



Bangalore Branch of SIRC e-Newsletter

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English Monthly

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SRESTATHA
excellence

49th Regional Conference

organized by SIRC of ICAI &

hosted by Bangalore Branch of SIRC of ICAI

22nd & 23rd December 2017 . Bengaluru



Half day Seminar – **“Samartha”**

- Enriching Capacity – Capacity Building measures for the Practitioners

on 23rd September 2017

Course on **Litigation Management**

(4 day weekend course)

23rd & 24th Sept. 2017 and 7th & 8th Oct. 2017

One Day **Technology Summit** for CAs

on 7th October 2017

Chairperson's Communique . . .



Dear Professional Friends,

We're all aware that September is a month of commitments and hectic schedule for most of the Chartered Accountants. It is our responsibility to complete the Tax Audit assignments and submit the Audit Report before due date i.e. 31st Oct 2017 being the extended deadline to file the returns. And as far as the members who are involved and specialising in Indirect Taxes domain are concerned, they should have an in-

depth understanding of GST. It is expected that members are to be abreast with the plausible solution to handle the post implementation issues pertaining to GST; so that we can serve our clients as per their expectation and help them be fully compliant. So, let us be focussed and plan the month effectively to make best use of the opportunities that lie ahead of us.

An update on programmes held in August 2017

- On 15th August, Independence Day was celebrated at the Branch. **Sri S Sampath Kumar Corporator of Vasanthnagar** was the **Chief Guest**. Past President of KSCAA **CA. H B M Murugesh** delivered, **Key note address** which was well received by program participants. I'm Happy to inform that Scholarship were given to 58 deserving and meritorious students. The cultural programme by students of SICASA made the event more joyous and charming.
- Manthana – GST –Business Process on GSTN – the interactive session on 11th Aug, 2017 by **Dr. B V Muralikrishna, JCCT, Commercial Taxes Department** was beneficial to the participants.
- **One-day Seminar on RERA, Benami Act & other Laws** relating to the Real Estate on 19th Aug 2017 with the efficient co-ordination of CA Ashok Raghavan, Past Chairman Bangalore Branch was a resounding success. The very august presence of the renowned senior member **CA N C S Raghavan** as the Key note speaker and his speech made the event remarkable. Kudos to N C S Raghavan sir, who is a role model for us, for having proved that there is no age limit for learning and sharing the knowledge. The entire team of speakers at the seminar did a brilliant job and in fact the seminar was a complete knowledge feast for all the participants.
- From time immemorial, human beings love games and sports and the number of people who benefit out of sports activities have grown considerably across the globe. Sports activities instil sportive Spirit to face challenges in our day to day life inducing a feeling of togetherness and belongingness. Hence a one-day cricket match was organised on 20th Aug between **members of Bangalore Branch** and **officers of Income Tax Department** and I am very glad to inform that we won the match and were awarded the Rolling Trophy. I congratulate CA. Vishaka, Captain of our team for having won the Trophy.

Campus Placement Programme

- On behalf of Bangalore Branch, let me sincerely thank the sixteen Companies and their concerned authorities who came forward for campus recruitment drive. Let me place on record the efforts of the Committee for Professional Accountants in Business and Industry (CPABI) and our beloved president CA. Nilesh Shivji Vikamsey, and CA Naveen N.D. Gupta Vice President, for having made arrangements to conduct Campus interview in many of

the cosmopolitan cities including Bangalore, the Silicon Valley of India, for the benefit of newly qualified CAs. I am happy to state that nearly 500 newly qualified CAs participated in this Campus placement programme from 16th to 22nd August 2017.

Programmes scheduled in Sept 2017

- September being the month of Tax Audit we had organised **one-day Seminar on ICDS and Tax Audit** on Friday, 1st Sept 2017 with the whole-hearted support of **CA K Gururaj Acharya**, the resourceful co-ordinator of the Programme. Retired Principal Commissioner of Income Tax – **Smt. Nutan Wodeyar** was the chief guest for the Seminar.
- Another significant programme in the month of Sept is **"Samvarthaka "- be a GST Compliant Assessee** on 9th Sept 2017. We have invited eloquent speakers who are experts in the field having in-depth understanding of GST to Present Papers for the said Programme. We are confident that their in-depth knowledge coupled with their rich experience will make the participants to know more about Corporate approach for GST Management, to manage input Tax Credits and procedural compliances. Hence Dear Professional friends, you are requested to participate in this one-day Seminar and make use of the opportunity, enabling you to make your client a GST Compliant Assessee.
- **Course on Litigation Management-** We have planned for a 4 day course on Litigation Management for two weekends starting from 23rd Sept 2017, being organised by Indirect Taxes Committee of ICAI. The details of the Course have already been uploaded on the branch website.
- **Half day Seminar "SAMARTHA"- Enriching Capacity Building Measures for the Practitioners** is being organized by (CCBMP), ICAI and hosted by Bangalore Branch on **23rd Sept. between 4.00 p.m & 8.15p.m** at the branch. This is the **first ever Seminar** wherein **our four Past Presidents** are joining to address our Members which will be of immense value to all of us. Details are in page No.6. I request all the Members to participate and make this special programme a grand success.
- **One-Day Technology Summit** for Chartered Accountants with the Theme: "Empowering CAs to meet Challenges of Digital Transformation" is being Organized by SIRC of ICAI and hosted by Bangalore Branch of SIRC of ICAI at Bangalore on **Saturday, 7th Oct. 2017**. Complete details of this event is printed elsewhere in this Newsletter..
- **49th Regional Conference of SIRC of ICAI "SRESTATHA"-excellence**
On behalf of Bangalore Branch, I would sincerely request all the members to participate and contribute for the said mega **event on 22nd & 23rd Dec 2017 at Bangalore**. We all know that CA Cotha S Srinivas, Past Chairman of Bangalore Branch is now heading SIRC of ICAI and we deem it a privilege and honour to host this unique event. We are confident that with your active participation and whole hearted support, we can make this event a resounding success.

