

# The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



## Bengaluru Branch of SIRC e-Newsletter

Volume 9 | Issue 5 | December 2020 | Pages : 25

English Monthly  
For Private circulation only

### Kalaakruti - 2020



Inauguration of Kalaakruti - 2020



- Two Day's Virtual CPE Meeting  
Modernizing your CA practice with Digital and RPA  
"Tally Prime for Professionals"  
The Change of approach in  
1) New way Handling client's and self-data  
2) The New Navigation – Especially related to Audit and MIS Reporting's  
3) Using Powerful Shortcut keys to complete the task.  
4) Other New features of Tally Prime  
2<sup>nd</sup> & 3<sup>rd</sup> December 2020
- The QRMP Scheme under GST for GSTR -1 and GSTR – 3B  
4<sup>th</sup> December 2020
- A Special Session  
Practical Issues on Vivad se Vishwas Scheme 2020  
7<sup>th</sup> December 2020

### JNANA DASOHA VIRTUAL CPE MEETINGS

- 52<sup>nd</sup> Regional Conference of SIRC of ICAI  
Complete Virtual (at your Desk)  
10<sup>th</sup> to 13<sup>th</sup> December 2020
- Recent Amendments in FCRA  
15<sup>th</sup> December 2020
- Professional Opportunities for Financing Options for MSMEs & Startups  
22<sup>nd</sup> December 2020

- GST & Critical Issues:  
1. Controversies surrounding Aggregate Turnover, Taxable Supply, Exempt Supply & Non-taxable Supply  
2. S.16(2)(c)- A Pre-condition for availment of ITC- scope & Issues.  
3. S.16(4)- Time Limit for availing ITC- An analysis  
4. Levy of GST on liquidated damages, penal interest etc - is it valid?  
5. Rule 36(4)- Restriction on availment of ITC - An analysis  
6. New E Invoicing System- Philosophy, Scope & Implications  
16<sup>th</sup> December 2020
- Two Day's - 7<sup>th</sup> Women CA's Conference  
23<sup>rd</sup> & 24<sup>th</sup> December 2020
- Code of Ethics  
30<sup>th</sup> December 2020

Pathway to Core Competence

# Chairman's Communique . . .



## My Dear Professional Colleagues,

The end of the year is coming, that means busy season is just around the corner and we Chartered Accountants to accomplish all the needs to be done what is likely to be most challenging stretch of this year due to the imposition of nation-wide lockdown & due to outbreak of ongoing pandemic, the due date of furnishing tax audit report and ITRs for AY 2020-21 were extended.

## Resumption of CPE Programmes in offline / physical mode for grant of Structured CPE Hours w.e.f. 16.11.2020 :

I am glad to inform you that the resumption of CPE Programmes in offline/physical mode and organizing Virtual CPE Meetings for grant of Structured CPE Hours has been decided by ICAI to allow CPE Programmes in physical mode w.e.f 16.11.2020 strictly to follow the Guidelines on preventive measures to contain spread of COVID – 19 from time to time.

Also, Members may still continue to obtain Structured / Unstructured CPE hours through VCMs/Digital Learning Hub. Hence, Requirement of completion of 20 Structured CPE hours which is mandatory to be completed by Members below 60 years holding COP, in each calendar year, can be fulfilled through online mode (either through Digital Learning Hub or through Virtual CPE Meetings mandatory CPE hours on ("Code of Ethics" and "Standard on Auditing") till 31<sup>st</sup> December, 2020.

However, total Structured CPE hours obtained in physical mode (apart from online mode) shall continue to be counted as Structured CPE Hours as earlier.

## The month that was November 2020 :

Bengaluru Branch organized a series of Virtual CPE Meetings in the month of November 2020 to keep our Members updated in the professional interests. The overwhelming response from

the Members amidst the on-going pandemic shows the personal warmth of Bengaluru Branch has given us immense strength and greater confidence. The details of the Virtual CPE Meetings are as below:

Sl. No.	Date	Topics	Speakers	No. of Members availed Structured CPE
1	04.11.2020	<b>Two Day's Virtual CPE Meeting on Corporate Law – Impact on your practice on 4<sup>th</sup> &amp; 5<sup>th</sup> November 2020</b> Organized by : Bengaluru Branch of SIRC of ICAI <b>Day -1 Topics :</b> 1. Spice – Birth of the Company 2. Amendments in Corporate law – Growth of the Company	<b>Chief Guest :</b> <b>CA. I.S. Prasad</b> Senior Vice President – Elect Federation of Karnataka Chambers of Commerce and Industry (FKCCI)  <b>CA. Srilakshmi P</b> <b>CA. Punarvas Jayakumar</b> <b>Moderator :</b> <b>CA. Vijay Raja</b>	621
2	05.11.2020	<b>Day – 2 Topics :</b> 1. CARO 2020 & IFC – Sustainability of Growth of the Company 2. IBC – If not sustainable, the death of the Company	<b>CA. Naval Kishore Bajaj</b> <b>CA. Guruprasad M</b> <b>Moderator :</b> <b>CA. Vijay Raja</b>	574
3	11.11.2020	Employment Laws – Three New Codes 2020	<b>Sri. Ram K Navaratna</b>	531
4	12.11.2020	Corporate Restructuring, Mergers, Amalgamations	<b>CA. Amith Raj</b>	559
5	13.11.2020	1. Latest Notifications and Circular by Karnataka RERA in relation to Professional Certificates 2. Statement of Accounts, RERA Audit 2020 and preparedness	<b>Chief Guest :</b> <b>CA. K.S. Madhava Murthy</b> Past Chairman of SIRC of ICAI  <b>CA. Vinay T</b>	508
6	18.11.2020	Recent changes in Form 3cd & Developments in Tax Audit	<b>CA. Naveen Khariwal G</b> <b>CA. Deepak Chopra</b>	854

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## Chairman's Communique . . .

◀ (Contd. from previous page)

Sl. No.	Date	Topics	Speakers	No. of Members availed Structured CPE
7	19.11.2020	<b>Two Day's Virtual CPE Meeting on Transfer Pricing on 19<sup>th</sup> &amp; 20<sup>th</sup> November 2020</b> <b>Day -1 Topics :</b> 1. (a) An Overview of Transfer Pricing – Sec 92 – Charge, Sec 92A – AE, S. 92B – International Transactions and 92BA – SDT (b) What all Tax payer needs to comply. 2.(a) How to document Functional Analysis (b) Methods and their Application	CA. Narendra J Jain       Mr. Adarsh Rathi	537
8	20.11.2020	<b>Day -2 Topics :</b> 1. (a) Computation of ALP – Section 92C, Rule 10B, Rule 10CA (b) Economic Adjustments (c) Selection of PLI 2. (a) Designing Search Strategy and TP Documentation (with case studies) (b) TP Certificate – Form 3CEB – issues and precautions	CA. Vaishaka Bhat      CA. Ganesh Krishnamurthy & CA Hiranmayi Ganesh	449
9	25.11.2020	Exclusive Tally Prime Product Showcase	Mr. Shanmukha	505
10	26.11.2020	IBOR Transition – What it means and why it matters	CA. Asha M & CA. Mangirish A Gaitonde	286

I thank **CA. I.S. Prasad, Senior Vice President – Elect, Federation of Karnataka Chambers of Commerce and Industry** for being the Chief Guest in the **Jnana Dasoha Two Day's Virtual CPE Meeting on Corporate Law – Impact on your practice held on 4<sup>th</sup> & 5<sup>th</sup> November 2020**. Chief Guest appreciated Bengaluru Branch for taking a proactive role and the efforts taken in enhancing knowledge through the Digital learning portal for the benefit of Members. Chief Guest addressed & expected our CA fraternity to maintain the health of a Corporate to achieve honestly in this field and reminded a quote by our Hon'ble Prime Minister of India, Shri. Narendra Modiji like How Doctors is responsible to maintain the health of individuals. I also thank the learned Speakers who shared their expertise and experience in these two days and a remarkable meeting in this month.

**On 13<sup>th</sup> November 2020, it's a 80<sup>th</sup> Jnana Dasoha Virtual CPE Meeting on RERA. CA. K.S. Madhava Murthy, Past Chairman – SIRC of ICAI was the Chief Guest** appreciated Bengaluru Branch in conducting its 80<sup>th</sup> Webinar – a great achievement and also for initiating it's first webinar in the month of March before lockdown in Virtual mode during this on-going pandemic in order to meet the challenges by using the technology in Digital mode for the benefit of Members.

