



Bangalore Branch of SICASA

**Southern India Chartered Accountants
Students Association**

e NEWSLETTER DEC-2017



The new year stands before us, like a chapter in a book waiting to be written. We can help write that story by setting goals.



SICASA, Bangalore

E-Newsletter Dec-2017



Content & Preface

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Please write to blrsicasa@icai.org for submitting your articles or materials for the newsletter along with your photo and student's registration number. Honest feedbacks and suggestions are always welcome.

We also would like you to follow us at <https://facebook.com/sicasabangalore> for regular updates on events and programmes.

Disclaimer

The views expressed in this e-newsletter are of the respective authors and neither Bangalore Branch of ICAI nor SICASA, Bangalore endorse such views. Though maximum effort is put to ensure that correct and up to date information is published through this e-newsletter, the SICASA, Bangalore community cannot guarantee the correctness or authenticity of the articles published herein.

Preface

The E-newsletter of SICASA, Bangalore is a platform for CA Students to connect with fellow students through their writing and articulation skills. It also acts as a medium to update CA students about the program and events of SICASA, Bangalore. Apart from the above, SICASA, Bangalore E-newsletter is also a medium to keep students updated with latest developments in the field of Chartered Accountancy.

The team behind this e-newsletter have put their hard efforts to ensure that each successive issue of the e-newsletter is much better than the previous one. In this regard, we seek strong support from CA Students community in terms of contributing quality materials (articles, relevant case laws, legal updates, etc.) for publishing the same through this e-newsletter. We are seek regular feedback and suggestions to improve and grow the engagement on this newsletter.

We believe that, with your active participation, we will be able to regularly publish the newsletter on timely basis. Hope this newsletter will be useful to you all. Let us make this initiative a grand success and a continuing one.

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My Dear Students,
Hearty Greetings!

Two days CA
Students
Conference was
held on December

9th & 10th at Sophia Auditorium, Bengaluru. This was organised by the Board of Studies, ICAI & hosted by the Bangalore Branch of SIRC of ICAI and SICASA Bangalore. Sri Dinesh Gundu Rao, Working President of Karnataka Pradesh Congress Committee inaugurated the Conference. The conference was attended by more than 1600 students and it was a resounding success.

Bangalore Branch is conducting coaching class for CA Foundation, Intermediate & Final students, those who are interested to join the coaching class register at the earliest.

Practical training is an unique feature in CA Course, those who are taking it up seriously enjoy the benefit during their whole life. Both theoretical & practical training should go hand in hand to acquire the qualities and intellectual skills of a professional. The age old adage that "practice makes a man perfect" still holds good. The important thing an article student learns during the training period is time management. That is the skill to manage scarce resource.

Articleship training not only helps you to clear your final examination but also helps you to build a handsome career. As an article student you can learn so many things that make you a multitasking professional. ICAI also allows CA Students to pursue their training in big companies in the Industry

as well to help students gain an inside view of how big companies operate. However his option is only available to students serving their last year of articleship. This is known as Industrial Training.

- "On the path to success always lies big O's, some read them as obstacles and other read them as opportunities" – Anthony Robbins.
- "Nothing is possible if you think it is impossible, nothing is impossible if you think it is possible, think positive and work hard and anything is possible" – Napoleon Hill
- "A dream is not something that you wake up from, but something that wakes you up" – Charlie Hedges
- "Never confused a single defeat with a final defeat" – F.Scott Fitzgerald.
- There is only one way to fail and that is to quit" - Brain Tracy

Wish you all a Merry Christmas & Happy New Year 2018.

Wish you all the very best.

CA B T Shetty

Chairman, SICASA Bengaluru

Supply and Variants of Supply



1) Introduction

Year 2017 has witnessed the introduction of GST. The Constitution (122nd amendment) Bill, 2014 received assent of the President on 8th September, 2016 and became Constitution (101st Amendment) Act, 2016, which paved way for introduction of GST in India.



Nagashree Bhat
SRO0484870

2) Taxable Event

- The incidence of tax is the foundation stone of any taxation system. This can also be termed as a trigger Point i.e. the point at which tax should be levied, called Taxable event.
- The earlier regime witnessed a number of taxable events under different statutes that were in existence. Each statute defined its own Taxable Event which was prone to a sequence of interpretational issues and litigation.



- Broadly, controversies related to issues like whether particular process amounted to Manufacture or not, whether the sale was a sale of goods or rendering of services etc. The GST law resolve these issues by laying down one comprehensive taxable event i.e. "Supply" – Supply of Goods or services or both.

3) Section 7 of CGST Act, 2017

- Section 7 of CGST Act, 2017 provides for Scope of Supply i.e. can be said as definition of supply.