Let me conclude with a Quote by Pele - "Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do."

With warm regards,

CA. Geetha A.B.
Chairperson
Bangalore Branch of SIRC of ICAI

CALENDAR OF EVENTS - SEPTEMBER & OCTOBER 2017

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
01.09.2017 Friday	One Day Seminar on – ICDS & TAX AUDIT CA. K. Gururaj Acharya & CA. Manohar Gupta Delegate Fee (Inclusive of Tax): Members: Rs. 1000/-, Non Members Rs. 3000/-	Devaraj Urs Bhavan, Bangalore-52 (Opposite to Bangalore Branch of SIRC of ICAI) 10.00 am to 5.30 pm	6 hrs
06.09.2017 Wednesday	Controversies in various Clauses of 3CD & Tax Audit Report CA. Naveen Khariwal G	Branch Premises 6.00 pm to 8.00 pm	2 hrs
09.09.2017 Saturday	One Day Seminar on GST "Samvarthaka" - Be a GST Compliant Assessee Delegate Fee (Inclusive of Tax): Members: Rs. 1000/-, Non Members: Rs. 3000/-	Devaraj Urs Bhavan, Bangalore-52 (Opposite to Bangalore Branch of SIRC of ICAI) 10.00 am to 5.30 pm	6 hrs
13.09.2017 Wednesday	Professional Ethics CA. Vasuki H S	Branch Premises 6.00 pm to 8.00 pm	2 hrs
20.09.2017 Wednesday	Programme on Soft Skills <i>A renowned Corporate Trainer</i>	Branch Premises 6.00 pm to 8.00 pm	2 hrs
23rd & 24th Sept. 2017 and 7th & 8th Oct. 2017	Course on Litigation Management (4 day weekend course) <i>organised by Indirect Taxes Committee of ICAI and hosted by Bangalore Branch of SIRC of ICAI</i> Course is for Members only Delegate Fee: Rs. 4500/- (Inclusive of all taxes) <i>Participants limited to 50 Nos. Details in Page No. 5</i>	ICAI Bhavan, 23/1, Race Course Road, Bangalore - 560001. (Next to SBI)	24 hrs
23.09.2017 Saturday	Half day Seminar – "Samartha" - Enriching Capacity – Capacity Building measures for the Practitioners <i>Organised by Committee for Capacity Building of members in Practice, (CCBMP) ICAI and hosted by Bangalore Branch of SIRC of ICAI</i> Delegate Fee for Members: Rs.150/- (Inclusive of all Taxes) <i>Details in Page No: 6</i>	Branch Premises 4.00 pm to 8.15 pm	4 hrs
27.09.2017 Wednesday	Main features of Insolvency & Bankruptcy code CA. Rama Rao	Branch Premises 6.00 pm to 8.00 pm	2 hrs
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 <i>Organised by IT Committee of ICAI and hosted by Bangalore Branch of SIRC of ICAI</i> Co-ordinator: CA. A Rafeeq Delegate Fee (Inclusive of Tax): Members: Rs.1750 /-, Non Members: Rs. 3500/- <i>Details in Page No.: 16</i>	Fortune Park J P Celestial Hotel, 5/43, Race Course Road, Gandhi Nagar, Bangalore - 560009	6 hrs



CALENDAR OF EVENTS - OCTOBER 2017

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

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

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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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KIND ATTENTION MEMBERS



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

Course on Litigation Management

Bangalore Branch is delighted to inform you that the **first ever course on Litigation Management in the country is being launched on 23rd & 24th Sept and 7th & 8th October 2017** (4 day weekend course) under the aegis of Indirect Taxes Committee of ICAI with the guidance of CA. Madhukar N Hiregange, Chairman of the Committee. Request to register at the earliest and derive maximum benefit out of the course.

