

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Bengaluru Branch of SIRC e-Newsletter

Volume 8 | Issue 2 | September 2019 | Pages : 24

English Monthly
For Private circulation only



VIDWATH SABHA

- One Day Seminar on **Search, Survey & Settlement Commission**
21st September 2019
- Half Day Seminar on **Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019**
5th October 2019
- One Day Seminar on **FEMA**
11th October 2019

VISHARADA

- Three Day Workshop on **Transfer Pricing – Case Studies & Practical Issues**
5th, 6th & 7th September 2019
- One Day Workshop on **Robotic Automation**
25th October 2019

PRABHATH PRAVACHAN

- Breakfast Meeting **Analysis of the Real Estate (Regulation & Development Act), 2016**
14th September 2019

Chairman's Communique . . .



My Dear Esteemed Members,

Wish you all,

A Very Happy Gauri Ganesh Festival !

Friends, impression is everything in this World! Everyone wants to create some impression or the other. Everyone wants to impress one or the other. It is true that, throughout the life, we end up in continuously trying to impress others. Take for example a small kid, who does

not know to talk, still, tries to impress with some actions. Right from small kid up to aged persons, everyone tries to create some impression or the other. People try to impress their near and dears, their colleagues, neighbor's and public at large, including and without exception to politicians. A marketing professional creates so much of impression about their products or services and one should feel like to go with it. Yes, creating such an impression is very much important to succeed in this World. Why?

Many things will happen merely based on the impression. Few things will not happen due to the impression. People keep on gauging us every moment, in our presence or in our absence. It is up to the minds of the people to gauge and get positive or negative impression. But, all that impressions depend up on our overall personality, may it be our conduct, character, thoughts, philosophy, the way we talk, the way we behave and the way people observe, receive or respond to it.

This impression can be positive or negative. All positive impressions can be classified as assets and all negative impressions can be classified as liabilities.

Irrespective of whether it is positive or negative, it is sensitive to the following:

1. **Impression is transferable.** One can transfer impression in to the minds of many others.
2. **Impression is susceptible.** Any small negative waves can impact the positive impression. But, any small positive waves cannot impact negative impressions.
3. **Impression is convertible.** Positive impression can turn to be negative quickly. But, negative impression will take time to convert to positive.
4. **Impression is flexible.** That means, it can grow, stay stable or diminish. All that depends up on our personality and also the message being spread by others about us.
5. Impression cannot be stored and to be used as and when we need it.
6. Positive Impression is an intangible asset to an individual which will open up new opportunities. At the same time, a negative impression may result in loss of many opportunities. Hence, we can classify in the accounting terminology that Positive impression as Intangible Asset and Negative impression as contingent liability.

Without any of our efforts, obviously, there will be some impression positive or negative or mix of both. However, with a conscious effort in this regard, we can build positive impression and grow to make it an Intangible Asset.

But, the question is, how many CAs really work towards creating an impression. How may CAs create impression to their clients, Government authorities, their own staff and article students or their own bosses if in employment or in the society at large? Is it not required

or it is not applicable or is it not relevant for our profession?

I feel, yes, we have to give necessary attention to such matters and these become important in our endeavor to prosper.

As I said, let people keep on gauging everyone from time to time based on the impression they carry with them about us. Let different people carry different impressions on the same person. We have no control over their mindset. It is up to them to carry any impression about us. But, certainly, we can create a positive and right impression in their uncontrolled mind.

According to a Sanskrit Shloka a positive Impression can be created mainly by 5 important aspects i.e.,

विद्येया, वपुषा, वाचा, वस्त्रेण, विभवेन च ।

1. **Sound knowledge:** Obviously, a profound knowledge possessed by an individual creates positive impression.
2. **Charismatic personality:** Mere appearance of a charismatic personality can create positive impression
3. **Effective Speaking:** Even though 1 and 2 above are not there, splendid speaking skill can create positive impression
4. **Proper packaging / dress style :** Proper dress code, hair style etc will certainly add to create right impression
5. **Wealth:** State of the art office setup, using world class articles and gadgets, classy vehicle etc. also help to create the right impression in the minds of clients, employees and article assistants and public at large.

Kindly try with these 5 aspects and the external world will observe and carry a different impressions at their own.

Hope the busy audit season is going on smoothly.

Thanks to Finance Minister and GST Council for postponing due date for GST Annual Return Filing. Yes, it has been postponed multiple times and still, the return filing is more difficult than doing business itself. Endeavor is to make ease of business. However, we are yet to reach there.

Dear friends,

Indian economy is experiencing a dip in its growth in GDP Terms in the last quarter and I feel, the situation is continued in August also. There is shortage of money in the circulation for Business and Commerce. Banks tend to be conservative in lending. As always, in such situation, Small businesses will be in big trouble. No matter what protections are given under MSME Act. Employees not in key roles have risk of losing jobs. That means, more and more professional consulting and outsourced work will be coming to practicing CAs.

Snapshots of Last Six Months Initiatives:

After taking charge as Chairman of Bengaluru Branch on 20th February 2019 along with the new Managing Committee Members a snapshot of Last Six Months Initiatives are given below. We have made good progress in serving the students. Served more than 1,500 additional students as compare to same period last year. A snapshot of the same is as under:

Sl No	Particulars	Jan to July 2018	Jan to July 2019	Increase in Students
		No. of Students	No. of Students	No. of Students
1	OC	1,419	1,799	380
2	MCS	1,301	1,745	444
3	ITT	1,302	1,198	-104
4	Adv' ITT	792	1,190	398
Coaching class				
5	CPT	20	24	4
6	IPCC	126	157	31
7	Final	80	86	6
	Total	5,040	6,199	1,159

(Contd. on Next Page) ►

Chairman's Communique . . .

◀ (Contd. from previous page)

CPT/Foundation, Intermediate and Final result: Happy to inform that the May 2019 results were announced on 23rd August 2019. Hearty Congratulations to all the students & wish you all the very best in future endeavours. I thank the faculty members who have put their efforts and ardent work in achieving this.

Major programs in the month of August 2019

1. **SPORTS MEET:** Members sports meet was held on 11th August 2019 at BEL Ground, Jalahalli. It was Inaugurated by CA Narayana S Bhat, Senior CA. More than 100 members participated in the event in BEL Ground. It was a successful sports event.
2. **VIDWATH SABHA :** One Day Seminar on ICDS and Tax Audit was held in 17th August 2019 at Devaraj Urs Bhawan. Hon'ble MP Shri. Tejasvi Surya kindly inaugurated and addressed our Members. Eminent Speakers like CA Gururaj Acharya, CA Prashanth GS and CA.B.P. Sachin Kumar handled the various topics splendidly and many members were benefitted. I thank all the speakers for their contribution in this regard.
3. **PRABHATH PRAVACHAN:** Since it is busy days due to audit season, members find it convenient to come for early morning breakfast meetings. Hence, we had very good attendance for **Prabhath Pravachan** on 24th August 2019. CS J Sundharesan had handled the session on Directors Report and disclosure in notes to accounts under the Companies Act 2013. I thank CA J Sundharesan for his contribution.