All forms of Supply of goods or services

- The term, “supply” has been inclusively defined in the Act. The meaning and scope of supply under GST can be understood in terms of following three parameters, which can be adopted to characterize a transaction as supply:
 - Supply of goods or services. Supply of anything other than goods or services does not attract GST;
 - Supply should be made for a consideration;
 - Supply should be made in the course or furtherance of business
- The definition also provides that the word Supply shall include all forms of Supply such as Sale, Transfer, Lease, Rental, License, Exchange, Barter, and Disposal.
- It is interesting to note that Exchange and barter has also been included within the scope of supply.

Importation of services

- Customs is applicable on Import of goods even if it is not in course of or furtherance to our business.
- In order to bring parity between Import of goods and services, Importation of Services whether in the course or furtherance to business for a consideration has been included within the definition of Supply.

Activities Specified in Schedule I

- Supply Definition also includes activities which shall be deemed to be Supply even if made **without** consideration.
- Following are the entries in Schedule I
 - Permanent Transfer of Business Assets/Disposal of Business Assets where ITC has been availed;
 - Supply between related persons and distinct persons;
 - Principal and Agent Transactions;
 - Importation of Services from a **related party** in the course or furtherance of business.

Activities Specified in Schedule II

- Earlier regime consisted of separate statutes for Goods and Services such as Sales Tax for Goods, Service Tax for Services and Excise for Manufacture etc.
- However, it is important to note that GST is a statute created for Goods as well as services. Hence, there might be ambiguity in classification of whether a particular supply is Supply of goods or Supply of Services.

- The above issue has been mitigated through Schedule II of CGST Act which provides for Classification of a particular Supply as Supply of goods or Supply of Services.
- The test check to classify supply of goods or services is to check whether there is **transfer of title**.
- If there is transfer of title then it shall be supply of Goods else it shall be considered as Supply of services.
- The examples of entries in Schedule II are as follows:
 - Transfer in goods under an agreement which stipulates that the property shall pass at a future date – Supply of goods Eg: Hire Purchase
 - Lease, tenancy, easement, license to occupy land – Supply of services
 - Treatment or process applied to another person's goods – Supply of services Eg: Job Work
 - Renting of immovable property – Supply of Services
 - Composite supply such as works contract services, services provided by restaurant along with food has been specifically classified as Supply of Services.

Negative List under GST-Schedule III

- This schedule provides for "Activities which shall be neither supply of goods nor supply of services"
- The entries of this Schedule are as follows:
 - Services by employee to the employer in the course of or in relation to his employment.
 - Services by any court or tribunal established under any law for the time being in force.
 - Functions performed by Member of Parliament, Members of State Legislature, Members of Panchayats, Member of Municipalities and Member of other Local Authorities/ the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity / the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause
 - Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
 - Sale of land and sale of building
 - Actionable claims, other than lottery, betting and gambling

4) Composite and Mixed Supply

COMPOSITE SUPPLY [SECTION 2(30)]

“composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are **naturally bundled and supplied in conjunction with each other** in the ordinary course of business, one of which is a principal supply.

MIXED SUPPLY [SECTION 2(74)]

“mixed supply” means **two or more individual supplies of goods or services**, or any combination thereof, made in conjunction with each other by a taxable person for a **single price** where such supply does not constitute a composite supply.

5) Characteristics of Composite and Mixed Supply

Sl. No.	Description	Composite Supply	Mixed Supply
1	Naturally bundled	Yes	No
2	Supplied together	Yes	Yes
3	Can be supplied separately	No	Yes
4	One is predominant supply for recipient	Yes	No
5	Other supply is not 'aim in itself' of recipient	Yes	No

6	Each supply priced separately	No	No
7	All supplies are goods	Yes	Yes
8	All supplies are services	Yes	Yes
9	One supply is goods and other supply is Services	Yes	Yes

6) Exempt Supply v/s Zero-Rated Supply

Exempt Supply

- Supplies which are of Nil rate, notified or non-taxable supplies
- In-eligible to claim Input Tax Credit. Hence, should reverse the ITC.
- Examples: Supply of Farm Labour, Services by Education Institutions etc.

Zero-Rated Supply

- ✓ Export of goods or services or both
- ✓ Supply to SEZ Developer or unit
- Eligible to claim ITC, since zero-rate is also a rate.
- Examples: Exports as per the definition

Accounting Entries in GST Regime

Under GST regime the following accounts should be maintained:

1. Input CGST A/c
2. Input SGST A/c
3. Input UTGST A/c
4. Input IGST A/c
5. Output CGST A/c
6. Output SGST A/c
7. Output UTGST A/c &
8. Output IGST A/c
9. Electronic Cash Ledger A/c



Manoj B Tamang
FRO0007904

CGST, SGST & UTGST comes into picture when supply of goods or services or both are made within the same state (**Intra - State supply**) or union territory whereas **IGST** comes into picture when the supply is made outside the state or between the states i.e. **Inter - State Supply**.