I thank all the above expert and eminent Speakers for their valuable contribution in enhancing the knowledge to the Members in the above said Jnana Dasoha Virtual Meetings.

### A Management Development Programme:

The Bengaluru Branch has the proud privilege of conducting its **Five Batches of Virtual Training program for Finance Executives of M/s. Bharat Electronics Limited from 23<sup>rd</sup> November 2020 to 26<sup>th</sup> December 2020** to get updated during these unprecedented times will be of immense value to the participants.

**Kalaakruti - 2020 :**

To energize ourselves as a part of our profession, **Kalaakruti – Karnataka Rajyotsava and Cultural Program by CA Members organized on Saturday, 28<sup>th</sup> November, 2020 at our Branch Premises between 4.00 pm & 7.30 pm in Physical mode after lock down. Shri. Mukhyamantri Chandru, Kannada Film Actor, Ex-Member of Legislative Council and Shri Gururaj Hosakote, Renowned Folk singer and the Kannada Rajyotsava Prashasti Awardee 2020 were the Chief Guest and Special Guest** for this Cultural Program whose talk and song was very well appreciated by the Members. I thank CA Sunil Bhandari, CA Raviraj Shetty, CA. Prabhav Hegde and his Yakshagana Team making a very



memorable event. I also thank CA. Nethravati G. Shetty & CA. Shilpa B. Banakar in coordinating this cultural event.

In today's competitive and complex world, to explore emerging areas of practice and enhance the quality of services provided by our Chartered Accountant's fraternity, Bengaluru Branch is organizing a series of Jnana Dasoha – Virtual CPE Meetings in the month of December 2020 between 4.00 pm & 6.00 pm on Modernizing your CA practice with Digital and RPA, Tally Prime for Professionals, GST & Critical Issues, FCRA, Valuation, Professional Opportunities for Financing Options for MSMEs & Startups and Code of Ethics. The details of these Meetings are presented elsewhere in this Newsletter.

#### Examination :

##### **The month of November is also the month of Examination.**

In wake of ongoing pandemic Novel Corona Virus (Covid-19), ICAI has taken all possible measures for safe and secure conduct of CA Examinations scheduled from 21<sup>st</sup> November 2020. ICAI has increased the examinations centres from 505 planned for May 2020 Exam to 915 for Nov. 2020 examination to cover additional 192 districts of the country to facilitate candidates to not to travel beyond their district to the extent possible. ICAI also implemented adequate Social Distancing measures in current scenario of Covid-19 to ensure health and safety of our candidates. Adequate measures are being taken for the safety of all without compromising the high standards, sanctity and fairness in the conduct of the examination. **In Bengaluru Branch jurisdiction, ICAI is conducting Exams at 45 Centres. Best wishes to all the Students for their exams, all the very best !**

#### Scholarship to CA Students :

Bengaluru Branch of SIRC of ICAI is happy to announce Scholarship to CA Students on Merit cum Need basis. Interested students are required to submit duly filled in application form to Bengaluru Branch. Forms can be downloaded from branch website : [www.bangaloreicai.org](http://www.bangaloreicai.org).

#### Virtual Career Counselling Programme :

To commemorate World Accountancy Education Day on 10<sup>th</sup> November 2020, we organized **Virtual Career Counselling programmes** in six colleges in various parts of the city for the benefit of Students.

#### Radio Program Series :

On the occasion of World Accountancy Education Day, I had Special talk for a week on Awareness of CA course from 10<sup>th</sup> November to 16<sup>th</sup> November, 2020 through FM Rainbow for three days and Radio Vividh Bharathi for four days to reach more number of Students.

#### SIGARAM – 52<sup>nd</sup> Regional Conference of SIRC of ICAI :

**The 52<sup>nd</sup> Regional Conference of SIRC of ICAI** is fast approaching – Biggest event of the year. 1<sup>st</sup> time in the history of SIRC of ICAI Complete Virtual (at your desk) is being held from **10<sup>th</sup> December 2020 to 13<sup>th</sup> December 2020**. I urge all my professional friends to visit [www.sirc.icai.org](http://www.sirc.icai.org) to know more details of the program.

On behalf of the entire Professional fraternity of Bengaluru Branch, I would like to congratulate a proud Past President of ICAI **CA. T.N. Manoharan, Ex-Canara Bank Chairman appointed as Administrator of crisis ridden Lakshmi Vilas Bank**. I am confident that the dedicated team with the able leadership of CA. T.N. Manoharan will help Lakshmi Villas Bank to overcome the crisis.

#### Announcement :

Considering hardship caused to the Members due to various reasons, **last Date for Payment of Membership / COP Fee is further extended from 30<sup>th</sup> November 2020 to 15<sup>th</sup> December 2020**. Members are requested to pay their membership / COP fee online immediately.

I would like to conclude with a Message, finally amidst all the darkness that light always win. If this difficult time has taught us anything, it is the fact that when a large group of professionals such as ourselves come together and support each other, we can tide over any difficulty.

I wish all Members and Students a very happy Merry Christmas!

**In Service of the Profession,**

**CA. Raveendra S. Kore**

Chairman

Bengaluru Branch of SIRC of ICAI

## CALENDAR OF EVENTS

### JNANA DASOHA - VIRTUAL CPE MEETINGS FOR THE MONTH OF DECEMBER 2020

DATE AND DAY	TOPIC / SPEAKER	TIME	STRUCTURED CPE HOURS
02.12.2020 Wednesday	<b>Two Day's Virtual CPE Meeting on 2<sup>nd</sup> &amp; 3<sup>rd</sup> December, 2020</b> <i>Organized under the aegis of</i> <b>Digital Accounting and Assurance Board</b> <i>Hosted by : Bengaluru Branch of SIRC of ICAI</i> <b>Day – 1</b> <b>Chief Guest :</b> <b>CA. Dayaniwas Sharma</b> <i>Central Council Member - ICAI</i> <i>Vice Chairman – Digital Accounting and Assurance Board</i> <b>Modernizing your CA practice with Digital and RPA</b> <b>CA. Saurabh Goenka</b>	4.00 pm to 6.00 pm	<b>2 hrs</b>
03.12.2020 Thursday	<b>Day – 2</b> <b>Topics :</b> <b>"Tally Prime for Professionals"</b> <b>The Change of approach in</b> <b>1) New way Handling client's and self-data</b> <b>2) The New Navigation – Especially related to Audit and MIS Reporting's</b> <b>3) Using Powerful Shortcut keys to complete the task.</b> <b>4) Other New features of Tally Prime</b> <b>CA. Punit Mehta, Mumbai</b>	4.00 pm to 6.00 pm	<b>2 hrs</b>
04.12.2020 Friday	<b>The QRMP Scheme under GST for GSTR -1 and GSTR – 3B</b> <b>CA. Annapurna Srikanth</b>	4.00 pm to 6.00 pm	<b>2 hrs</b>
07.12.2020 Monday	<b>A Special Session - Jnana Dasoha Virtual CPE Meeting</b> <b>Practical Issues on Vivad se Vishwas Scheme 2020</b> <b>Mrs. Shubhashree Ananth Krishnan, CCIT</b> <b>Sri. Valluri Srinivas, DGIT (INV)</b> <b>Sri. Ramesh Narrain Parbhat, PR. CIT ( C )</b> <b>Sri. Goli Srinivas Rao, PR. CIT, BNG - 1</b> <b>Sri. Rathinasamy M, PR. CIT, BNG -2</b> <b>Sri. Zakir T. Thomas, PR. CIT, BNG -3</b> <b>Sri. Sanjay Kumar, CIT, TDS</b> <b>Mrs. Vandana Sagar, CIT, (International Taxation)</b> <b>Co-ordinator : CA. Naveen Khariwal G</b>	4.00 pm to 6.00 pm	<b>2 hrs</b>