Course is for Members only : Delegate Fee : **Rs.4500/-** (Inclusive of all taxes) **Participants are limited to 50**

Venue: ICAI Bhavan, 23/1, Race Course Road, Bangalore - 560001. (Next to SBI)

Please visit our website for more details : www.bangaloreicai.org

24 hrs
CPE

Day / Date	Session	Time	Topic Particulars	Speaker
Day 1 (Saturday) 23rd September, 2017	Session 1	9:30 a.m. to 10:00 a.m.	Registration & Welcome address	Adv. Naveen Kumar K S
		10:00 a.m. to 11:00 a.m.	About the course and importance of representation	
		11:00 a.m. to 11:15 a.m.	Tea Break	
		11:15 a.m. to 1:15 p.m.	Relevant statutory provisions under GST & Customs Law.	
	Session 2	1:15 p.m. to 2:00 p.m.	Lunch Break	Adv. Anirudh Nayak
		2:00 p.m. to 3:00 p.m.	Importance of Legal Maxims and Phrases	
		3:00 p.m. to 4:30 p.m.	Principles of Administrative law	
		4:30 p.m. to 4:45 p.m.	Tea Break	
Day 2 (Sunday) 24th September, 2017	Session 3	9:30 a.m. to 11:15 a.m.	Advisory role during litigation including search, seizure, audit, investigation etc.	Adv. C R Raghavendra
		11:15 a.m. to 11:30 a.m.	Tea Break	
		11:30 a.m. to 1:30 p.m.	Handling litigation before the adjudicating authority with practical tips and illustrations	
		1:30 p.m. to 2:00 p.m.	Lunch	
	Session 4	2:00 p.m. to 3:45 p.m.	Handling litigation before the appellate authority with practical tips and illustrations	To be decided
		3:45 p.m. to 4:00 p.m.	Tea Break	
		4:00 p.m. to 5:30 p.m.	Dress code, logistics and litigation strategies	
Day 3 (Saturday) 7th October, 2017	Session 5	9:30 a.m. to 10:30 a.m.	Drafting and pleadings and its importance	CA. Naveen Rajpurohit
		10:30 a.m. to 11:00 a.m.	Drafting audit reply and other correspondence during audit and investigation	
		11:00 a.m. to 11:15 a.m.	Tea Break	
		11:15 a.m. to 1:15 p.m.	Drafting of reply to SCN (analysis of SCN, evidence and grounds)	
	Session 6	1:15 p.m. to 2:00 p.m.	Lunch	CA. T Banusekar
		2:00 p.m. to 3:00 p.m.	Drafting of reply to SCN (analysis of SCN, evidence and grounds)	
		3:00 p.m. to 4:15 p.m.	Drafting of appeal to Tribunal including form, statement of facts, grounds, prayer and verification	
		4:15 p.m. to 4:30 p.m.	Tea Break	
Day 4 (Sunday) 8th October, 2017	Session 7	4:30 p.m. to 5:45 p.m.	Drafting of appeal to Tribunal including form, statement of facts, grounds, prayer and verification	CA. Madhukar N Hiregange
		10:00 a.m. to 11:00 a.m.	Ethical practices and integrity	
		11:00 a.m. to 11:15 a.m.	Tea Break	
		11:15 a.m. to 1:15 p.m.	Mock Hearing (adjudication/first appellate authority)	
	Session 8	1:15 p.m. to 2:00 p.m.	Lunch	CA. Rajesh T R (Tentative)
		2:00 p.m. to 4:00 p.m.	Mock Tribunal	
		4:00 p.m. to 4:15 p.m.	Tea Break	
		4:15 p.m. to 5:30 p.m.	Mock Tribunal	



Half day Seminar "Samartha"

– Enriching Capacity Building Measures for the Practitioners

Organised by
Committee for Capacity Building of Members in Practice, (CCBMP), ICAI

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

On **Saturday, 23rd September 2017** Time: **4.00 pm to 8.15 pm**

Venue: **ICAI Bhawan,**

16/0, Millers Tank Bed Area, Vasanth Nagar, Behind Mahaveer Jain Hospital, Bangalore, 560052

4 hrs
CPE

Timings	Topics	Speakers
3.00 pm to 4.00 pm	Registration	
4.00 pm to 4.15 pm	Inauguration <i>Address By: CA. Mukesh Singh Kushwah, Chairman, CCBMP, ICAI</i>	
4.15 pm to 5.00 pm	Panel Discussion on: "Challenges and key Issues relating to Professional Ethics"	<i>Past Presidents:</i> CA.B P Rao CA. Devaraja Reddy M CA.G Ramaswamy CA. K Raghu <i>Chairman, CCBMP, ICAI:</i> CA. Mukesh Singh Kushwah
5.00pm to 6.00 pm	Technology & Practice - Current Scenario	CA. G Ramaswamy, Past President
6.00pm to 6.15 pm	Tea Break	
6.15pm to 8.15 pm	Current Practical Issues on GST	CA. V Raghuraman, Bangalore

