramaswamy,
Past President, ICAI



CA. K. Raghu,
Past President, ICAI



CA. Mukesh Singh Kushwah,
Chairman, CCBMP, ICAI



CA. V. Raghuraman
Resource person, ICAI

Speakers at Study Circle Meetings



CA. Naveen Khariwal G



Mr. Anand Kumar N



CA. Rama Rao

Ayudha Pooja at Branch



Staff Trip





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



ONE DAY

Technology Summit for CAs

- "Empowering CAs to meet Challenges of Digital Transformation"

Organized by **Digital Accounting & Assurance Board, ICAI & Information Technology Committee of SIRC of ICAI**

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

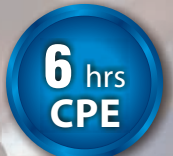
On **Saturday, 7th October 2017**

Time: 9.30 am to 5.45 pm

Venue : **Bangalore Branch of SIRC of ICAI**

"ICAI Bhawan", 16/0, Millers Tank Bed Area, Vasanthnagar, Bangalore 560 052

This Technology Summit with the theme: "Empowering CAs to meet challenges of Digital Transformation" will be conducted on Saturday, 7th Oct. 2017 at Bangalore. The summit will provide a practical overview of existing and emerging technologies to empower CAs to deploy this digital power to enhance effectiveness of their current service offerings and to also explore innovative avenues using IT. The summit will have presentations by leading exponents of technology who will share their practical insights and ideas so that participants can integrate and implement technology in their service areas and for their clients.



Timings	Topics	Speakers
9.00 a.m to 9.30 a.m	Registration	
9.30 a.m to 10.15 a.m	Inauguration and Key Note address : CA. Raghu K , Past President, ICAI	
10.15 a.m to 11.15 a.m	How to use Automation to Transform Services provided by CAs?	CA. Sachin Kumar B.P
11.15 a.m to 11.30 a.m	Refreshment Break	
11.30 a.m to 12.30 p.m	How to empower Audit through Data Analytics	CA. Rafeq A
12.30 p.m to 1.30 p.m	How to use Artificial Intelligence and Analytics in Audit	CA. Babu Jayendran
1.30 p.m to 2.30 p.m	Lunch Break	
2.30 p.m to 3.30 p.m	How to provide assurance services in the cloud environment?	CA. Anand P Jangid
3.30 p.m to 3.45 p.m	Refreshment Break	
3.45 p.m to 4.45 p.m	How to protect confidential information at CAs office using cyber security best practices?	Panel Discussion by Panel of Experts
4.45 p.m to 5.45 pm	Panel discussion on: How to use Automation for Pro-active Compliance of GST	Moderator: CA. Rafeq A Panelists: Mr. Pugal T CA. Prakash N Ms. Sowmya Suman

CA. M.P Vijay Kumar

Chairman, Digital Accounting & Assurance Board

CA. Dungar Chand U Jain

Secretary, SIRC of ICAI

CA. Cotha S Srinivas

Chairman, SIRC of ICAI

CA. A Rafeq

Co - Ordinator

CA. Geetha A B

Chairperson, Bangalore Branch of SIRC of ICAI

CA. Sivaram Bhat

Secretary, Bangalore Branch of SIRC of ICAI

Online Registrations Open

DELEGATE FEES: ₹ 900/- FOR MEMBERS ONLY (INCLUSIVE OF 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.Geethanjali**, 080 - 3056 3513 / 3500 Email : blrregistrations@icai.org | Website : www.bangaloreicai.org

Inauguration of Revival of CPE Study Circle at Infosys



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Tel : 080 - 3056 3500, Fax : 080 - 3056 3542, www.bangaloreicai.org e-mail : bangalore@icai.org

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