Major upcoming programs:

1. **VISHARADA - 3 Day Workshop on Transfer Pricing.** Since there are many regulatory changes impacting transfer pricing, we have scheduled 3 Day detailed program on the same. Eminent speakers from Bangalore & Hyderabad will be handling the sessions. Request members not to miss this opportunity, though it is tax and statutory audit season.
2. **VIDWATH SABHA: One Day Seminar on Search, Survey and Settlement Commission** on 21st September 2019. Chairman of Settlement Commission, Mumbai has kindly agreed to handle one technical session. Request members to block your calendar and do not miss despite your busy audit schedule.
3. **Joint Program :** The Business World has been witnessing encouraging developments in recent times in the Business Mergers and Acquisition space. In this milieu, St. Josephs Evening College in association with Bengaluru Branch of ICAI is organizing a **One Day National Conference on "Multidimensional Perspectives to Business Mergers and Acquisitions - Opportunities and Challenges"** on 14th September 2019 at Museum Road, Bengaluru.

Update on the new Initiatives of Bengaluru Branch

1. **New feature in Mobile App :** We have opened up new feature in ICAI Bengaluru Mobile App. With that, Members & Students

can give feedback / rating for all our programs online. It will help us and the speaker to improve on the same. Kindly go to google play store, download Bengaluru ICAI Mobile App.

2. **New feature in our Website :** We have introduced new feature in the website, wherein, once members register for a program, system will pop up and allow to submit two questions on the subject. It will help the speaker to understand the expectation of the delegates and also to cover repeated questions. Kindly use this feature.
3. **Upgrading Computer Labs:** Our Computer labs were having system as old as 10 plus years. We have replaced all old computers with 150 new systems and now the lab is fully up to date, functional and available for students.
4. **Additional ITT lab.** We had applied to HO for additional 150 computers to expand the ITT facility. HO had promised to deliver the new systems by end of August. However, there is some delay and we expect the same in September 2019.
5. **Career Counselling Program:** New student registration is not very impressive as compared to last year same period. We believe that the reason is due to delay in PU and Degree exam results in view of general elections. However, we find that, the interest level among students to opt for CA course looks not impressive due to uncertainty of passing in CA and also that, the news about few CAs being arrested is so widely spread among the student community and many students feel, it is a risky profession even after passing and are going after some other course. We have an onerous responsibility to spread right impression about our profession.

As informed in few of our earlier editions, we have taken the task of making Career Counselling Program in minimum 100 colleges and requested members to volunteer and show interest to go to the college where you have studies and do career counselling program. However, though few members showed interest and we have completed career counselling program in 8 colleges and we expect that more response from members will come in due course.

Friends, I wish you all the very best in discharge of your statutory responsibility as Auditor. It is a gentle reminder to all of us that, with the UDIN becoming mandatory and no backdated UDIN can be generated beyond 15 days, all the audits required to be completed on time.

Before signing off my message, I would like to solicit your continued friendly suggestions and co-operation as always in our efforts to serve for the cause of the profession in our Race for relevance, Ready for radical change and unleashing the potential.

Thanking you,

Yours faithfully,

Sd/-

CA Bhat Shivaram Shankar
Chairman



CALENDAR OF EVENTS - SEPTEMBER & OCTOBER 2019

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
04.09.2019 Wednesday	Technical Tax Aspects & Regulatory Policy Aspects for Startups CA. Pankil Sanghvi	Branch Premises 6.00 pm to 8.00 pm	—
05.09.2019 Thursday 06.09.2019 Friday & 07.09.2019 Saturday	VISHARADA Three Day Workshop on Transfer Pricing – Case Studies & Practical Issues <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members - Rs. 3,000/- (Inclusive of GST)</i> Non Members : Rs.5,000/- (Inclusive of GST)	Branch Premises 10.00 am to 5.30 pm	18 hrs
11.09.2019 Wednesday	Overseas Direct Investment by Resident Individuals CA. Santhosha Kumar	Branch Premises 6.00 pm to 8.00 pm	—
14.09.2019 Saturday	PRABHATH PRAVACHAN - Breakfast Meeting Analysis of the Real Estate (Regulation & Development Act), 2016 CA. Ashok Raghavan <i>Delegate Fee : Members - Rs. 200/- (Inclusive of GST)</i>	Branch Premises Breakfast : 7.15 am to 8.00 am Meeting : 8.00 am to 10.00 am	2 hrs
18.09.2019 Wednesday	SEZ & STPI as effective Business Vehicles CA. Guruprasad. G	Branch Premises 6.00 pm to 8.00 pm	—
21.09.2019 Saturday	VIDWATH SABHA One Day Seminar on Search, Survey & Settlement Commission <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members : Rs. 1,000/- (Inclusive of GST)</i> Non Members : Rs. 2,000/- (Inclusive of GST) <i>Details at Pg. No. 6</i>	Branch Premises 9.30 am to 6.00 pm	6 hrs
25.09.2019 Wednesday	Practical Challenges & Difficulties – Do's & Dont's from Tax Regulatory perspective CA. Pankil Sanghvi	Branch Premises 6.00 pm to 8.00 pm	—

***Note: Kindly note there is no 2 Hrs. CPE on every Wednesdays Study Circle Meet.**

CALENDAR OF EVENTS - SEPTEMBER & OCTOBER 2019

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
05.10.2019 Saturday	VIDWATH SABHA Half Day Seminar on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members : Rs. 400/- (Inclusive of GST)</i> Non Members : Rs. 1,000/- (Inclusive of GST) <i>Details at Pg. No. 7</i>	Branch Premises 5.00 pm to 8.15 pm	3 hrs
09.10.2019 Wednesday	The New IND AS 116 CA. Pradeep Suresh	Branch Premises 6.00 pm to 8.00 pm	—
11.10.2019 Friday	VIDWATH SABHA One Day Seminar on FEMA <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members : Rs.1,000/- (Inclusive of GST)</i> Non Members : Rs. 2,000/- (Inclusive of GST) <i>Details at Pg. No. 8</i>	Branch Premises 9.30 am to 6.00 pm	6 hrs
16.10.2019 Wednesday	PE issues in Global E-commerce Business Models CA. Anantha Padmanabhan	Branch Premises 6.00 pm to 8.00 pm	—
18.10.2019 Friday	VIDWATH SABHA One Day Seminar on Information Technology <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members : Rs.1,000/- (Inclusive of GST)</i> Non Members : Rs. 2,000/- (Inclusive of GST) <i>Details will be uploaded in website</i>	Branch Premises 9.30 am to 6.00 pm	6 hrs
23.10.2019 Wednesday	A Practical Approach to Data Analytics CA. Narasimhan Elangovan	Branch Premises 6.00 pm to 8.00 pm	—
25.10.2019 Friday	VISHARADA One Day Workshop on Robotic Automation <i>Organized by Bengaluru Branch of SIRC of ICAI</i> <i>Delegate Fee : Members : Rs. 1,000/- (Inclusive of GST)</i> Non Members : Rs. 2,000/- (Inclusive of GST) <i>Details will be uploaded in website</i>	Branch Premises 9.30 am to 6.00 pm	6 hrs
30.10.2019 Wednesday	Study Circle Meet	Branch Premises 6.00 pm to 8.00 pm	—

***Note: Kindly note there is no 2 Hrs. CPE on every Wednesdays Study Circle Meet.**



"VIDWATH SABHA"