Programme Chairman
Chairman, CCBMP, ICAI

Programme Director
Central Council Member, ICAI
& Member, CCBMP, ICAI

Programme Co-Chairman
Vice Chairman, CCBMP, ICAI

Programme Co-ordinator
Chairperson
Bangalore Branch of SIRC of ICAI

Note : Seminar is followed by dinner

Online Registrations Open

DELEGATE FEES FOR MEMBERS: Rs.150/- (INCLUSIVE OF ALL TAXES)

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, Tel: **080 - 3056 3513 / 3500** | Email : **blrregistrations@icai.org** | Website : **www.bangaloreicai.org**
Secretary, CCBMP, ICAI, New Delhi | Email : **ccbcaf.event@icai.in** | Tel: **0120-3045994**

EMPLOYEE REIMBURSEMENT – TREATMENT UNDER GST

CA. M S Keshava & CA. Prasanna K S



Introduction:

It is not very uncommon that, employees while discharging their duties of office will be required to spend money on various goods / services used by them in the course of execution of their duties and seek re-imbursement of such amounts from the employer. With the roll out of the GST law, this aspect of re-imbursement of expenses to employees has been one of the contentious issue, considering the fact that, in some case there will be GST liability on Reverse charge, payable by the employer company if there are any supplies availed from any unregistered persons. Though the employee is the one who is receiving the supplies of such goods / services, he will be doing that as an employee / agent of the registered person and hence the company will have to figure out how it can structure the payments made to its employees.

Nature of transaction and treatment under GST Law:

In a regular business arrangement, employer will have commitments to reimburse various costs to the employee, depending on the HR policy followed. The reimbursements can be analyzed for GST impact under the following circumstances.

Expenses incurred by employees in the regular course in the execution of their duties of employment:

Employees would be spending towards conveyance, transportation, boarding and lodging, Xerox, loading and unloading charges, etc., while executing their official duties for which they seek reimbursement from employer. Employer will be under obligation to reimburse these costs to the employees as they are specifically incurred in the course of execution of their duties of employment. These expenses might be incurred by the employees either in the home state (where the employer entity is registered) or in places outside the home state, the supply of services might be either from registered person or from an un-registered person. It becomes important to understand the details of the transactions and treatment of such costs in the books of the employer to determine the GST impact on such expenses.

Case 1 - Assuming that employer's HR Policy, provides for a fixed sum to be paid as allowance on a periodical basis (daily/ weekly / monthly), to the employees to take care of such

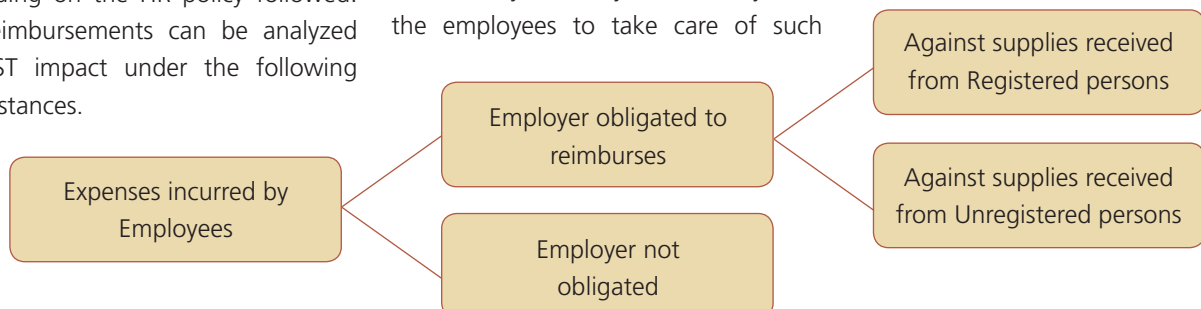
expenses: In such cases, the amounts paid to the employees become part of the emoluments and shall be includable in the Salaries and allowance of the employees.

GST Impact - In terms of Schedule III, read with Section 7 of the CGST Act, the following activities or transactions are neither treated as a supply of goods nor supply of services:

"Services by an employee to the employer in the course of or in relation to his employment"

Therefore, these expenses will be out of the GST purview as far as employer is concerned. However, when these allowances are included in the emoluments the salary TDS calculation as per Income tax Act, will have to be examined.

As per section 10(14)(i) of the Income Tax Act, 1961, special allowances which are not in the nature of perquisite within the meaning of section 17(2) and are granted specifically to meet costs wholly, necessarily and exclusively incurred in the performance of duties of an office or employment of profit will be





exempt to such extent the expenses are actually incurred for that purpose.

Case 2 – where the employer, on production of proof of spending by the employee, reimburses costs incurred at actuals.