Let us consider the examples of **Intra-state supply** i.e. within the state:

Case I: Purchase

Mr A purchased goods Rs.2,00,000 from Mr B. GST @18%.

Accounting Entry:

Purchase A/c	Dr	2,00,000
Input CGST A/c (9%).....	Dr	18,000
Input SGST A/c (9%).....	Dr	18,000
To Mr B		2,36,000
(Being goods purchased from Mr B, GST @18%)		

Case II: Sale

Mr A sold goods worth Rs. 1,50,000 to Mr C. GST @18%

Accounting Entry:

Mr C A/c	Dr	1,77,000
To Sales A/c		1,50,000
To Output CGST (9%) A/c		13,500
To Output SGST (9%) A/c		13,500

(Being sales made to Mr C, GST 18%)

When fixed assets are bought or sold, the same accounting entries will be passed by replacing purchase or sale A/c by the fixed assets A/c.

Case III: Purchase of Fixed Assets

Mr A bought a machinery from Mr B worth Rs. 5,00,000. GST @18%

Accounting Entry:

Machinery A/c.....Dr	5,00,000	
Input CGST A/c (9%)Dr	45,000	
Input SGST A/c (9%)Dr	45,000	
		To Mr B A/c
		5,90,000

(Being furniture purchased from Mr B, GST @18%)

Case IV: Sale of Fixed Assets

Mr A sold the machinery to Mr C at Rs. 6,00,000. GST 18%

Accounting Entry:

Mr C A/cDr	7,08,000	
		To Machinery A/c
		6,00,000
		To Output CGST (9%) A/c
		54,000
		To Output SGST (9%) A/c
		54,000

(Being machinery sold to Mr C, GST @18%)

Accounting for Inter State supply:

Let us consider the above examples with a change that all supplies are **inter-state supplies** (i.e. Supplies across or between two states or union territories). Then the Accounting entries for the above cases will be as follow:

Case I:

Purchase A/cDr	2,00,000	
Input IGST A/c (18%).....Dr	36,000	
		To Mr B
		2,36,000

(Being goods purchased from Mr B, GST @18%)

Case II:

Mr C A/c	Dr	1,77,000	
	To Sales A/c		1,50,000
	To Output IGST (18%) A/c		27,000
(Being sales made to Mr C, GST 18%)			

Case III:

Machinery A/c.....	Dr	5,00,000	
Input IGST A/c (18%).....	Dr	90,000	
	To Mr B A/c		5,90,000
(Being furniture purchased from Mr B, GST @18%)			

Case IV:

Mr C A/c	Dr	7,08,000	
	To Machinery A/c		6,00,000
	To Output IGST (18%) A/c		1,08,000
(Being machinery sold to Mr C, GST @18%)			

Only the excess amount in output CGST or SGST or IGST should be paid i.e. after setting off input GST with output GST.

Accounting Entry:

Output CGST A/c.....	Dr		
Output SGST A/c.....	Dr		
Output IGST A/c.....	Dr		
	To Input CSGT A/c		
	To Input SGST A/c		
	To Input IGST A/c		
	To Electronic Cash Ledger A/c (Balance)		

Electronic Cash Ledger Cash A/c.....	Dr		
	To Bank A/c		
(Being ...GST paid for the month of accounted)			

Section 16 of CGST Act, 2017 should be considered for taking the input credit.



1 Inauguration of CA Students Conference in presence of Shri Dinesh Gundu Rao, Working President KPCC



2 Release of the Souvenir for the CA Students Conference



3 Students Speakers on GST with Session Chairman



4 CA Students crowd captured - More than 1500 Students Delegates at the Auditorium



5 Close up view of the CA Students gathering



6 CA Student raising a query during the Interactive session with Board of Studies



7 Another set of CA Students delegates captured on camera



8 One of the winner of Lucky Delegate who won the Grand Prize



9 A part of the student volunteers team



10 Group Photograph of Student Volunteers with Bangalore Branch and SICASA Bangalore Managing Committee



11 Bangalore Branch and SICASA Managing Committee's Group photograph with the Students Speaker





“It usually takes me more than three weeks to prepare a good impromptu speech.” – Mark Twain



“There are always three speeches, for every one you actually gave. The one you practiced, the one you gave, and the one you wish you gave.”

– Dale Carnegie