**NO DELEGATE FEE FOR THE ABOVE VIRTUAL CPE MEETINGS**



## CALENDAR OF EVENTS

### JNANA DASOHA - VIRTUAL CPE MEETINGS FOR THE MONTH OF DECEMBER 2020

DATE AND DAY	TOPIC / SPEAKER	TIME	STRUCTURED CPE HOURS
10.12.2020 Thursday to 13.12.2020 Sunday	<b>52<sup>nd</sup> Regional Conference of SIRC of ICAI</b> <b>Complete Virtual (at your Desk)</b>  <i>Details at Pg. No. 7</i>	—	—
15.12.2020 Tuesday	<b>Recent Amendments in FCRA</b> <b>CA. Rahul Vasudev</b>	4.00 pm to 6.00 pm	<b>2 hrs</b>
16.12.2020 Wednesday	<b>GST &amp; Critical Issues:</b> 1. Controversies surrounding Aggregate Turnover, Taxable Supply, Exempt Supply & Non-taxable Supply 2. S.16(2)(c)- A Pre-condition for availment of ITC - scope & Issues. 3. S.16(4)- Time Limit for availing ITC- An analysis 4. Levy of GST on liquidated damages, penal interest etc - is it valid? 5. Rule 36(4)- Restriction on availment of ITC - An analysis 6. New E Invoicing System- Philosophy, Scope & Implications <b>Shri. Shailesh Sheth</b> , Advocate, Mumbai	4.00 pm to 6.00 pm	<b>2 hrs</b>
22.12.2020 Tuesday	<b>Professional Opportunities for Financing Options for MSMEs &amp; Startups</b> <b>CA. S.S. Nayak</b> <i>Chairman, Mangaluru Branch of SIRC of ICAI</i>	4.00 pm to 6.00 pm	<b>2 hrs</b>
23.12.2020 Wednesday	<b>Two Day's - 7<sup>th</sup> Women CA's Conference on 23<sup>rd</sup> &amp; 24<sup>th</sup> December 2020</b> <b>Day -1</b> <i>Details will be uploaded in website</i>	4.00 pm to 7.00 pm	<b>3 hrs</b>
24.12.2020 Thursday	<b>Day -2</b> <i>Details will be uploaded in website</i>	4.00 pm to 7.00 pm	<b>3 hrs</b>
30.12.2020 Wednesday	<b>Code of Ethics</b> <b>CA. G. Sekar</b> <i>Central Council Member – ICAI Chairman, Auditing &amp; Assurance Standards Board</i>	4.00 pm to 6.00 pm	<b>2 hrs</b>

**NO DELEGATE FEE FOR THE ABOVE VIRTUAL CPE MEETINGS**

**NOTE :**

**Prior Registration is compulsory**

1. As per HO Guidelines only Bengaluru Branch Members can avail CPE. Maximum 1400 Members registration is allowed on first come first serve basis. 2. No. Delegate Fees. 3. Registration link will be sent through SMS, one day prior to the Programme commencing date.



## "SIGARAM" 52<sup>nd</sup> Regional Conference of SIRC of ICAI

Programme Schedule		CPE Credit 12 Hours
Date and Time	December 10-13, 2020 Thursday - Sunday 04.00pm - 07.00pm	
Virtual Mode		
Topics	Resource Persons	
Inauguration	<b>Hon' ble Smt. Nirmala Sitharaman</b> Minister of Finance and Corporate Affairs  <b>CA. Atul Kumar Gupta</b> President ICAI  <b>CA. Nihar N Jambusaria</b> Vice-President ICAI	
Tax Practice - Road ahead	<b>CA. Ameet Patel, Mumbai</b>	
NRI- Facilities & Obligations under Tax and FEMA	<b>CA. Rutvik Sanghvi, Mumbai</b>	
Interplay between statutory and internal audits	<b>CA. Chinnsamy Ganesan, Chennai</b>	
GST	<b>Adv. Rohan Shah, Mumbai</b>	
Business & Profession	<b>CA. R Dinesh</b> MD, TVS Supply Chain Solutions Ltd.	
Role of CAs in litigation practice	<b>Hon'ble Justice CA.Dr.Vineeth Kothari,</b> Madras High Court  <b>CA. Harish Salve</b> Senior advocate Supreme Court of India	
Investment	<b>CA. Anand Rathi, Mumbai</b>	
Design Thinking	<b>Shri Arun Jain,</b> MD, Intellect Design Arena Ltd.	
Economy	<b>Dr. Palanivel Thiaga Rajan</b> MLA Madurai	

**"Sparkle in Sigaram" - 52nd Regional Conference of SIRC of ICAI.**  
Entertainment programme by Chartered Accountants

Registration link : <http://bit.do/sirclogin>

**upto 2<sup>nd</sup> Dec20**

**Fees Members : 1694 Plus GST**

**Non- Members : 2541 Plus GST**

**CA. Dungar Chand U. Jain**  
Chairman, SIRC of ICAI

**Dr.CA. Abhishek Murali**  
Secretary, SIRC of ICAI

### Advertisement Tariff for the Branch e-Newsletter

#### COLOUR FULL PAGE

Outside back ₹ 40,000/-

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#### INSIDE BLACK & WHITE

Full page ₹ 20,000/-

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Quarter page ₹ 5,000/-

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

EDITOR :  
**CA. RAVEENDRA S. KORE**

SUB EDITOR :  
**CA. SRINIVASA T**

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.

An Excellent  
Opportunity for  
Professionals and  
People in Corporate  
World to serve Social  
Sector by becoming a  
Board Member of a  
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## CONTACT US

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[www.dhwanifoundation.org](http://www.dhwanifoundation.org)

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560078

## UPDESHAK FELLOWSHIP



BE  
THE CHANGE YOU  
WANT TO SEE

## WHAT IS UPDESHAK FELLOWSHIP

- Dhwani Foundation's Programme to enhance effective Governance in Non-Governmental Organizations (NGOs).
- Provide opportunity to passionate professional to Serve NGO sector by becoming a Board member.
- Identified NGOs in Karnataka are already part of Dhwani's **Niranthara\*** Programme.
- Dhwani will provide orientation to selected Fellows about the NGO sector and roles & responsibilities of a Board member.
- Dhwani will do match making between the Fellow and the NGO
- Fellows will first join as Advisor to the NGO and after 3-4 months join as Board member after mutual consent.
- Dhwani will also provide constant support through a help desk and periodical meetings.

*\*Niranthara is a flagship Programme of Dhwani. It is a 20 months long training and hand holding Programme for NGOs. In the current batch, 30 NGOs are participating from 16 districts of Karnataka. Fellows will be placed with these NGOs.*

## WHO CAN BE A UPDESHAK FELLOW

- Middle level managers in Corporate/IT Companies.
- Professionals like Chartered Accountants (CA), Lawyers and Medical Practitioners.
- People from academic field, Social sector, Banking field and Retired Civil servants.

## EXPECTATIONS

Willingness to give:

- Pro Bono service to NGOs.
- At least 1-day time commitment in a month.
- Minimum 2 Years commitment as a Board member.

## TIMELINES

### LAST DATE TO APPLY

30th November 2020

### SELECTION OF FELLOWS

10th December 2020

### ORIENTATION

15th-18th December 2020

### FELLOWS TO JOIN AS ADVISORS

1st January 2021

### FELLOWS TO JOIN AS BOARD MEMBERS

March-April 2021

To know more about Dhwani  
Foundation's work, Visit:  
[www.dhwanifoundation.org](http://www.dhwanifoundation.org)



**JNANA DASOHA**



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

**ORGANISING ONLINE COACHING CLASSES FOR  
CA FINAL STUDENTS FOR MAY 2021 EXAMS – MORNING BATCH**

**ADMISSIONS OPEN FOR ONLINE SUBJECTWISE COACHING**

**→ Stay Home → Stay Safe → Stay Prepared for Exam**

**Schedule from: 3<sup>rd</sup> Sep. 2020 to 16<sup>th</sup> March 2021 (Tentative Dates)**  
Tentative scheduled faculty may change due to non availability at that point of time