One Day Seminar on Search, Survey & Settlement Commission

Organised by **Bengaluru Branch of SIRC of ICAI**

On **Saturday, 21st September 2019**

Venue: **S. Narayan Auditorium, Vasanthnagar Branch Premises**

Time: **9.30 am to 6.00 pm**

6 hrs
CPE

Timings	Topics	Speakers
9.30 am – 10.00 am	Registration & Inauguration	
10.00 am – 11.30 am	Settlement Commission – Law & Procedure	Mr. A C Shukla, <i>Vice-Chairman, Income Tax Settlement Commission, Mumbai</i>
11.30 am – 12.00 pm	TEA BREAK	
12.00 pm – 1.30 pm	Search & Seizure including Search Assessments	CA. Prashanth G S
1.30 pm – 2.30 pm	LUNCH BREAK	
2.30 pm – 4.00 pm	Survey under section 133A of the Income Tax Act, 1961	CA.K.R. Pradeep
4.00 pm – 4.30 pm	TEA BREAK	
4.30 pm – 6.00 pm	Penalties under 270 AA	CA. S Ramasubramanian

CA. Bhat Shivaram Shankar
Chairman
Bengaluru Branch of SIRC of ICAI

CA. Prashanth G S
Programme Co-ordinator

CA. B.T. Shetty
Secretary
Bengaluru Branch of SIRC of ICAI

Online Registration open

DELEGATE FEES:

FOR MEMBERS : RS. 1,000/- INCLUSIVE OF GST

FOR NON MEMBERS : RS. 2,000/- INCLUSIVE OF GST

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

For Registration, Please contact:

Ms. Geetanjali D., Tel: 080-4394 4868

Email : **blrregistrations@icai.org**

Website : **www.bangaloreicai.org**

Advertisement Tariff for the Branch e-Newsletter	COLOUR FULL PAGE		INSIDE BLACK & WHITE		EDITORS : CA. BHAT SHIVARAM SHANKAR CA. BHOJARAJ T SHETTY
	Outside back	₹ 40,000/-	Full page	₹ 20,000/-	
	Inside front	₹ 35,000/-	Half page	₹ 10,000/-	
	Inside back	₹ 30,000/-	Quarter page	₹ 5,000/-	
	Advt. material should reach us before 22nd of previous month.				

Disclaimer: The Bengaluru Branch of ICAI is not in anyway responsible for the result of any action taken on the basis of the articles and advertisements published in the e-Newsletter. The views and opinions expressed or implied in the Branch e-Newsletter are those of the authors/guest editors and do not necessarily reflect that of Bengaluru Branch of ICAI.

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

"VIDWATH SABHA"

Half Day Seminar on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

Organised by **Bengaluru Branch of SIRC of ICAI**

On **Saturday, 5th October 2019**

Venue: **S. Narayana Auditorium, Vasanthnagar Branch Premises**

Time: **5.00 pm to 8.15 pm**

3 hrs
CPE

Timings	Topics	Speakers
4.30 pm to 5.00 pm	REGISTRATION	
5.00 pm to 6.30 pm	Nuances of Sabka Vishwas	CA. Jatin Christopher
6.30 pm to 6.45 pm	TEA BREAK	
6.45 pm to 8.15 pm	PANEL DISCUSSION 1. Use the Opportunity to Sabka Vishwas 2. Technical / Legal Challenges	PANELISTS : CA. Sai Prasad Adv. K.S. Naveen Kumar MODERATOR : CA. Jatin Christopher

CA. Bhat Shivaram Shankar
Chairman
Bengaluru Branch of SIRC of ICAI

CA. B.T. Shetty
Secretary
Bengaluru Branch of SIRC of ICAI

Online Registration open

DELEGATE FEES:

FOR MEMBERS : RS.400/- INCLUSIVE OF GST

FOR NON MEMBERS : RS.1,000/- INCLUSIVE OF GST

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

For Registration, Please contact:
Ms. Geetanjali D., Tel: 080-4394 4868

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



"VIDWATH SABHA"

One Day Seminar on Foreign Exchange Management Act

Organised by **Bengaluru Branch of SIRC of ICAI**

On **Friday, 11th October 2019**

Venue: **S. Narayan Auditorium, Vasanthnagar Branch Premises**

Time: **9.30 am to 6.00 pm**

6 hrs
CPE

Timings	Topics	Speakers
DAY - 1		
9.30 am – 10.00 am	Registration & Inauguration	
10.00 am – 11.30 am	Overview of FEMA and Foreign Direct Investments	CA. Chengappa Ponappa
11.30 am – 12.00 pm	Tea Break	
12.00 pm – 1.30 pm	Appellate Procedure, Compounding under FEMA and Overview of PMLA	CA. Chidanand Urs
1.30 pm – 2.30 pm	Lunch Break	
2.30 pm – 4.00 pm	Overseas Direct Investments and Liberalised Remittance Scheme	Mr. Gautam Gururaj <i>Advocate</i>
4.00 pm – 4.30 pm	Tea Break	
4.30 pm – 6.00 pm	Reporting, ECB, Exports, Imports and FEMA for NRI / OCI	CA. Vivek Mallya

CA. Bhat Shivaram Shankar
Chairman
Bengaluru Branch of SIRC of ICAI

CA. Vivek Mallya
Programme Co-ordinator

CA. B.T. Shetty
Secretary
Bengaluru Branch of SIRC of ICAI

Online Registration open

DELEGATE FEES:

FOR MEMBERS : RS.1,000/- INCLUSIVE OF GST

FOR NON MEMBERS : RS.2,000/- INCLUSIVE OF GST

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

For Registration, Please contact:
Ms. Geetanjali D., Tel: **080-4394 4868**

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

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



**Bengaluru Branch of SIRC of
The Institute of Chartered Accountants of India**

COACHING CLASSES ANNOUNCEMENT

Race for Relevance

Ready for Radical Change

Unleash the Potential

**Intermediate / IPCC & CA FINAL for May 2020
Examinations – New & Old Syllabus Students**

Admissions open for Subject wise Coaching

In pursuance of our objective to provide fruitful teaching to our students, we are pleased to inform you the commencement of **'Morning & Evening Batches'** for Intermediate / IPCC and CA FINAL coaching classes will be commencing at Bengaluru Branch of SIRC of ICAI from 25th September 2019, The classes will be concluded by March 2020.

**Attention:
Intermediate/IPCC
&
FINAL New &
Old Syllabus
Students**

■ WHY YOU SHOULD CHOOSE ICAI – BENGALURU BRANCH

An Expert and Experienced Dedicated Faculty Members:

- Experienced, Expert and Dedicated faculty members
- Methodology – Conceptual teaching
- Affordable Coaching Fee
- Renowned Faculty
- Periodical Test
- Mock Test
- Best Infrastructure
- Library Facility
- Reading Room Facility
- Live Virtual Classes
- Crash Course
- Audio visual teaching aids
- Quiz programmes
- Classroom presentations

Exclusive Morning Batch

Course	Fees	Duration (6 Months)	Timings	Venue
Intermediate / IPCC	Rs. 12,500/- for Both Groups Rs. 8,500/- for Single Group Rs. 3,500/- for Single Subject	25 th September 2019 to March 2020 (Tentative Dates)	06.30am to 09.30am & (Monday to Saturday) 07.00am to 05.30pm (Sunday)	Bengaluru Branch of SIRC of ICAI "ICAI Bhawan", 16/O, Miller's Tank Bed Area, Vasanthanagar, Bengaluru-560052