In such circumstances, the employer will account for these expenses under respective head and gives credit to the concerned employee claiming reimbursement. For eg., if the claim is for transportation the employer will debit his conveyance account in the books and credit the employee account for the amounts claimed. Similarly, if the claim is for Xerox expenses, the employer may debit photocopying expenses and credit the employee account. In such cases, it becomes important to examine the following aspects of the transaction:

- (a) Whether the expense incurred by the employee is towards supply of goods / services obtained by him from a registered person or an un-registered person?
- (b) If the supplies are received from a registered person – whether the place of supply is in the home state?

- (c) If the supplies are received from a Registered Person in the home state, whether the bills / invoices obtained by the employee captures the employers name and GST number?

It is important to examine these aspects because there is a Reverse Charge Tax payable by the registered person on supplies availed from any Un-registered person. Therefore, even though it is the employee who is availing these supplies and incurring expenses, he will be doing so as an employee of the registered person. It becomes important to understand who is the “recipient” of such supplies as per the GST law.

Section 2 (93) of CGST law defines recipient as:-

- (a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;
- (b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and

- (c) where no consideration is payable for the supply of a service, the person to whom the service is rendered

and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall **include an agent acting as such on behalf of the recipient** in relation to the goods or services or both supplied;

Since employee can always be said to be an ‘agent’ of his employer, the aforesaid section illuminates that principal/employer shall be considered as the ‘recipient’.

Therefore, for all those expenses that an employee incurs for supplies received from URP, the GST registered employer will be liable to pay GST on RCM.

Note – Registration being state wise, it becomes important to check place of supply to determine the state where the employee receives the supplies.

GST Impact – each of the expense has to be individually examined to determine the GST impact:

Sl. #	Nature of Expense	Supplies availed from	GST applicability under RCM	GST input credit
1	Conveyance / travel / Transportation	(a) Train (other than first class or a/c class); (b) Metro, monorail or tramway (c) Inland waterways (d) Public transport, other than predominantly tourism purpose, in a vessel between places located in India; (e) Metered cabs or auto rickshaws (including e-rickshaws)	Exempt under notification No.12/2017-IGST	Not Applicable
2	Conveyance / travel / Transportation (Other than supplier listed in 1 above)	From Registered Persons	No	Available to the extent taxes charged by the supplier relates to the home state
		From Un-registered Persons	Yes	Available

Sl. #	Nature of Expense	Supplies availed from	GST applicability under RCM	GST input credit
3	Hotel - Lodging	From Registered Persons	No	Available to the extent taxes charged by the supplier relates to the home state
		From Un-registered Persons	Yes	Available
4	Food and beverages	From Registered Persons	No	Not Available
		From Un-registered Persons	Yes	
5	Loading and Unloading	From Registered Persons	No	Available - subject to satisfaction of ITC conditions
		From Un-registered Persons	Yes	Available
6	Printing/Xerox or Stationery	From Registered Persons	No	Available - subject to satisfaction of ITC conditions
		From Un-registered Persons	Yes	Available
7	Postage Charges	From Registered Persons	No	Available – subject to satisfaction of ITC conditions
		From Un-registered Persons	Yes	Available
8	a) Club and Membership Fees b) Health Insurance c) Uniform Expenses d) Vehicle Repairs & Maintenance	From Registered Persons	No	Not Available
		From Un-registered Persons	Yes	
9	Telephone Charges	From Registered Persons	No	Available – subject to satisfaction of ITC conditions
		From Un-registered Persons	Yes	Available
10	Credit card Bills for purchase of materials or goods on behalf of employer	From Registered Persons	No	Available subject to restriction stated u/s 17.
		From Un-registered Persons	Yes	
11	Petrol/Diesel	GST not applicable		

Expenses for which employer is not under any obligation to reimburse

Employer may reimburse expenses of personal nature also, for eg. Travel / vacation expenses (not part of salary / emoluments), Birthday celebration expenses, etc. These expenses can be treated as “employee incentives / benefits / gifts” in the books of the employer.

In terms of Schedule II, read with Section 7 of the CGST Act, “gifts not exceeding fifty thousand rupees in value

in a financial year by an employer to an employee shall not be treated as supply of goods or services or both”

If the value of such reimbursement of personal expenses exceeds Rs.50,000/- Per FY, then the employer has to pay GST on the entire value of reimbursement given to employee.

Conclusion:

Based on the above analysis it can be inferred that, the liability under GST will arise under RCM in cases where the employees avail supplies

from unregistered persons and claim reimbursement from the employer. The Employer is required to prepare a tax invoice on the date of receipt of such goods or service and will be eligible for Input tax credit subject to restrictions specified u/s 17. At the same time if the employee avails supplies in the home state and produces the invoices / bills for such supplies to satisfy the conditions laid down under rule 36 of CGST Rules 2017, then the employer will be eligible to get input credit on such expenses.



ENTREPRENEURSHIP AND MYTHOLOGY

CA Roopa Venkatesh



If you were wondering whether you read it right, yes, we are talking of Entrepreneurship in the light of Indian mythology.