Sl no	Subject	Duration	Faculties
1	Paper-1: Financial Reporting	03.09.2020 to 14.10.2020	CA. Murali Nagaraj & CA. Kaleshwara Prasad
2	Paper-3: Advanced Auditing and Professional Ethics	15.10.2020 to 03.11.2020	CA. Vikas Oswal
3	Paper-2: Strategic Financial Management	04.11.2020 to 09.12.2020	CA. Chinmaya Hegde
4	Paper-4: Corporate and Economic Laws	10.12.2020 to 13.01.2021	CA. Ankith Kumar Jain
5	Paper-5: Strategic Cost Management and Performance Evaluation	14.01.2021 to 05.02.2021	CA. V. Venkata Sivakumar, Chennai & CA. Ashwini K
6	Paper-6: Direct Tax Laws and International Taxation	06.02.2021 to 28.02.2021	CA. Deepak Chopra
7	Paper-8: Indirect Tax Laws	01.03.2021 to 16.03.2021	CA. Raghavendra T. N. & CA. Dilip Rajpurohith

Course	Fees	Duration (6 Months)	Timings
CA Final	Rs. 14,000/- for Both Groups Rs. 9,000/- for Single Group Rs. 4,000/- for Single Subject	3 <sup>rd</sup> Sep. 2020 to March 2021 (Tentative Dates)	06.30am to 09.45am (Monday to Sunday)
Registration Fees - Mode of payment: Cash / Online <a href="http://www.bangaloreicai.org/home/online_registration">http://www.bangaloreicai.org/home/online_registration</a> For further details please contact: Tel: 080 - 4394 4868 /4876 Mob: 9606913003 / 3004 Email: <a href="mailto:blrstudentevents@icai.org">blrstudentevents@icai.org</a>   Website: <a href="http://www.bangaloreicai.org">www.bangaloreicai.org</a>			

**CA. Raveendra S. Kore**  
Chairman

**CA. Srinivasa T.**  
Secretary

*Pathway to Core Competence*

Bengaluru Branch of SIRC of ICAI  
“ICAI Bhawan”, 16/O, Miller's Tank, Bed Area, Vasanthanagar, Bengaluru - 560052



**JNANA DASOHA**



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

**ORGANISING ONLINE COACHING CLASSES FOR CA INTERMEDIATE  
STUDENTS FOR MAY 2021 EXAMS – MORNING BATCH**

**ADMISSIONS OPEN FOR ONLINE SUBJECTWISE COACHING**

**→ Stay Home → Stay Safe → Stay Prepared for Exam**

**Schedule from: 3<sup>rd</sup> Sep. 2020 to 3<sup>rd</sup> April 2021 (Tentative Dates)**

**Tentative scheduled faculty may change due to non availability at that point of time**

Sl.no	Subject	Duration	Faculties
1	Paper -1: Accounting (Gr-1)	03.09.2020 to 27.09.2020 & 26.10.2020 to 03.11.2020	CA. Murali Nagaraj & CA. Nikhil Saraf
2	Paper-5: Advanced Accounting	28.09.2020 to 25.10.2020	CA. Vinutha Hegde
3	Paper-6: Auditing and Assurance	04.11.2020 to 22.11.2020	CA. Vikas Oswal & CA. Anjan Babu
4	Paper-2: Corporate and Other Laws	23.11.2020 to 13.12.2020	CA. Mridul Agarwal
5	Paper-3: Cost and Management Accounting	14.12.2020 to 06.01.2021	CA. Modassar Irfat & CA Ashwini K
4	Paper-4: Taxation - Direct Tax Laws	07.01.2021 to 28.01.2021	CA. Prashanth Bharadwaj & CA. Guruprasad Kasarvalli
5	Paper-4: Taxation - Indirect Tax Laws	29.01.2021 to 14.02.2021	CA. Venkata Krishna Kothari & CA. Raghavendra T. N.
8	Paper-7: Enterprise Information Systems & Strategic Management	15.02.2021 to 09.03.2021	CA. Anand P Jangid
9	Paper -8: Financial Management & Economics for Finance	10.03.2021 to 21.03.2021 22.03.2021 to 03.04.2021	CA. Chinmaya Hegde & Dr. Seema Goel

Course	Fees	Duration (6 Months)	Timings
CA Intermediate	Rs. 12,500/- for Both Groups Rs. 8,500/- for Single Group Rs. 3,500/- for Single Subject	22 <sup>nd</sup> August 2020 to March 2021 (Tentative Dates)	06.30am to 09.45am (Monday to Sunday)

**Registration Fees - Mode of payment: Cash / Online [http://www.bangaloreicai.org/home/online\\_registration](http://www.bangaloreicai.org/home/online_registration)**

**For further details please contact: Tel: 080 - 4394 4868 /4876 Mob: 9606913003 / 3004**

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**BENGALURU BRANCH OF SIRC OF  
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*Schedule for all the subjects will be announced in due course.*

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*For further details please contact: Tel: 080 - 4394 4868 / 4876 Mob: 9606913003 / 3004*

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Schedule for all the subjects will be announced in due course. Registration Fees - Mode of payment: Cash / Online [www.bangaloreicai.org](http://www.bangaloreicai.org)  
For further details please contact: Tel: 080 - 4394 4868 / 4876 Mob: 9606913003 / 3004  
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**CA. Raveendra S. Kore**  
Chairman

**CA. Srinivasa T.**  
Secretary



### BENGALURU BRANCH LIST OF HOLIDAYS FOR THE YEAR - 2021

SL.NO.	PARTICULARS	DATE	DAY
1	MAKARA SANKRANTI	JANUARY, 14	THURSDAY
2	REPUBLIC DAY	JANUARY, 26	TUESDAY
3	MAHA SHIVARATHRI	MARCH, 11	THURSDAY
4	CHANDRAMANA UGADI	APRIL, 13	TUESDAY
5	AMBEDKAR JAYANTHI	APRIL, 14	WEDNESDAY
6	MAY DAY	MAY, 1	SATURDAY
7	GANESHA CHATHURTHI	SEPTEMBER, 10	FRIDAY
8	GANDHI JAYANTI	OCTOBER, 02	SATURDAY
9	AYUDHA POOJA	OCTOBER, 14	THURSDAY
10	VIJAYA DASHAMI	OCTOBER, 15	FRIDAY
11	KANNADA RAJYOTSAVA	NOVEMBER, 1	MONDAY
12	NARAKA CHATURDASHI	NOVEMBER, 3	WEDNESDAY
13	DEEPAVALI / BALIPADYAMI	NOVEMBER, 5	FRIDAY
14	CHRISTMAS	DECEMBER, 25	SATURDAY



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

## Examination Department The Institute of Chartered Accountants of India

13<sup>th</sup> October, 2020

### IMPORTANT ANNOUNCEMENT

#### REVISED SCHEDULE OF CHARTERED ACCOUNTANT EXAMINATIONS, NOVEMBER 2020

In continuation to the Announcement dated 15<sup>th</sup> July, 2020; as also Announcement dated 8<sup>th</sup> October 2020 made regarding Opt-Out window, another Announcement dated 8<sup>th</sup> October 2020 regarding SOP guidelines for examinees Centres and Centre Superintendent/ observers; it is hereby notified for general information that in view of the significantly large number of requests received from the students appearing in November 2020 examinations and their parents, circumstances arising out of legislative / bye election / local body election in various states, as also taking into account the other examinations being conducted by other institutions, and in the interest of the overall well-being of students, it has now been decided that the Chartered Accountant Examinations earlier scheduled from 1<sup>st</sup> November 2020 to 18<sup>th</sup> November, 2020 now to held from 21<sup>st</sup> November 2020 to 14<sup>th</sup> December, 2020 as per details given below.

#### FOUNDATION COURSE EXAMINATION – Under NEW SCHEME

[As per syllabus contained in the scheme notified by the Council under Regulation 25 F (3) of the Chartered Accountants Regulations, 1988.]

**8<sup>th</sup>, 10<sup>th</sup>, 12<sup>th</sup> & 14<sup>th</sup> December 2020**

#### INTERMEDIATE (IPC) COURSE EXAMINATION – Under OLD SCHEME

[As per syllabus contained in the scheme notified by the Council under Regulation 28 E (3) of the Chartered Accountants Regulations, 1988]

**Group-I: 22<sup>nd</sup>, 24<sup>th</sup>, 26<sup>th</sup> & 28<sup>th</sup> November 2020**

**Group-II: 1<sup>st</sup>, 3<sup>rd</sup> & 5<sup>th</sup> December 2020**

#### INTERMEDIATE COURSE EXAMINATION – Under NEW SCHEME

[As per syllabus contained in the scheme notified by the Council under Regulation 28 G (4) of the Chartered Accountants Regulations, 1988.]