Exclusive Evening Batch

Course	Fees	Duration (6 Months)	Timings	Venue
Intermediate / IPCC	Rs. 12,500/- for Both Groups Rs. 8,500/- for Single Group Rs. 3,500/- for Single Subject	25 th September 2019 to March 2020 (Tentative Dates)	06.00pm to 09.00pm & (Monday to Saturday) 07.00am to 05.30pm (Sunday)	Bengaluru Branch of SIRC of ICAI "ICAI Bhawan", 16/O, Miller's Tank Bed Area, Vasanthanagar, Bengaluru-560052

Exclusive Morning Batch

Course	Fees	Duration (6 Months)	Timings	Venue
CA FINAL	Rs. 14,000/- for Both Groups Rs. 9,000/- for Single Group Rs. 4,000/- for Single Subject	25 th September 2019 to March 2020 (Tentative Dates)	06.30am to 09.30am & (Monday to Saturday) 07.00am to 05.30pm (Sunday)	Sub Branch of Bengaluru Branch of SIRC of ICAI #29/1 Keonics Building, Race Course Road, Near Sugama Travels & Voltas Office, Bengaluru-560001

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

Registration Fees - Mode of payment: Only Online www.bangaloreicai.org

For further details please contact: Tel: 080-4394 4868 / 4876 Mob : 96069 13003 / 3004

Email: blrstudentevents@icai.org

Website: www.bangaloreicai.org



CA. Bhat Shivaram Shankar
Chairman

CA. B. T. Shetty
Secretary



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

CA FINAL - PRE-EXAM CRASH COURSE FOR NOV 2019 EXAMS - OLD & NEW SYLLABUS

We are glad to know that you have registered for CA Final Course and would be appearing for Nov 2019 Exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for Nov. 2019 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

Course Timings: 10.00 am to 06.00 pm

SL.No	Date	CA Final New & Old Course	Faculty Name
01	20th, 21st & 22nd Sept. 2019	Paper-2: Strategic Financial Management	CA. Chinmay Hegde, All-India Rank Holder 
02	23rd & 24th Sept. 2019	Paper-1: Financial Reporting (Old Course)	CA. Murali Nagaraj, All-India Rank Holder 
03	25th, 26th, & 27th Sept. 2019	Paper-8: Indirect Tax Laws	CA. Ramesh Kumar Soni 
04	28th, 29th & 30th Sept. 2019	Paper-4: Corporate, Economic Laws & Allied Laws	CA. Punarvasu Jayakumar 
05	1st, 2nd & 3rd Oct. 2019	Paper-3: Advanced Auditing and Professional Ethics	CA. Vikas Oswal & CA. Anand P Jangid 
06	4th, 5th & 6th Oct, 2019	Paper-7: Direct Tax Laws and International Taxation	CA. Deepak Chopra  CA. Prashant Bharadwaj 
07	9th, 10th & 11th Oct. 2019	Paper – 6: Information Systems Control and Audit	CA. Anand P Jangid 
08	12th & 13th Oct. 2019	Paper-1: Financial Reporting (New Course)	CA. Chinmay Hegde, All-India Rank Holder 
09	14th, 15th & 16th Oct. 2019	Paper-5: Strategic Cost Management and Performance Evaluation /Advanced Management Accounting	CA. Modassar Irfat 
10	17th Oct. 2019	Quantitative Techniques	CA. Chinmay Hegde, All-India Rank Holder 

FEE FOR CA FINAL COURSE:

Both Groups : Rs.6500/-
I Group Subjects : Rs.4000/-
II Group Subjects: Rs.4000/-
Single Subject: Rs.1200/-
Financial Reporting (New Course) : Rs. 850/-
Financial Reporting (Old Course) : Rs. 850/-
Quantitative Techniques: Rs. 750/-

Mode of payment: CASH / Online
Registration www.bangaloreicai.org
To register please contact: 080 43944868 / 876
Mob: 9606913003 / 004
blrstudentevents@icai.org
www.bangaloreicai.org





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

CA FOUNDATION - PRE-EXAM CRASH COURSE FOR NOV 2019 EXAMS - OLD & NEW SYLLABUS

We are glad to know that you have registered for CA Foundation Course and would be appearing for Nov 2019 Exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for Nov. 2019 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

Course Timings: 10.00 am to 06.00 pm

SL.No	Date	CA Foundation Course	Faculty Name
01	9th, 10th & 11th Oct. 2019	Principles and Practices of Accounting	CA. Murali Nagaraj, All-India Rank Holder 
02	12th & 13th Oct. 2019	Business Correspondence & Reporting Business and Commercial Knowledge	CA. Mridul Agarwal 
03	14th & 15th Oct. 2019	Business Mathematics & Statistics	CA. Chinmay Hegde, All-India Rank Holder 
04	16th Oct. 2019	Logical Reasoning	CA. Punith Kumar N 
05	17th Oct. 2019	Business Law	CA. Prashant Bharadwaj 
06	18th & 19th Oct. 2019	Business Economics	CA. Kriti Goel 

Fee for Foundation Course: Rs.2200/- for All Subjects

Mode of payment: CASH / Online

Registration www.bangaloreicai.org

To register please contact: 080 43944868 / 876 Mob: 9606913003 / 004

E mail : blrstudentevents@icai.org

www.bangaloreicai.org

CA. Bhat Shivaram Shankar
Chairman

CA. B T Shetty
Secretary













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

CA INTERMEDIATE/IPCC - PRE-EXAM CRASH COURSE FOR NOV 2019 EXAMS - OLD & NEW SYLLABUS

We are glad to know that you have registered for Intermediate/IPCC Course and would be appearing for Nov 2019 Exams. Few of you might have taken coaching classes at our Institute. Many students have requested us for organizing special sessions. Hence, pre-exam crash course for the benefit of the students appearing for Nov. 2019 examinations is being organized, apart from the regular coaching classes, as per the schedule given below:

Course Timings: 10.00 am to 06.00 pm

SL.No	Date	CA Intermediate / IPCC	Faculty Name
01	16th, 17th & 18th Sept. 2019	Paper-5: Advanced Accounting	CA. Vinutha Hegde, All-India Rank Holder 
02	19th, 20th & 21st Sept. 2019	Paper-1: Accounting	CA. Murali Nagaraj, All-India Rank Holder 
03	22nd, 23rd & 24th Sept. 2019	Paper-7: Enterprise Information Systems & Strategic Management/ Information Technology	CA. Anand P Jangid 
04	25th, 26th, & 27th Sept. 2019	Paper-2: Corporate and Other Laws /Business Laws, Ethics and Communication	CA. Punarvasu Jayakumar 
05	28th & 29th Sept. 2019	Paper-4: Taxation: Indirect Tax Laws	CA. Ramesh Kumar Soni 
06	30th Sept. & 1st Oct. 2019	Paper-4: Taxation: Direct Tax Laws	CA. Prashant Bharadwaj 
07	2nd, 3rd & 4th Oct, 2019	Paper-6: Auditing and Assurance	 CA. Vikas Oswal  CA. Anand P Jangid
08	6th & 7th Oct, 2019	Paper-8: Financial Management & Economics for Finance	CA. Chinmay Hegde, All-India Rank Holder 
09	9th, 10th & 11th Oct, 2019	Paper-3: Cost and Management Accounting / Cost Accounting	CA. Modassar Irfat 

FEE FOR INTERMEDIATE / IPCC COURSE:

Both Groups : Rs.5000/-
I Group Subjects : Rs.3000/-
II Group Subjects: Rs.3000/-
Single Subject: Rs.1000/-
Taxation: Indirect Tax Laws: Rs. 750/-
Taxation: Direct Tax Laws: Rs. 750/-
Financial Management & Economics for Finance: Rs. 750/-