It might be interesting to look at entrepreneurship – not as a new-fangled idea, but as an age old principle. Of late the word Entrepreneurship is currently the fashion and fad. Almost any person you meet says they want to be entrepreneur.

The world respects and cheers an entrepreneur. Why so? What is it that an entrepreneur does, that earns him the respect and admiration? Isn't it true that a working person, works just as hard, with just as much commitment and loyalty? So, what sets an entrepreneur on a different footing?

I would like to narrate a small anecdote from mythology to make my point.

At one point in time, Narada (the divine sage) went to Vishnu (one of the Trinity) and expressed his concern, that though he (Narada) was constantly chanting his (Vishnu's) name, he was never worshipped in the world. There were no temples dedicated to him, none appreciated him as a great devotee of the lord. He even mentioned that Garuda (Vishnu's vehicle- the Eagle) was however, being worshipped and every temple of Vishnu had a small shrine for Garuda.

Vishnu (being a very good manager) immediately agreed to discuss the

point raised and invited him to his chambers. Just as they were about to begin their discussions, there was a big commotion outside. Vishnu requested Narada to go outside and find out what the commotion was about. Narada went outside, and after a few minutes came back and reported *"There was a milkmaid who was scared by the snake on her path and in her fright she dropped the milk pots she was carrying on her head. That was the big sound and commotion we heard."*

Vishnu replied *"Oh! Is that so? So, now what is she going to do? Did she lose all the milk she was carrying?"*

Narada went outside, enquired and came back to report that the milkmaid originally had two pots of milk, and now she was left with only one pot of milk.

Vishnu said *" Oh dear, the poor soul!! She has to sell the milk, to run her household. So how will she make ends meet?"*

Narada, went outside again to check, muttering under his breath *"Why can't Vishnu tell me what he wants, instead of making me go up and down so many times?"*

After a while Narada returned fuming --- *" Look at the temerity of that milk maid!! She wants Lakshmi (your wife) to buy one pot of milk, for the price of two pots of milk (she even said, Lakshmi has so much money, it would not bother her!!). I think it is sheer opportunism!!*

I ticked her off, and told her to leave right away. She is still sitting there and weeping, as if her tears can melt my decision!!"

Before Vishnu could say anything, Garuda (his steed, the Eagle) came hurrying in and apologised for being late. He said *"I was delayed by a milkmaid, who, scared by the snake on her path, dropped the milk pots, but fortunately, only one of her pots of milk had broken. She wanted to make ends meet by requesting Lakshmi to buy one pot of milk for the price of two pots of milk. Knowing your compassion for those in trouble, I have reassured her on your behalf that you will do so. She was so thankful, she promised to deliver more milk for free from tomorrow. I do hope I have not disappointed you."*

Narada immediately understood, why Garuda (inspite of being the vehicle of Vishnu) was worshipped, and not he. He was behaving like an employee – directed by others, doing their bidding and reporting, without any regard to the values espoused by the organisation/ boss.

Whereas Garuda had behaved like an entrepreneur – understanding the entire issue, using the guidelines of the organisation (Vishnu is compassion) and addressing the problem with an appropriate solution.

This is the question we must ask ourselves ---when we start on a new

project, new venture, new initiative --- how are behaving: like Narada or like Garuda?

From this we can understand the key qualities required of an entrepreneur. It is about being solution focussed, not activity centred. It is about taking ownership of an event, not of reporting on actions as directed. It is about applying one's values to actions all the time, not just mouthing platitudes.

Entrepreneur – there are any number of definitions of the word – I select only two for reference

1. **Joseph Schumpeter** - an innovator playing the role of a **dynamic businessman** adding material growth to economic development is an entrepreneur.
2. **Timmons** - Entrepreneurship is

the process of creating or seizing an opportunity and pursuing it **regardless** of the resources currently controlled.

As is obvious there are many things that an entrepreneur must be – and innovator, a dynamic businessman, an opportunist etc.

Why should one want to be an entrepreneur?

You are the boss!!	But you are also the tea boy!!
All profits are yours!!	But then so are the losses!!
You can play multiple roles!!	But you have to excel at all!!
Success will give you immense satisfaction!	But then failure will bring frustration too!!

You can decide your schedule!!	But then you will put in long long hours!!
You will have increased self confidence!!	But you will have tremendous pressure as well.
You can go places!	But you cannot quit!

And **THE BUCK STOPS AT YOU**. Like it or leave it, ultimately, you will be responsible.

In the sequel to this article, we will explore the qualities of an entrepreneur and look at some examples from mythology to put it into the human dynamics perspective.