**Group-I : 22<sup>nd</sup>, 24<sup>th</sup>, 26<sup>th</sup> & 28<sup>th</sup> November 2020**

**Group-II: 1<sup>st</sup>, 3<sup>rd</sup>, 5<sup>th</sup> & 7<sup>th</sup> December 2020**

#### FINAL COURSE EXAMINATION - Under OLD SCHEME

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (ii) of the Chartered Accountants Regulations, 1988.]

**Group –I : 21<sup>st</sup>, 23<sup>rd</sup>, 25<sup>th</sup> & 27<sup>th</sup> November 2020**

**Group -II: 29<sup>th</sup> November 2020, 2<sup>nd</sup>, 4<sup>th</sup> & 6<sup>th</sup> December 2020**

## FINAL COURSE EXAMINATION - Under NEW SCHEME

[As per syllabus contained in the scheme notified by the Council under Regulation 31 (iv) of the Chartered Accountants Regulations, 1988.]

**Group -I: 21<sup>st</sup>, 23<sup>rd</sup>, 25<sup>th</sup> & 27<sup>th</sup> November 2020**

**Group -II: 29<sup>th</sup> November 2020, 2<sup>nd</sup>, 4<sup>th</sup> & 6<sup>th</sup> December 2020**

## INSURANCE AND RISK MANAGEMENT (IRM) TECHNICAL EXAMINATION

<b>Modules I to IV</b>	<b>21<sup>st</sup>, 23<sup>rd</sup>, 25<sup>th</sup> &amp; 27<sup>th</sup> November 2020</b>
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## INTERNATIONAL TRADE LAWS AND WORLD TRADE ORGANISATION (ITL & WTO), Part I EXAMINATION

<b>Group A</b>	<b>21<sup>st</sup> &amp; 23<sup>rd</sup> November 2020</b>
<b>Group B</b>	<b>25<sup>th</sup> &amp; 27<sup>th</sup> November 2020</b>

## INTERNATIONAL TAXATION - ASSESSMENT TEST (INTT - AT)

**21<sup>nd</sup> & 23<sup>th</sup> November 2020**

It may be emphasized that there would be no change in the examination schedule in the event of any day of the examination schedule being declared a Public Holiday by the Central Government or any State Government / Local Holiday.

Candidates may note that two of the papers viz. Paper(s) 3 & 4 of Foundation Examination are of 2 hours duration. Similarly, Elective Paper - 6 of Final Examination (under New Scheme) is of 4 hours. However, all other examinations are of 3 hours duration, and the examination wise timing(s) are given below:

Examination	Paper(s)	Exam. Timings (IST)	Duration
Foundation	Paper 1 & 2	2 PM to 5 PM	3 Hours
	Paper 3 & 4*	2 PM to 4 PM	<b>2 Hours</b>
Intermediate (IPC)	All Papers	2 PM to 5 PM	3 Hours
Intermediate (New Scheme)	All Papers	2 PM to 5 PM	3 Hours
Final (Old Scheme)	All Papers	2 PM to 5 PM	3 Hours
Final (New Scheme)	Paper 1 to 5 & Paper 7 & 8.	2 PM to 5 PM	3 Hours
	Paper 6 (Elective)	2 PM to 6 PM	<b>4 Hours</b>
Post Qualification Course Examinations i.e. (ITL & WTO), Part I, IRM and (INTT - AT)	ALL	2 PM to 5 PM	3 Hours

\*In Paper 3 and 4 of Foundation Examination and all papers of Post Qualification Course Examinations there will not be any advance reading time, whereas in all other papers / exams mentioned above, an advance reading time of 15 minutes will be given from 1.45 PM (IST) to 2 PM (IST).

**It is also decided that Intermediate (IPC) Examination under old syllabus is extended to one more examination cycle i.e. student registered under Intermediate (IPC) Old Syllabus can write their examinations up to May 2021 examination term.**

The Candidates are further advised to note the above and stay in touch with the website of the Institute, [www.icai.org](http://www.icai.org).

**(S. K. Garg)**

Additional Secretary (Examinations)



## FEW REPORTING ISSUES IN GSTR-9C AUDIT REPORT

CA. Mahadev. R

The CA fraternity is busy with different audits from past few months which is expected to continue till the end of December 2020. The due date for filing the GSTR-9C audit form is also extended till 31<sup>st</sup> December 2020 for FY 2018-19. It is interesting to note that on the date of writing this article, the due date for filing GSTR-9C for FY 2019-20 is also 31<sup>st</sup> December 2020 which is expected to get extended. The COVID-19 situation has forced the audit professionals to undertake the audits under virtual environment where access to information would be limited. Due care needs to be taken while certification. One major advantage of this situation is that all professionals are forced to depend upon the technology which is the future. New way of doing audit has been started with less travel, less physical paper verification

In GSTR-9C, the auditor has to certify that the particulars of GSTR-9C are giving true and fair view (in part B) in addition to certification that the information in GSTR-9C form is true and correct (declaration below GSTR-9C reconciliation table). GST being a nascent stage, there are many issues where finding conclusive answer is not easy which puts the auditor into a dilemma especially when it comes to reporting in part B to GSTR-9C form. Any wrong interpretation could invite trouble from the department for the clients in form of additional tax or interest liability. Due care needs to be taken while reporting the issues as we come across situations where law and logic are completely contrasting.

In this article, few reporting issues have been discussed with possible solution which could be of some assistance to the auditors while filing GSTR-9C for the auditees.

### ***Distribution of ITC through ISD and GST on cross charges***

GST law has introduced the new concept of cross charge wherein the supplies between the own branches (same PAN but different GSTIN) would be subject to GST even in the absence of consideration. There can be an actual support provided by one unit to another or there could be common expenditure

incurred at head office or registered office where entire GST ITC is utilized at office incurring expenditure. This is one of the common issues observed during the audit by the professionals.

It may be noted that the concept of input service distribution (ISD) in GST is there to distribute the ITC on common input services between different GSTINs based on turnover ratio at respective GSTINs. The concept is very similar to what was there in Cenvat credit rules 2004 earlier.

The concept of cross charging is in terms of schedule I to CGST Act 2017 for the supplies made to another GSTIN with same PAN (referred as distinct person in GST law). For example, head office staff filing the GST returns for all branches in India. In such case, it may be wise to cross charge with GST. If one refers to Rule 28 of CGST Rules 2017, it can be found that even the valuation is not much issue when the recipient location is able to take full credit. Even a nominal value can be considered for cross charging.

There may be instances where common services procured claiming the ITC but ISD registration not obtained to distribute the credit. In such cases, the auditee may be advised to cross charge for the values where credits can be distributed equal to amount which would have been distributed had the auditee opted for ISD.

If this method is opted, auditor can make an observation that the auditee has opted for cross charge option to distribute the credits without recommending for any liability or penalty for non-compliance. Going forward, the option of ISD and cross charge to be implemented for the meant purpose.

### ***Wrong type of GST paid on outward supplies***

Though GST is a common tax, it is important to ascertain the type of supplies being made to make sure that correct type of GST paid. IGST to be paid in case of supplies which are held to be inter-State supplies and in case of intra-State supplies, CGST + SGST to be paid.



As professionals, we may come across transactions wherein the tax payers would have paid wrong type of GST. Broadly, following could be the categories of errors in such cases:

- Correct type of tax charged in invoice, say, IGST and collected from customers. However, while paying through GSTR-3B, Karnataka SGST and CGST paid wrongly.
- Wrong type of tax charged in invoice say IGST instead of CGST and SGST and collected from customers. However, while paying correct type of taxes IGST paid.
- Wrong type of tax charged and collected from customers. Such wrongly collected taxes paid.

In case of first category, where charge and collection are right but payment was wrong, the tax payers could take the shelter under the circular no.26/26/2017 wherein it has been clarified that such errors could be rectified by paying correct type of tax and adjusting the extra paid tax from subsequent period liability. Alternatively, even refund could be opted when the adjustment with future liability is not possible. One must be aware of two years' time limit applicable for refunds GST.