Mode of payment: CASH / Online
Registration www.bangaloreicai.org
To register please contact: 080 43944868 / 876
Mob: 9606913003 / 004
blrstudentevents@icai.org
www.bangaloreicai.org





**BENGALURU BRANCH OF SIRC OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

Revised Schedule of Mock Test Paper (Series-I) – Foundation, Intermediate & Final (New Course) / IIPC & Final (Old Course) for November'19 Examination

Date	10 AM – 1 PM	2 PM – 4 PM
03.10.2019	Foundation Paper -1: Principles and Practice of Accounting	Foundation Paper - 3: Business Mathematics and Logical Reasoning & Statistics
04.10.2019	Foundation Paper -2: Business Laws and Business Correspondence and Reporting	Foundation Paper- 4: Business Economics and Business and Commercial Knowledge

Date	10 AM – 1 PM	2 PM – 5 PM
09.10.2019	Intermediate Paper - 1: Accounting IIPC Paper - 1: Accounting	Final (New) Paper - 1: Financial Reporting Final (Old) Paper - 1: Financial Reporting
10.10.2019	Intermediate Paper - 2: Corporate and Other Laws IIPC Paper – 2: Business Laws, Ethics and Communication	Final (New) Paper - 2: Strategic Financial Management Final (Old) Paper – 2: Strategic Financial Management
11.10.2019	Intermediate Paper - 3: Cost and Management Accounting IIPC Paper – 3: Cost Accounting and Financial Management	Final (New) Paper - 3: Advanced Auditing and Professional Ethics Final (Old) Paper - 3: Advanced Auditing and Professional Ethics
12.10.2019	Intermediate Paper- 4: Taxation IIPC Paper - 4: Taxation	Final (New) Paper - 4: Corporate and Economic Laws Final (Old) Paper - 4: Corporate and Allied Laws
14.10.2019	Intermediate Paper-5: Advanced Accounting IIPC Paper – 5: Advanced Auditing	Final Paper - 5: Strategic Cost Management and Performance Evaluation Final (Old) Paper -5: Advanced Management Accounting
15.10.2019	Intermediate Paper - 6: Auditing and Assurance IIPC Paper- 6: Auditing and Assurance	Final (New) Paper - 6A: Risk Management Paper - 6B: Financial Services and Capital Markets Paper - 6C: International Taxation Paper - 6D: Economic Laws Paper - 6E: Global Financial Reporting Standards Paper - 6F: Multi-Disciplinary Case Study Final (Old) Paper - 6: Information Systems Control and Audit
16.10.2019	Intermediate Paper -7: Enterprise Information Systems & Strategic Management IIPC Paper - 7: Information Technology and Strategic Management	Final (New) Paper - 7: Direct Tax Laws and International Taxation Final (Old) Paper – 7: Direct Tax Laws
17.10.2019	Intermediate Paper - 8: Financial Management & Economics for Finance	Final (New) Paper - 8: Indirect Tax Laws Final (Old) Paper – 8: Indirect Tax Laws

Payment of Fees: Rs. 100/-Per Paper

Registration on first come first served basis. NO SPOT REGISTRATIONS

(Any confirmation please send mail to blrstudentevents@icai.org)

Please Contact: 080 43944868 / 876 Mob: +91 9606913003 / 3004

E Mail: blrstudentevents@icai.org www.bangaloreicai.org

Venue: Bengaluru Branch of SIRC of ICAI, Vasanthnagar Branch

**CA. Bhat Shivaram Shankar
Chairman**

**CA. B. T. Shetty
Secretary**



Top Three Rank Holders - Chartered Accountants Intermediate (IPCC) Examination - Old Course held in May- June, 2019

	All India First Rank		All India Second Rank	All India Third Rank	
Name	Abhinav Prakash Mishra	Shripal Prakash Doshi	Jyoti Agrawal	Darshan S.	G. Raghavendra Prasath
City	Kolkata	Mumbai	Rourkela	Chennai	New Delhi

Top Three Rank Holders - Chartered Accountants Intermediate Examination -New Course held in May-June, 2019

	All India Topper First Rank	All India Second Rank	All India Third Rank
Name	Akshat Goyal	Meet Anil Shah	Anjali Goyal
City	Jaipur	Mumbai	Panipat

Top Three Rank Holders - Chartered Accountants Final Examination (Old Syllabus) held in May, 2019

	All India Topper First Rank	All India Second Rank	All India Third Rank
Name	Ajay Agarwal	Radhalakshmi V.P.	Umang Gupta
City	Kotputli (Rajasthan)	Hyderabad	Thane
Roll No.	142622	138354	179745
Marks	650	633	588
Percentage %	81.25	79.13	73.50

Top Three Rank Holders - Chartered Accountants Final Examination (New Syllabus) held in May, 2019

	All India Topper First Rank	All India Second Rank	All India Third Rank
Name	Nayan Goyal	Kavya S	Arpit Chittora
City	Bhopal	Bengaluru	Jaipur
Roll No.	203578	202569	214233
Marks	607	604	600
Percentage %	75.88	75.50	75

Top Three Rank Holders - Foundation Examination held in May, 2019

	All India Topper First Rank	All India Second Rank	All India Third Rank	
Name	Rajat Sachin Rathi	Kalivarapu Sai Srikar	Priyanshi Saboo	Minal Agarwal
City	Pune	Srikakulam (Andhra Pradesh)	Bhopal	Surat
Roll No.	625770	613539	604175	628536
Marks	350 / 400	344 / 400	343 / 400	343 / 400
Percentage %	87.50	86	85.75	85.75

Rank Holder List

Foundation - May Exams 2019

Sl No	Name	Registration No	Roll No	Total Marks	Rank
1	BUSHRA MUNAVAR	SRO0683266	603185	342	4
2	CHEEMALAPATI JYOTHIKA	SRO0695932	602775	289	48

Final (Old) - May Exams 2019

Sl No	Name	Registration No	Roll No	Total Marks	Rank
1	RAGHAVENDRA PRASAD K G	SRO0433169	107426	518	34

Final (New) - May Exams 2019

Sl No	Name	Registration No	Roll No	Total Marks	Rank
1	KAVYA S	SRO0550448	202569	604	2

IPCC (New) - May Exams 2019

Sl No	Name	Registration No	Roll No	Total Marks	Rank
1	KOMAL BHOARA S	SRO0652750	506232	603	47
2	SNEHA MUKUNDH IYENGAR	SRO0640832	507324	616	34

OBITUARY



We deeply regret to inform sad demise of
CA. Babu Jayendran,
Membership No. 18464
passed away on 15th August 2019.
May his soul rest in peace.