OVERSEAS OPPORTUNITY FOR CAs AND IA&AS

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POSITION OBJECTIVE AND RESPONSIBILITIES	<ul style="list-style-type: none"> • Manage Finance and Accounts functions; manage accounting financials transactions, payroll processing, statutory compliances, analyzing, verifying and reporting financial information. • Manage team & Customers • Professional reporting
LOCATION	Bangalore
QUALIFICATION	CA Fresher or with one year experience
Contact: HR@resolveindia.com , +91.80.67586758	

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PROFESSIONAL OPPORTUNITIES EMERGING FROM THE INSOLVENCY AND BANKRUPTCY CODE, 2016

CA Rama Rao



The New Insolvency and Bankruptcy Code, 2016 stipulates 180 days as the maximum amount of time to liquidate a company with one-time extension of 90 days, while earlier it used to take at least four years for the same. With the new law, arises the new opportunities for CAs in the form of insolvency professionals.

1. Background –

India has the lowest debt recovery rate in the world at 20% as per a world bank report (2014). Various secured and unsecured creditors have multiple conflicting interests and without a common regulatory process to determine the priority of claims. In this scenario, the Indian Government has introduced the Bankruptcy and Insolvency Code, 2016 ("The Code") which will consolidate the existing frameworks and create a new institutional structure.

2. Special Role of Chartered Accountants –

Chartered Accountants (CAs) work in all fields of business and finance, including audit, taxation, financial and general management. With the rigorous training process and high professional standards, they are the model candidates to become Insolvency Professionals (IPs) as their skills like managing multiple conflicting priorities, managing stakeholder expectations and keeping the best interest of all the

parties in mind come to the fore.

3. Insolvency Professional –

The term Insolvency Professional has been used interchangeably in the Code and its relevant regulations as Interim Resolution Professional, Resolution Professional, and Liquidator.

CAs with less than 10 years of experience who have appeared and cleared the Limited Insolvency Examination or CAs with more than 10 years of experience and have cleared the National Insolvency Examination are eligible to work as Insolvency Professionals (IPs), after registration with an Insolvency Professional Agency and enrolment with Insolvency and Bankruptcy Board of India. As per IBBI rules persons in employment cannot be granted registration as IP.

An Insolvency Professional Entity can be a Partnership Firm, Limited Liability Firm or a Private Limited Company if a majority of the partners of the limited liability partnership or registered partnership firm or a majority of the whole-time directors of the company are registered as insolvency professionals under the Code. An IP may use the organizational resources of a recognized insolvency professional entity subject to the condition that the entity as well as the insolvency professional shall be jointly and severally liable for all acts of omission or commission of its partners or directors as insolvency professionals.

4. Provisions for Chartered Accountants –

A member of the institute in full time practice can also act as an Insolvency Professional. In other words, an Insolvency Professional can continue to provide attest and advisory services. The norms relating to empanelment with C&AG or Banks or any other regulators will need to be complied separately.

It is possible to convert existing CA firm/LLP into Insolvency Professional entity in compliance with the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations 1988 and the Insolvency and Bankruptcy Code, 2016 and Rules made thereunder. An Insolvency Professional Entity (IPE) can provide attest and other advisory services in addition to acting as Insolvency Professional under the Insolvency and Bankruptcy Code, 2016.

5. Role of Insolvency Professionals –

They will be the 'Resolution Professional' for administering the insolvency resolution process. During the resolution process, they will take over the debtor's management, verify the creditors' claims, constitute a creditors committee and help creditors to arrive at a revival plan. In case of liquidation, they will act as liquidator and bankruptcy trustee. The appointed resolution professional IP shall exercise all the powers of the Board of Directors of the corporate debtor.

IPs are appointed to sort out difficult situations. Their main task is to try to rescue a business.

If that is not possible, the IP aims to:

- sell the assets of the person or company who owes money (the debtor);
- collect money due to the debtor;
- agree creditors' claims (if there is enough money to go around); and
- distribute the money collected after paying costs.

The IP's work involves dealing with many competing interests, but usually their main duty is to look after the interests of creditors.

6. Range of Opportunities for CAs –

The PSU banks in India are grappling with a debt of INR 697,409 Crores (as per CARE Ratings), with over INR 207,060 Crores from 168 cases of debt in Corporate Debt Restructuring (CDR) as of December 2016. The IBBI shows that, there were 826 registered IPs (around 470 are Chartered Accountants) and 27 Insolvency Professional Entities as on 21-Aug-2017 in India. The scope for impact and growth for professionals in this area of practice is immense.

It is time for the evolution of the profession of Chartered Accountants from the traditional domains of Taxation and Audit to transactions higher up the value chain. The Code provides the opportunity with getting involved in the Insolvency Practice moving forward.