In second category, the supplier has charged and collected wrong type of tax but paid correct type of tax. There should not be any issue. However, since the invoice would have been issued with wrong type of tax, the recipient may face challenge with respect to ITC. For example, for inter-State supply to Tamilnadu, the Karnataka supplier has charged CGST + SGST instead of IGST. The recipient in Tamilnadu would not be eligible to claim ITC of CGST + SGST. Such errors should have been rectified only through issue of credit note for wrong type of tax and then issue of debit note with correct tax. The recipient would be eligible for ITC based on such debit note. It is important to note that such debit note would be eligible document for ITC only if issued within due date of filing GST

return for September of subsequent financial year. Wherever, recipient voluntarily changed the type of tax in books for ITC claim there could be dispute on eligibility.

In third category, the simple solution could be to suggest for paying correct type of tax and claim refund of wrongly paid tax. However, it would not be easy for most tax payers as immediate refund may not be received. In such cases, the auditee can take shelter under Section 77 of CGST or Section 19 of IGST Act 2017 wherein the supplies held wrongly as inter-State instead of intra-State or vice versa results in refund of wrongly paid tax and requires payment of correct GST without any interest.

The auditor also need not recommend additional tax payment during GSTR-9C certification in such cases as it is for tax officers to hold such views and take action during assessment. Comment or observation can be made in part B wherever needed among these three scenarios.

#### **Wrong type of GST paid under RCM**

The benefit of Section 77 or Section 19 as discussed in earlier point may not be available in case of RCM liabilities. Both the sections are for taxes collected which happen on outward supplies. Payment of CGST & SGST instead of IGST or vice versa may not have much impact on revenue of the State as in both the cases, it is the recipient's State which gets the revenue.

Auditor can restrict his observation by providing comment and not recommend any additional liability in such cases.

#### **Wrong type of ITC claimed**

In below table, different types of errors and possible solutions with respect to GST ITC have been provided:

Sl.No.	Type of error	Possible solution
1	IGST amount in invoice claimed as CGST + SGST credit or CGST + SGST charged within State claimed as IGST	Revenue neutral. There may not be need of reversal/ pay back as it does not lead to overall excess claim of ITC. However, department could still dispute stating that SGST/ CGST cannot be cross utilised and credit claim by converting it as IGST to utilise for all types of payment is not right.  <u>Auditor can restrict his observation by providing comment and not recommend any additional liability.</u>

Sl.No.	Type of error	Possible solution
2	Credit of CGST + SGST of other State claimed as CGST + SGST or as IGST credit within the State	Credit would not be eligible and requires reversal. Argument could be taken that CGST credit should not be restricted. However, the same is subject to litigation as it is charged for intra-State supplies. Few advance rulings also disallowed it. <u>Auditor can recommend for additional liability.</u>
3	CGST + SGST paid on import supplies under RCM claimed as credit instead of IGST payment	Type of tax paid could be questioned which however, may not have much impact due to revenue neutrality. Tax paid on import supplies eligible for credit based on self-invoice. <u>Auditor can restrict his observation by providing comment and not recommend any additional liability.</u>
4	GST wrongly paid and credit claimed on unspecified categories of expenses – Ex: Rent-a-Cab	Revenue neutral. There may not be any dispute as it is paid and taken as credit. <u>Auditor can restrict his observation by providing comment and not recommend any additional liability.</u>

#### **Interest payment on ITC availed but not utilised**

In terms of Section 50 read with Section 73, there would be an interest liability for excess claim or availment of GST ITC. At times, it is observed that the ITC amount wrongly availed wouldn't have been utilised by the auditee. In such cases, there is a dilemma as to whether the auditor should recommend interest payment or not as the GST provisions provide for interest liability even for ITC claim without utilisation. In such cases, auditor can consider the Patna high court decision in case of **Commercial Steel Engineering WP no.2125 of 2019** decision where it was held that interest is not payable when GST ITC is not utilised though availed.

Auditor can restrict his observation by providing comment and not recommend any additional liability.

#### **Rate of interest on wrong claim of ITC**

In terms of Section 50 (3), a taxable person who makes an undue or excess claim of input tax credit under Section 42(10) or undue or excess reduction in output tax liability under Section 43 (10) has to pay interest on such undue or excess claim or on such undue or excess reduction at the rate of 24% per annum. Based on this provision, there have been recommendations provided to the auditees to pay interest at the rate of 24% whereas auditee wishes to pay interest at the lower rate of 18%.

It is important to note that the above section 50(3) covers a scenario where filing of GSTR-2 and GSTR-3 would be required where there can be undue or excess claim of credit possible.

In absence of GSTR-2 and GSTR-3

returns, in the view of author, auditee can be recommended to pay interest at 18% instead of 24%

**Conclusion:** The GST law would take few more years for sure to get settled. Departmental audits have been started for FY 2017-18 and different issues are cropping up which should reach tribunal to find a reasonable conclusion. The auditors are expected to make sure that the law including clarifications, notifications, past and present rulings are considered before reaching any conclusion on interpretational issues.

The views expressed are personal.

*As rightly said by Bill Gates, "We all need people who will give us feedback. That's how we improve". Suggestions and feedback can be sent on mahadev@hiregange.com which would be considered for betterment.*



# DIFFERENCE BETWEEN SERVICE TAX RETURNS AND INCOME TAX RETURNS



CA. Hanish S

Service Tax notices are being issued in cases where the revenue under Business Income as per the returns filed in Income Tax returns exceeds the revenue declared in the service tax returns. These notices may be a starting point for the officers for enquiring into the reasons for differences between the two returns but such difference need not necessarily mean that the tax has been evaded. As a follow up to such notices, in a majority of cases, it has been seen that the officer passes a Show Cause Notice proposing tax at full rate of service tax on such differences. This approach of the revenue authorities is incorrect and a proper response to such notices. Few points to be taken into account when responding to such notices

## 1. Time Limit within which notice can be issued

The Service Tax provisions provide for issuance of SCN within 5 years from the date of filing the service tax returns in case of fraud, suppression etc and 3 years from the date of filing the service tax returns in all other cases. Thus, only when fraud or suppression is alleged and proof for the same is provided then extended period of 5 years can be invoked otherwise regular time limit of 3 years will apply.

**Time Limit for issuance of Notices**

Period	Due Date of Filing Returns <sup>1</sup>	Due Date for issuance of SCN – Normal Cases	Revised Due Date	Original Due Date for issuance of SCN	Revised Due Date
April 2014 to September 2014	November 14, 2014 <sup>2</sup>	November 13, 2017	No change – SCN time barred	October 25, 2019	No change – SCN time barred
October 2014 to March 2015	April 25, 2015	April 24, 2018	No change – SCN time barred	April 25, 2020	Extended to December 31, 2020 <sup>6</sup>
April 2015 to September 2015	October 25, 2015	October 24, 2018	No change – SCN time barred	October 25, 2020	Extended to December 31, 2020 <sup>6</sup>
October 2015 to March 2016	April 29, 2016 <sup>3</sup>	April 28, 2019	No change – SCN time barred	April 25, 2021	No extension
April 2016 to September 2016	October 25, 2016	October 24, 2019	No change – SCN time barred	October 24, 2021	No extension
October 2016 to March 2017	April 30, 2017 <sup>4</sup>	April 29, 2020	Extended to December 31, 2020 <sup>6</sup>	April 29, 2022	No Extension
April 2017 to June 2017	August 15, 2017 <sup>5</sup>	August 14, 2020	Extended to December 31, 2020 <sup>6</sup>	August 14, 2022	No Extension

<sup>1</sup> Considering that the returns have been filed on the due date of filing the returns

<sup>2</sup> Order 2/2014 – Service Tax

<sup>3</sup> Order 1/2016 – Service Tax

<sup>4</sup> Extended vide Order 1/2017

<sup>5</sup> Notification 18/2017

<sup>6</sup> Notification dated September 30, 2020

2. Eligible for Exemptions under service tax

While the income may be taxable as per Income Tax, the same may not be liable to service tax. This includes various services which find mention under Notification 25/2012 which includes

- Construction of Single Residential Unit
- Fees received by conducting any classes related to Art and Craft
- House Keeping Services to Educational Institution
- Maintenance Charges upto Rs 5000 collected by RWA from its members

The difference can also arise on account of export of services or supplies to SEZ which are not liable to service tax.