Campus Placement Programme

Newly Qualified Chartered Accountants (NQCA's)

September- October, 2019

Campus Interview Schedule

Sr.No.	Centres	Dates
1	Mumbai & New Delhi	19 th , 20 th , 21 st , 23 rd , 24 th , 25 th , 26 th & 27 th September, 2019
2	Chennai	20 th , 21 st , 23 rd , 24 th , 25 th , 26 th & 27 th September, 2019
3	Kolkata	21 st , 23 rd , 24 th , 25 th , 26 th , 27 th & 28 th September, 2019
4	Bengaluru	23 rd , 24 th , 25 th , 26 th , 27 th , 28 th & 29 th September, 2019
5	Ahmedabad, Hyderabad, Jaipur & Pune	25 th , 26 th , 27 th , 28 th & 30 th September, 2019
6	Durgapur & Ernakulam	22 nd October, 2019
7	Bhubaneswar, Chandigarh, Coimbatore, Indore & Kanpur	24 th & 25 th October, 2019
8	Thane & Noida	24 th & 25 th October, 2019

For details, please visit: <https://cmib.icai.org/>

Organised By:

Committee for Members in Industry & Business(CMI&B)

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

'ICAI BHAWAN', Post Box No.: 7100, Indraprastha Marg,
New Delhi – 110002

Tel. No.: (011) 30110450/548/549/555

E-mail: campus@icai.in





MERCHANT EXPORT VS DEEMED EXPORTS

CA. Venugopal Gella

Exports always attract tax incentive since these increase forex reserves. Even under GST the benefits continued. Accountants sometimes get confused or interchangeably use the words Merchant exports and Deemed Exports. This article is an attempt to bring the clarity on both the concepts and avoid wrong reporting of value in the GST Returns.

Firstly, one has to understand that the levy on supply and taxation is to be tested either based on the supplier or based on the nature of transaction. Exports levy is based on the supplier. A product which is taxed at 5% in domestic market, when exported would be called as Zero Rated and no tax impact to supplier. This is certainly distinct from a Nil rated. In case of a Nil rated rate of tax is Zero. But for a Zero-rated product, there exists a tax rate and the rate is made to Zero.

Explaining further, teaching services are taxable whereas when these teaching services are provided by education institution there are treated as exempted. In this example the supplier i.e. the educational institution determines the taxability of the transaction.

It is always necessary while determining the taxability or exemption for considering the following two limbs

- Nature of Supply
- Type of Supplier

Based on the Supply



Based on the Supplier



Merchant Export

Merchant exporter is a person who is engaged in **trading** activity. The Goods bought for export or intending to export. He is not involved in any manufacturing activity. He intends to aggregate supplies from multiple registered suppliers and then export.

Prior to GST, Merchant exporters were exempted from paying:

- Excise duties by following procedures of Form CT-1 / ARE-1 formalities and
- CST was exempted against H-Form.

On implementation of GST, the facility of procurement of goods without payment of tax by the Merchant exporter for export has been dispensed with. Due to this Merchant exporters had working capital issue since they had to buy the goods with tax.

To ease the cash flow subject to certain condition government brought relief by way of Notification No. 40/2017-Central Tax (Rate) dated 23.10.2017 subject to fulfilment of the certain conditions



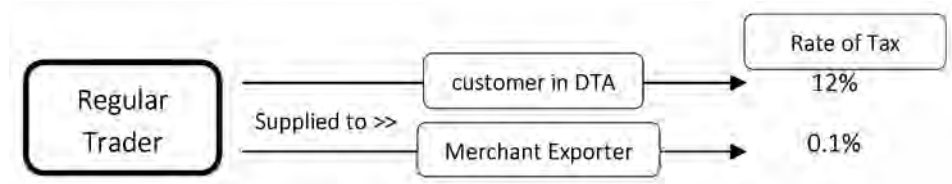
Tax Rate on purchase

Exempts tax on supply of taxable goods by a registered supplier to a registered recipient for export from so much of the central tax leviable thereon under section 9 of the said Act, as is in excess of the amount calculated at the rate of 0.05 per cent. So, the tax rates would be CGST is 0.05% and SGST is 0.05% for intra-state supply and IGST would be @0.1% in case of inter-state supply.

Conditions

1. Registered supplier shall supply the goods to the registered recipient on a Tax invoice.
2. Goods to be exported within 90 days from the date of issue of tax invoice.
3. Merchant exporter shall mention GSTIN and Invoice Number of the supplier in Shipping bill.
4. He shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce.
5. He shall place PO for procuring goods at concessional rate of duty and send copy of same to the jurisdictional tax officer of the registered supplier.
6. Goods shall be directly moved to port, ICD, Airport or Land customs station or warehouse of port, ICD or LCS from place of registered supplier
7. If he intends to aggregate supplies from multiple registered suppliers, goods shall be aggregated at warehouse and then moved for export
8. Tax invoice and Receipt of goods in registered warehouse to be issued
9. Shipping Bill with GSTIN of supplier, Tax Invoice along with EGM to be given to supplier and jurisdictional tax officer of such supplier

Example: A product which is ordinarily sold at 12% rate of tax



Deemed Export

While merchant export facility is on procurement, Deemed Export benefit is on Supply. Export of Goods means taking goods out of India to a place outside India. In the transaction of Deemed exports the goods do not leave India though the goods are finally meant to be exported. The payment for such supplies is received in INR.

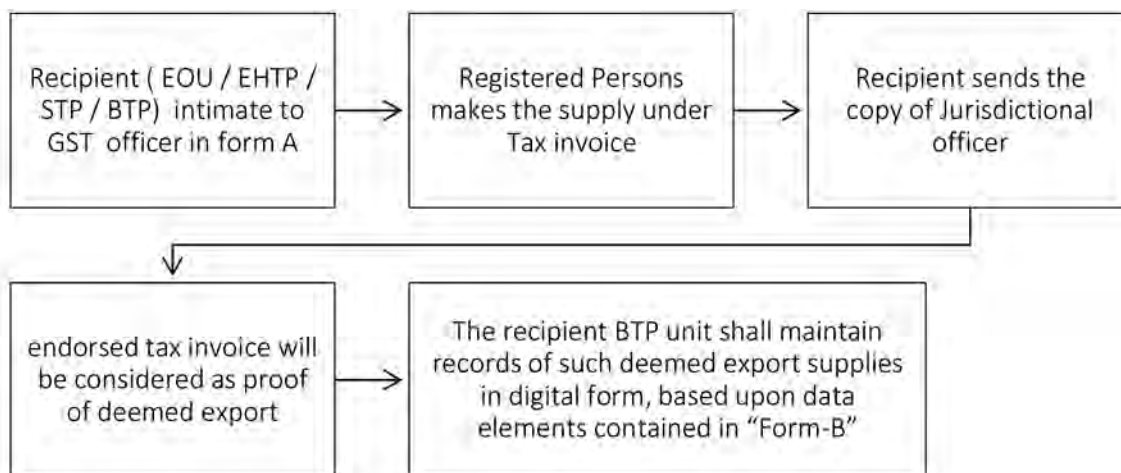
Benefit of Deemed exports are like Zero Rated supplies with payment of tax, where the Tax component paid would be refunded by the government. Overall there is no GST impact on this supply. Notification 47 /2017 and 48/2017 of Central Tax dated 18th Oct 2017 describes more on these supplies.

Applicability

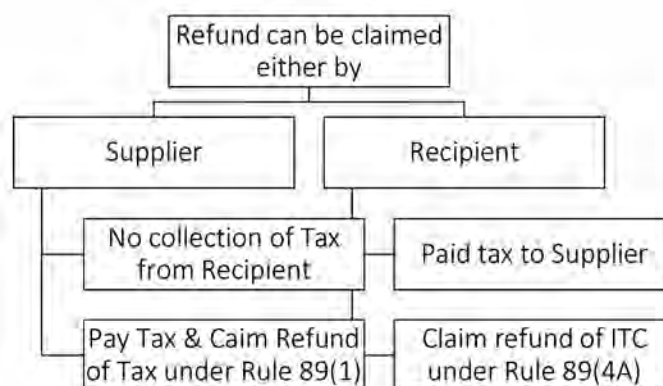
Following are the DTA supplies to be categorized as deemed exports:

1. Supply of goods by a registered person **against Advance Authorisation**
2. Supply of capital goods by a registered person **against Export Promotion Capital Goods Authorisation**
3. Supply of goods by a registered person **to Export Oriented Unit**
4. Supply of gold by a bank or Public Sector Undertaking specified in the notification No. 50/2017-Customs, dated the 30th June, 2017 (as amended) against Advance Authorisation.