The areas where CAs can get involved whether as IPs or as Finance Professionals are as follows –

- a. **As Valuers:** The code requires appointment of two valuers to determine liquidation value. Valuers

also required for valuation of current assets (akin to stock audit) Valuer is also required for valuing the assets under liquidation. CAs with over 10 years of practice can do valuation.

b. **Preparation of Resolution Plan:**

Multiple resolution plans can be submitted to IP by interested parties who are called as resolution applicant. CAs can assist resolution applicants in preparation of resolution, restructuring or rescue planning.

c. **Due Diligence:** As per code, the IPs need to collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to—

- business operations /financial and operational payments for the previous two years;
- list of assets and liabilities as on the initiation date; and
- such other matters as may be specified

d. **Data processing:** IPs and Resolution Professionals are needed to collate and verify claims of the creditors. The size of the organization would mean the need for external help in the form of a CA for data processing.

e. **Representing lenders:** Any creditor who is part of Committee of Creditors can appoint other IP (other than Resolution Professional) as their representative in COC. FCCB and ECB holders are expected to use this facility.

f. **Representing before NCLT / NCLAT:** A party to any proceeding

or appeal before the

Tribunal or the Appellate Tribunal may either appear in person or authorize one or more Chartered Accountants to present his case before the Tribunal or the Appellate Tribunal.

g. **Forensic Audit:** The Code provides for a look back period of 2 years in case of related parties and 1 years in case of other parties around identification of preferential and under valued transactions. It might be needed to conduct forensic audit in some matters wherein CAs can provide services.

h. **Stock Audit:** Most corporate Debtors enjoy working capital limits. It may be necessary to conduct periodic Stock Audits during the corporate insolvency resolution process.

i. **Monitoring and Supervision of Resolution Plan:** The Code requires provision of Monitoring and Supervision of Resolution Plan after its approval by NCLT during its period. CAs can provide services of such monitoring and supervision.

7. Way forward and Challenges –

India's weak insolvency regime had thus far contributed in a large extent to difficulties in doing or wrapping up businesses in India. With a strong framework, with an array of professionals and an efficiently functioning regulator will mean that the code will go a long way in improving India's ease of doing business metrics with Chartered Accountants leading the way.

While the code is a welcome change in the insolvency landscape in India, the fact that it has recently been enacted comes with its own set of challenges including but not limited to –



- The absence of information utilities, can also cause inordinate delays especially if the NCLT gets involved in evaluating whether a default has indeed taken place.
- While section 12 provides a period of 180 days for the corporate resolution insolvency process there are no timelines prescribed within which the NCLT is required to approve or reject a resolution plan.
- The NCLT has only 11 benches and limited judicial and technical members, which is highly inadequate compared to the huge number of cases already pending at BIFR and DRT which are expected to be transferred to NCLT
- Considering the immense responsibility and work load, a person may take some time to ascertain the timelines at which these assignments are completed.
- The code adopts the UK bankruptcy regime. Studies conducted in the UK on their bankruptcy regime reveals that while the model resulted in higher realizations, they also correspondingly increased costs of bankruptcy and may not materially improve creditor recoveries.
- The Code does not distinguish between a secured and an unsecured creditor as voting rights are only dependent on the amount owed to the creditor.

CA's would do well to keep these factors in mind while taking the decision of diversifying into Insolvency practice.

8. A Global Perspective –

The code is new to India, there have been insolvency laws that been in effect for quite some time in the nations like the UK – Insolvency Act,

1986, US – Bankruptcy Reform Act, 1978. It would do well for us to learn from the experience and knowledge of professionals in these nations in handling insolvencies in a speedy and efficient manner.

9. Conclusion –

The gamut of changes in the Indian compliance atmosphere ranging from the Companies Act, 2013, GAAR, The Goods and Service Tax and initiatives of the government like Demonetization there is no doubt that Indian compliance landscape is going to transform and increase its ranking in the World Bank's ease of doing business. It is a great time to be a CA. In the nearer term, this would mean challenges and opportunities which the CA fraternity should rise to. They are not only a great fit for such profiles or for the opportunities that it involves but to cement their position as nation builders by saving organizations facing difficulties. Thus, reducing the disruption to the the business stakeholders like the creditors, employees and financial institutions adding true value to all parties involved.

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The information contained in this article is extracted from different public sources. Reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication.

RANK HOLDERS			
FINAL MAY 2017 EXAM			
Name	SRO NO	Marks Obtained	Rank
DHRUV JAIN	SRO00442641	576	7
GEETHIKA HARIDAS	SRO0419713	569	10
URVI BAPNA	SRO0434083	534	38

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ONE DAY

Technology Summit

for CAs

Under the Aegis of IT Committee of SIRC of ICAI
Hosted by Bangalore Branch of SIRC of ICAI

On **Saturday, 7th October 2017**

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**6 hrs
CPE**

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 : A distinguished Personality	
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. Rafeeq 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?	CA. Narasimhan E
4.45 p.m to 5.45 pm	Panel discussion on: How to use Automation for Pro-active Compliance of GST	Moderator: CA. Rafeeq A Panelists: Mr. Pugal T CA. Prakash N Ms. Sowmya Suman

CA. Cotha S Srinivas

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Cricket Match - Chartered Accountants VS Income Tax Department



Winners



Runners

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

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