3. Not a Service Transaction

There are certain transactions which are treated as income for the purpose of Income Tax but may not be liable to tax under Service Tax

- Sale of Immovable Property
- Remuneration to Partner from Partnership Firm
- Goods portion in a works contract
- Compensation received by way of a Court Order
- Interest for delayed payment of consideration by customer
- Discount received from vendor recorded as other income
- Dividends received from investments
- Profit from sale of assets

4. Other Issues to be taken into consideration

Even where there exists a difference between Income Tax Returns and Service Tax Returns and such difference is on account of rendering taxable services which are liable to service tax, following points need to be considered

- Correct Service Tax rate at the point in time when services were rendered
- Abatement applicable to such services
- Deductions under Valuation Rules – Works Contract and Restaurant Services
- Services liable to tax under reverse charge
- Cum Tax method for computation of service tax payable

5. Points to be considered when the Noticee has not registered under service tax or not filed the returns for the relevant period

In case the Noticee has not registered himself under service tax or not filed returns during the relevant period then following arguments may be considered

- Claim the CENVAT Credit which would have been available to the Noticee if the returns were filed – Few decisions hold that filing of returns is procedural and as long as transactions are accounted and credits claimed in the books, the Noticee should be given the benefit of CENVAT Credit;
- It is important to note that the time limit for issuance of SCN is 3 / 5 years from the date of filing the service tax returns and the due date of returns if the returns are not filed. And in case the Noticee files the returns after the notice is issued then the time limit will be computed from the date such belated returns are filed which would mean that revenue authorities will now be able to issue notice for the period which was actually time barred. ■





# AN INTRODUCTION TO BLOCKCHAIN TECHNOLOGY & CRYPTOCURRENCY

CA. Vivek Shah, *Mumbai*



## Blockchain

### - Technology of The Future

A new technology is redefining the way we interact. If that sounds incredibly far reaching, that's because it is. It combines the openness of the Internet and the security of Cryptography. It will change the way we interact with each other in our daily lives.

It is the underlying technology which was originally developed for a digital currency which created a storm across the world - Bitcoin. The same technology can be used for a wide range of activities in the fields of Banking, Insurance, Supply Chain Management etc.

This technology is designed to store information in a manner which is virtually impossible to add, modify or delete without being by all other users of the Blockchain.



Blockchain aims to decentralise any and every process which is currently centralised. When the control for a particular process is centralised, an authority can exercise its powers to

decide on the validity of a transaction. When we talk about a scenario, where the processes are decentralised, we are looking at a scenario, where all these powerful organisations which had power to validate a transaction shall become redundant.

Some examples of such organisations are: the Central Banks of various countries (Like the Fed in US), Stock Exchanges, Clearing Houses, Insurance Regulators and many more.

At the core of this technology is the recording of data. This data could be financial transactions, details of ownership of assets like cars & property or non financial data like health records & biometric records.



This Technology has the possibility to transform lives and simplify existing processes which may be cumbersome. Let's take an example. If you want to send money from your country to another country, the amount of documents that may be required to be submitted to the banks; and compare that with a virtual currency like Bitcoin. Bitcoins can be transferred from any place on this planet to any place on this planet within a fraction of seconds.



That brings us to the larger question, how important is it for organisations to exercise their control and authority over transactions.

Can we have a scenario, where governments and other authorities come together on a single platform and regulate Footer Blockchain.

### How it Works

To understand the concept of Blockchain, let us take an example. Mr. A buys a property from Mr. B. Now this transaction gets recorded in the Blockchain. For simpler understanding, a blockchain is like a cloud based network. Each transaction is time-stamped. That is to say that each transaction gets a unique stamp like a message that we receive in WhatsApp. Two people may reply at the same time, but 1 may appear before the other.

All transactions keep getting recorded till when there is space in a particular block. Just the way a particular pendrive has a fixed capacity, each block in a blockchain also has a fixed capacity. Once the block is full, no new transaction can be added to that block. Moreover,

even the block gets its own unique time stamp once it is full.

The completed block is now sent across the network, where it is linked to the chain. This is how, the name blockchain was derived.

At the same time, other users may also upload their blocks to the network, with their unique time-stamp. The chain is then secured using a hash function. Hash from 1 block gets added to the next block. When the next block goes for hash, a trace from the earlier block gets embedded on to it. It is a continuous process.

Let us understand this with the example of a bank statement. At the top of the page, you have the opening balance of your account. Then there are debit and

credit transactions in the month, at the bottom, you have the closing balance. The closing balance of the 1st month becomes the opening balance of the 2nd month. If any amount during the entire month is changed, it affects the opening balance of the 2nd month. Hash Function secures the chain in a manner that if any value of any transaction is changed, every other user will be notified of the change, since each block contains a trace from the previous block.

### Cryptocurrency

At present there are around 1600 cryptocurrencies having a total market cap of around US\$197 Billion, which is more than the total forex reserves of France, Germany & Italy. The most widely accepted cryptocurrencies are Bitcoin, Etheruem, Ripple & Tether, mainly because of their large market cap. Trading in cryptocurrencies is not legally permissible in some countries. However, if it is permitted, one must consider multiple factors before investing in cryptocurrencies. Some of the factors are total quantity of currency in circulation, maximum quantity of currency that can be issued, is it specific to a particular country, price movement in recent months, acceptability across platforms,

it is traded on which cryptocurrency exchanges. Having complete knowledge about such factors can help one take an informed decision.

The manner in which companies come with their IPOs on the stock exchanges, cryptocurrencies also





have something similar which is known as ICOs - Initial Coin Offerings. It is a technique by which crowd sourcing of funds is done for a new cryptocurrency. A car rental company named 'Drivezy' launched its ICO in Singapore, where the subscribers of the ICO would get a fixed number of days of car rental per annum as a part of their scheme. It can help companies with a proven model for consumption of its product or service to take a benefit of ICOs and not part away with any equity. However, there is ambiguity on the legality of such ICOs in many countries.

Moreover, there are many scams in ICO listings which have been unearthed till now. According to reports, 72% of all ICOs were scams. Such ICOs had inappropriate accounting practices and misleading information, specifically to deceive the investors.

Whether one should deal in cryptocurrencies or not totally depends on 2 major factors. Firstly, whether it is legal in your country & secondly, if the investor has the risk appetite. Major economies like US have regulated the investments in cryptocurrencies through the Securities & Exchange Commission (SEC), similarly in India SEBI (similar to SEC in US) has not recognised any exchange which deals in cryptocurrencies. East European countries on the contrary have Bitcoin ATMs where you can encash your Bitcoins for money.

Cryptocurrencies can lead to Money Laundering activities and have financial repercussions. Cryptocurrencies are most widely used today by hackers and other for illegitimate activities since the source & its destination cannot be traced. Anonymity is maintained in the transaction.



### Application of Technology

Blockchain Technology can be applied in many fields such as Stock Exchanges, Supply Chain Management, Food Distribution System, Insurance, Medical Records and many more.

Let us understand how it would work in the stock exchanges. For example, if one person wants to buy the shares of Apple, he would purchase the shares and the amount would get debited to bank account. What if the same person also wanted to sell his car at the same time and buy the shares of Apple. In such a case a SMART CONTRACT would have to be deployed on the blockchain. A smart contract would sell the car first, transfer the ownership of the car on blockchain, integrate itself with the banking blockchain, transact on the stock exchange and automatically buy the shares and pay the money. All of this can be deployed with a single code written to execute the transaction.

Various government & private organisations will have to integrate with each other to allow the smooth flow of transactions. In our example above, we were looking at 3 blockchains - 1. The Bank 2. The Stock Exchange & 3. The Vehicle Registration Department.

Each blockchain will have to give limited access rights to the other blockchains with which it is required to deal. Without the integration of blockchains, transactions would not be processed easily.

When multiple blockchains integrate, it raises a security issue. Common security standards will have to be adhered to by all blockchains. The blockchain is only as strong as the weakest link in the chain. Cybersecurity experts will have to work closely with all stakeholders to address their concerns.

Implementation of blockchain will require software and hardware upgradation. Initially only large corporates will be able to develop their own blockchains, mainly due to the cost involved. As and when the technology advances, the cost of developing it shall reduce.

Blockchain will create massive unemployment. People by the millions will lose their job if they don't upgrade their skills. Most importantly, this technology is not 'unhackable'. There have been numerous cases of blockchain thefts, where hackers have evaded in thin air by siphoning funds worth millions of Dollars.