Procedure for Deemed Exports



Refund of Taxes paid



Key points of distinction between Merchant Export & Deemed Export

Merchant Export	Deemed Export
<ul style="list-style-type: none"> Benefit of lower tax procurement to an exporter 	<ul style="list-style-type: none"> Extension of Zero-Rated Supply benefits to a Domestic Trader
<ul style="list-style-type: none"> Recipient shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce 	<ul style="list-style-type: none"> Supply should be against Advance Authorisation or EPCG or to EOU
<ul style="list-style-type: none"> Concessional rate of duty (i.e .05%+0.05% or 0.1%) 	<ul style="list-style-type: none"> Regular Rate of tax
<ul style="list-style-type: none"> Conditions to be satisfied to charge lower rate of tax 	<ul style="list-style-type: none"> Conditions to be satisfied for claiming refund
<ul style="list-style-type: none"> These transactions can treated as partly exempted supplies and are not to be included as exempt supplies for the purpose of Rule 42. 	<ul style="list-style-type: none"> Either the supplier or recipient can claim refund of the taxes paid.

Authored by CA Venugopal Gella venu@vvnv.ca. Views expressed herein are of the author and not ICAI.



TAX AND REGULATORY IMPLICATIONS ON START-UPS



CA. Pankil Sanghvi

Post liberalisation, privatisation and globalisation measures of 1991, India has emerged as an attractive investment destination for the world. With increase in per capita income, domestic investment has also increased tremendously. The technically advanced and skilled human resources of India and inflow of investments have encouraged a booming Start-up culture in India. Identifying the Start-up ecosystem as the new revenue and forex generating apparatus, the Indian Government has also joined hands in the Start-up development with various incentives and national programmes.

In the ensuing paragraphs, we have discussed the various tax and regulatory complexities surrounding the current Start-up ecosystem and thoughts on cutting through some of these complexities to enable doing business with ease and without encumbrances.

What is a Start-up?

Generic definition

"A Start-up is a company working to solve a problem where the solution is not obvious and success is not guaranteed," says Neil Blumenthal, cofounder and co-CEO of Warby Parker.

Regulatory Definition

As per **Department for Promotion of Industry and Internal Trade (DPI&IT)**, Notification dated¹ 19 Feb 2019, an entity shall be considered as a Start-up:

- Upto a period of ten years from the date of incorporation / registration,

1 G.S.R. 127 (E)

if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under Section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.

- Turnover of the entity for any of the financial years since incorporation / registration has not exceeded one hundred crore rupees.
- Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.
- Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Start-up'.

As per Section 80-IAC of the **Income-tax Act, 1961 ("the IT Act")** which provides for Income-tax exemption for eligible Start-ups for the prescribed period.

"eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely: —

- a) it is incorporated on or after the 1st day of April 2016 but before the 1st day of April, 2021;
- b) the total turnover of its business does not exceed twenty-five crore rupees in the previous year relevant

to the assessment year for which deduction under sub-section (1) is claimed; and

- c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;

"eligible business" means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation;

Funding in Start-ups – Implications for Investors

Just as absence of oxygen ends life, in the same way an elixir of life for start-ups is funding. There is plethora of funding options available for start-ups which are discussed below:

1. **Equity investment:** India has allowed equity investment into almost all the sectors to make India an attractive investment destination. However, some sectors like insurance, retail, defence, etc. requires an approval and is subject to certain conditionalities. Further sectors like gambling, lottery business, chit funds & nidhi companies, manufacture of tobacco products/substitutes and real estate business, foreign investment is prohibited, in the interest of general public.

The equity investment is the most desired way of investing by any investor since it provides with the voting power

and ownership rights. There are certain variants of equity investment which are as follows:

- **Equity shares/warrants**
- **Compulsory Convertible Preference Shares ('CCPS')**
- **Compulsory Convertible Debentures ('CCD')**

The above instruments are especially useful in obtaining FDI for Start-ups. As per **Indian Foreign Exchange Regulations**, the above investments would qualify as FDI in India. FDI is generally allowed upto 100% under automatic route including e-commerce subject to certain conditions (except few controlled sectors). Issue price for shares needs to be determined as per Internationally Accepted Pricing methods. Pricing / conversion formula for CCPS / CCD should be determined upfront at the time of issue and not at the time of conversion. Certain prescribed filings with the authorized banker are also required.

As per India Corporate law, the issue price for equity investments should be supported by valuation report required for preferential issue of shares. No such restrictions exist for a "rights issue" though.

There are certain implications under the Income-tax Act in issue of equity which are discussed in the ensuing paragraphs.

Implications for investors on Redemption / Buyback

As per **Foreign Exchange Regulations**, no approvals required for redemption of Preference shares or Buyback of shares. Pricing guidelines will apply; pricing sale to a resident capped at the fair value.

As per **Companies Act**, buy-back of equity shares is permitted where it is authorised by Articles of Association of the company and necessary threshold

conditions are satisfied.

2. Debt Investment: Typically, Start-ups find it difficult to obtain debt funding on account of the business risks. However, many a times, they could obtain debt in the form of the following instruments:

- **Optionally Convertible Debentures ('OCDs')**
- **Optionally Convertible Preference Shares ('OCPS')**
- **Non-Convertible Debentures ('NCDs')**

Investment by way of OCDs / OCPS / NCDs from foreign players would qualify as Debt or External Commercial Borrowings (ECBs) in India until a specific regulatory framework is notified for such hybrid instruments². ECB can be raised only after obtaining the Loan Registration Number from RBI. Further annual compliance to RBI is to be done. Conversion of ECB into equity is permitted subject to conditions.

As per Companies Act, preference shares can have a maximum redemption period of 20 years. Additionally, approval of shareholders may be required if borrowing exceeds specified limits.

Convertible Notes specific to Start-ups: The government has allowed **eligible start-ups** to raise capital by way of **issuance of Convertible notes**. It is an instrument issued by a start-up company evidencing receipt of money initially as debt. Such convertible notes are either repayable at the option of the holder or convertible into such number of equity shares of such start-up company within a period not exceeding five years from the date of issue of the convertible note as per terms and conditions agreed. Given the challenges involved in the

² Notification No. FEMA.3(R)/2018-
RBI dated December 17, 2018

valuation of start-ups at early state, this convertible note structure affords the necessary flexibility in structuring deals involving a dilution linked to milestones agreed or clawback for both investors and founders.

Implications on Redemption/ Repayment

As per **Foreign Exchange Regulations**, there is no specific restriction on redemption / repayment of NCD or loan on maturity. Prepayment of NCD / loan may be allowed by Authorised Dealers (banks) without prior approval of RBI subject to compliance with the stipulated minimum average maturity period.

No specific implications as per **Companies Act and Income-tax** on repayment of Principal amount. For foreign investors, the debt route is the most tax optimal route if tax is the main consideration (typically tax is not the main consideration, it is safety, value appreciation, etc.).

The contentious Angel tax issue [56(2)(viib) of the IT Act]

The "Angel tax" issue has actively debated and discussed by Start-ups and opposed vehemently. It is a term coined by business community, and refers to Section 56(2)(viib) of the IT Act which was introduced in the Income-tax Act³ with effect from 1 April 2012, seeking to tax any excess premium received by a closely held company upon the issue of shares. Such excess premium is deemed to be the income of the company issuing shares and shall be taxed in its hands as "Income from Other Sources".

The intent of the legislature in enacting this section was to discourage anti-black money / money laundering measure to pass on funds to existing shareholders without the back-up value.

³ Finance Act, 2012



The excess premium as mentioned above for the purposes of computing the deemed income and tax liability under this clause is arrived at as a differential between the FMV of the Start-up company's shares and the amount invested.

Illustration

Particulars	Amount (INR)
Amount invested per share (A)	200
FMV per share as per applicable rules (B)	150
Income from Other Sources (A-B)	50

The FMV for the purposes of this Section is to be determined as per the valuation Rules⁴ prescribed. While the valuation formulae have been provided therein in detail, on a broad level basis the Rules provide for the FMV to be determined applying any of the following methods at the option of the Start-up company:

- Net Asset Value Method
- Discounted Cash Flow Method; and
- Any other method which the company can substantiate to the satisfaction of the tax officer.

In a legitimate negotiated investment, where the investment value does not align with the valuation certificate, the Angel tax liability would arise upfront. Even where the investment value aligns with the valuation certificate, the "Angel tax" issue arose from the fact that the tax officer of the Start-up company has challenged the valuation carried out as per the valuation certificate submitted by the Start-up company.

Relief from Angel tax demand – notification dated 24 December 2018

Central Board of Direct Taxes (CBDT)

4 Rule 11UA of the Income-tax Rules, 1962

has issued a notification, wherein it has directed the tax officers not to take coercive action in recovering outstanding tax demands in case of Start-Ups if additions have been made u/s 56(2)(viib) of the IT Act.

While this came as a relief to the Start-ups facing significant tax demands, it was merely an informal and temporary step. The actual provisions of the section have not been amended and also the notices have not been revoked. Only the actual collection of demand has been temporarily halted. It appears that the Government did not want to collect any demands until it made up its mind on the way forward.

Scenario with effect from 19 February 2019

Pursuant to significant representation from the Start-up community (formal as well as informal by way of social media posts, etc.) the Government has now taken definitive steps in providing the much-needed relief to Start-ups on this front. The Government [Department for Promotion of Industry and Internal Trade (DPIIT)] issued two notifications⁵ in quick succession which provided a blanket exemption to legitimate Start-ups, meeting the prescribed conditions, from operation of the above section.

The key conditions (over and above the conditions for recognising the entity as a Start-up discussed in the definition section above) for availing the benefits from an Angel tax perspective are as under:

- it has been recognised by DPIIT under para 2(iii)(a) or as per any earlier notification on the subject
- aggregate amount of paid up share

5 G.S.R. 127(E) dated 19 February 2019 and G.S.R. 34(E) dated 16 January 2019

capital and share premium of the Start-up after issue or proposed issue of share, if any, does not exceed, twenty five crore rupees

- Further, this notification has tightened the belt by posing investment restrictions to be eligible for the angel tax exemption. Accordingly, Start-ups cannot invest in immovable property (other than its business use), extending loans and advances, investments in shares/ securities etc. for seven years from the date of issuing shares at premium. These prohibitions may hamper a Start-up's ability to invest its surplus funds.

Notification dated 9 August 2019 – relief for investments pre-19 February 2019

Further to the above notifications, the Government has recently (i.e. on 9 August 2019) issued a clarification⁶ which provides that even if the assessment order has been passed on the eligible Start-up companies proposing an addition under the "Angel tax" provision (pre- 19 February 2019), the benefits of the circular dated 198 February 2019 will be available provided the conditions are met.

As discussed above, the Start-ups are going to be the new age revenue generators and drivers of the global economy. Not only do they encourage entrepreneurship but also innovation and creativity. This innovation could bring in significant improvements in business and day to day life. The Start-up ecosystem is here to stay and business folks including consultants will do well to participate and contribute in this dynamic environment.

6 F.No. 173/354/2019 – ITA – 1

VIDWATH SABHA - One Day Seminar on ICDS and Changes in Tax Audit Reporting



Invocation by Ms. Sindhoora Hegde



Inauguration of Seminar by lighting the lamp



Chief Guest Shri. Tejasvi Surya,
Hon'ble Member of Parliament, Lok Sabha



CA. K. Gururaj Acharya



CA. Prashanth G.S



CA. B.P. Sachin Kumar



Felicitation & Presentation of Mementoes to Chief Guest



VIDWATH SABHA - Half Day Seminar on Practical Issues in Capital Gains Loss Cases & Tips for Planning



CA. Krishna Upadhya S



CA. D.S. Vivek



CA. Venugopal Gella

VISHARADA - Half Day Workshop on New simplified GST Returns Formats under the GST Law



One Day Seminar on Income Tax Audits and Return Filings at Tumkur



CA. Raveendra S. Kore, Vice Chairman, Bengaluru Branch
met Sri B S Yadiyurappa, Chief Minister of Karnataka
for extension of due dates of Co-operative Audit.
Extension order issued on 04.09.2019

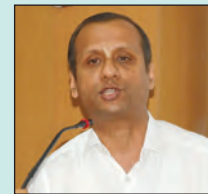


CA. Deepak Chopra



CA. Nitin Kumar P

PRABHATH PRAVACHAN - Breakfast Meeting



CA. Dayananda .K



CS. Sundharesan J

Study Circle Meetings



Advocate Sridhar Gomatan



CA. Prashanth Vellanki



CA. Vinayak Hegde



CA. Arvind S



CA. Hanish S



CA. Srilatha Bhat N



CA. Mohit A Parmar



CA. Ankit Marecha

SICASA - Study Circle Meetings

SICASA - Career Counselling Program at BMS Womens College



SICASA - Career Counselling Program at Vijaya Jyothi



CA Students Sports Events for CA Students on the occasion of 73rd Independence Day on 3rd & 4th August 2019 at HMT Ground



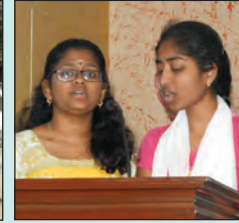
73rd Independence Day Celebration & VIDWATH SABHA - Half Day Seminar on CA Practice Development



Flag Hoist by the Chief Guest



Inauguration



Ms. Nirosha & Ms. Keerthi



Chief Guest CA. K.S. Madhava Murthy,
Past Chairman, SIRC of ICAI



CA. Madhur Harlalka



CA. Madhukar N. Hiregange,
Past Central Council Member, ICAI



Members & Students participated on the occasion



Staff of Bengaluru Branch of SIRC of ICAI on the occasion



Felicitation to Chief Guest CA. K. S. Madhava Murthy



Distribution of Prizes to Cricket Teams
- Winners & Runners



Walkthon



Swachh Bharat

Cricket Tournament for Chartered Accountants on the occasion of 73rd Independence Day Celebration dt. 11th August 2019 BEL Ground, Vidyaranyapura Road



Chief Guest CA Narayan Bhat