## ANNOUNCEMENT

### Attention: Chartered Accountancy Students

Bengaluru Branch of SIRC of ICAI is happy to announce  
**Scholarship to CA Students** on Merit cum Need basis.

Interested students are required to submit the  
Prescribed application duly filled, to Bengaluru Branch  
(Forms can be downloaded from branch website: [www.bangaloreicai.org](http://www.bangaloreicai.org))

**On or before 2<sup>nd</sup> January 2021.**

Branch intends to distribute scholarship to the selected students on  
26<sup>th</sup> January 2021 on the occasion of Republic Day.



**Bengaluru Branch of SIRC of  
The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)



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**CA. Raveendra S. Kore**  
Chairman

**CA. Srinivasa T**  
Secretary

## MERICAN CONSULTANTS

### Merican Consultants Private Limited

Merican is an accounting, tax and risk advisory firm based out of Bangalore specialising in optimising finance functions for small and medium sized enterprises. The firm has also been engaged by multitude of start-ups and private equity firms on mergers and acquisition transactions both on buy-side and sell-side. The firm is nestled in south of Bangalore, Basavanagudi which has an old world charm to it. Over the years the team at Merican have realised that while it is easy for large companies to get access to intellectual capital, it's not the same for small and medium sized companies who face myriad challenges ranging from availability of personnel to quality of accounting and even basic business processes. If you are a Founder, Head of Finance, Director, Board Member and are seeking to bring efficiency in your finance function, the team would like to hear from you.

We are located at: #33. PT Street, Basavanagudi, Bangalore 560004 | Website: [www.merican.in](http://www.merican.in)  
Email: [tarun.mallappa@mericanconsultants.com](mailto:tarun.mallappa@mericanconsultants.com) | Ph: 080-26560535

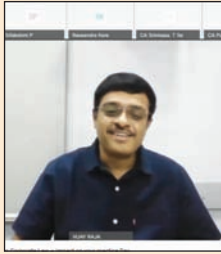
Advt.

# JNANA DASOHA VIRTUAL CPE MEETING'S - MEMBERS PROGRAMMES

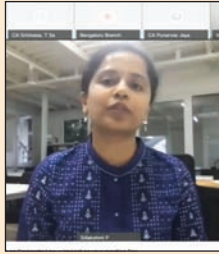
## Two Day's Virtual CPE Meeting on Corporate Law – Impact on your practice



CA. I.S. Prasad, Senior Vice President – Elect Federation of Karnataka Chambers of Commerce and Industry (FKCCI)



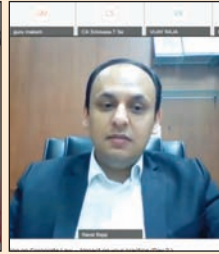
CA. Vijay Raja



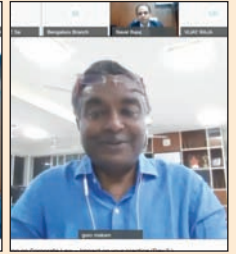
CA. Srilakshmi P



CA. Punarvas Jayakumar



CA. Naval Kishore Bajaj



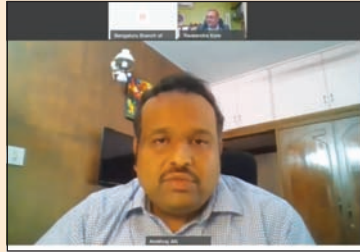
CA. Guruprasad M

### Employment Laws – Three New Codes 2020



Sri. Ram K Navaratna

### Corporate Restructuring, Mergers, Amalgamations

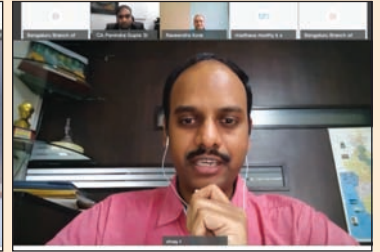


CA. Amith Raj

### 1.Latest Notifications and Circular by Karnataka RERA in relation to Professional Certificates 2.Statement of Accounts, RERA Audit 2020 and preparedness

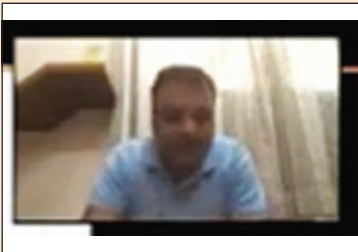


Chief Guest : CA. K.S. Madhava Murthy, Past Chairman - SIRC of ICAI

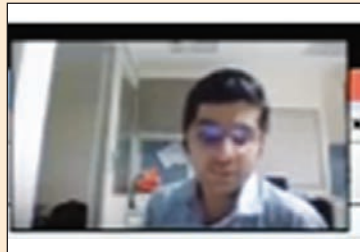


CA. Vinay T

### Practical Issues in Tax Audit including Recent Changes in Form 3CD



CA. Naveen Khariwal G



CA. Deepak Chopra

### Two Day's Virtual CPE Meeting on Transfer Pricing

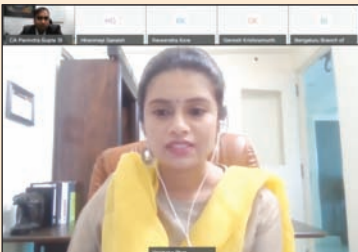


CA. Narendra J Jain



Mr. Adarsh Rathi

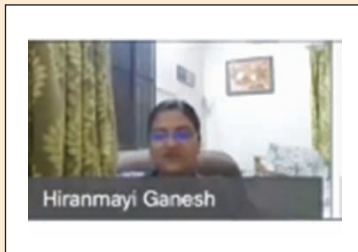
### Day 2 - Virtual CPE Meeting on Transfer Pricing



CA. Vaishaka Bhat



CA. Ganesh Krishnamurthy



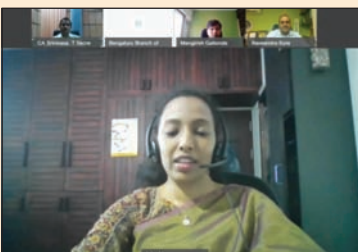
CA. Hiranmayi Ganesh

### Exclusive TallyPrime Product Showcase

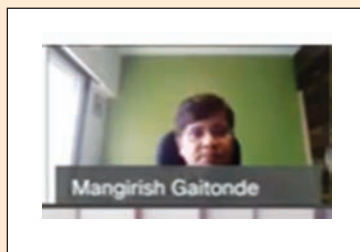


Mr. Shanmukha

### IBOR Transition - What it means and Why it matter



CA. Asha M



CA. Mangirish A Gaitonde



## Kalaakruti - KARNATAKA RAJYOTSAVA & CULTURAL PROGRAM



Chairman welcoming the Chief Guest with a Flower Bouquet



Chairman welcoming the Special Guest with a Flower Bouquet



Welcome Address by the Chairman, CA. Raveendra S. Kore



Address by the Chief Guest, Shri Mukhya Mantri Chandru, Kannada Film Actor, Ex-MLC



Address by the Special Guest, Shri Gururaj Hosakote, Renowned Folk Singer



Master of Ceremony(MC) CA. Netravati & CA. Shilpa



Yakshagana by CA Members



Comedy Skit by CA Members

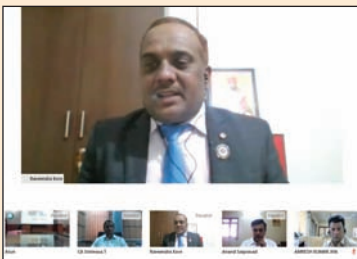


Felicitation to Special Guest & Chief Guest by the Managing Committee Members

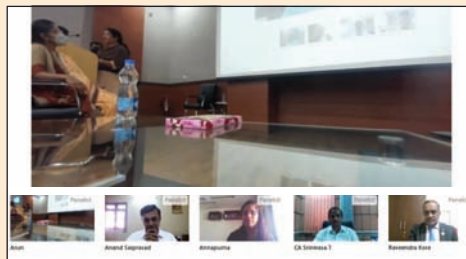


Presenting Memento to MC's by the Managing Committee Members

## First Batch of Virtual Training Program for Finance Executives of M/s. Bharat Electronics Limited



Welcome Address by the Chairman, CA. Raveendra S. Kore



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