



NEWSLETTER

TRICHUR BRANCH OF SIRC OF ICAI

MAY 2019

From the Chairperson

Warm Greetings Dear Members,

MAY in true sense was a transition month. Transition to true administrators from professionals.

The Managing Committee met twice during the month to decide on various activities concerning our branch.

For the academic development of fellow members the branch conducted a Half Day Seminar and Discussion on Auditing Standards and a detailed deliberation on SA 700, 701, SA 705 and 706. It was a proud privilege for our branch that the Speaker was none other than our own Ex-officio member and Hon'ble SIRC Chairman CA. JOMON K. GEORGE. The seminar was well attended to by the members and the discussion put light on many important aspects to be looked into while doing the audits in the ensuing audits. The SIRC Chairman was kind enough to have an interaction session with a group of final students. He also gave a motivational speech to students.



The managing committee members attended a triennial orientation program for all the 45 branches of southern region, at Hotel Le Meridian, Kochi. Members of SIRC and Central Council addressed the meeting and briefed about various new initiatives of ICAI.

As in the previous years members sports and games will be organised by May end and June beginning. Intimations with regard to these will be sent shortly.

May is the time to refresh and rejuvenate and we are at the fag end of our Summer vacation. Hope all of you had quality family time and enjoyed the summer vacations to gather enough energy for the upcoming hectic audit season

Thanking you and looking forward to more association with the members,

TIME LINE OF MONEY FROM SHELL MONEY TO CASHLESS ERA



No rights of gain unless everybody gains - Plato

The history of humans using cash currency does go back a very long time .From upper Palaeolithic period, the primitive men used exchange of goods and engaged in trade along with barter system. Money measures a method of payment, a standard of value, a store of wealth and unit of account. Over its vast history, money has been central to developing the trade network and for the progress of business world. The Journey of currency travelled from Mesopotamian shekel emerged nearly 5000 years ago to present Crypto and digital currencies.”

In ancient civilizations the coins were manufactured from copper and the iron

because they were strong materials used to make weapons and the monetary value of currencies was based on the value of the metal from which they were made. Coinage era boost trade in ancient world and it treated as trusted medium of exchange. Later on precious metals such as gold, lead, silver were used for minting coins and standardized forms of coins were first used by Lydians, who become the first culture to make coins.



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In India coins were minted firstly in 6th century BC by the Mahajanpadas (republic kingdoms of ancient India) known as puranas but with irregular shapes, standard weight and later many kingdoms includes Mauryas, Turkish sultans of Delhi, Mughal empires followed their own and distinct currency system and minting of coins.

Its interesting fact that shell money was also served as a legal currency until 19th/20th century in different parts of Asia and Africa. In ancient Mayan civilization cocoa beans and chocolate had evolved to become a currency. In Roman ancient empire a person who owned a salt production site was very wealthy and sometimes salt also used as a currency. In human history polished stones, dried banana leaves rings and jewellery, beaver pelts, cocaine, buckskins, whale's teeth etc. was also used in different parts of the world.

Paper money and bank notes was first used in china during song dynasty, between 960 - 1279. The convenience of transactions provided by the issuance of bank notes allowed notes used for exchange to become widespread and commonly accepted business practice. In the 18th century, the bank of Hindustan general bank in Bengal issue paper currency firstly issued in British India

After World War II and the Bretton woods conference most countries adopted "fiat money" whose value was determined according to the USD. In turn, the USD was determined by reference to gold. IN 1971, the US government ended the convertibility of dollar in to gold to help combat the great

depression, and today majority of the money worldwide stopped being backed by gold reserves.

In India RBI started in 1935 empowered with bank note production. RBI issued bank notes which carrying the portrait of George VI and after independence, new notes were designed with the image of Lion capital of Ashoka, the national emblem replaced the portrait of George VI. RBI issued Mahatma Gandhi Series in 1996 which replaced all bank notes issued before 1996 and in 2016 Central government demonetized 500 and 1000 rupee notes and introduced new 500,2000,50,100 rupee notes.

The plastic money also plays a vital post in present era and the introduction of debit cards and credit cards acquired popularity and user acceptance at a rapid place. But in future such cards and ATM machines may become totally redundant. APBS (Aadhaar Payment Bridge system) could be an alternate transaction method as a unique Aadhaar ID linked to their bank accounts and emerge as an alternate platform. Banks can get connect to NPCI (National payment corporation of India) either through NPCI Net or Internet.

The latest revolution in the way we use the money is digital currencies and crypto currencies such as Bitcoin, Litecoin, Ripple, Ethereum etc but still chaos exist the future lies in it. Concern over security breaches and regulatory uncertainty were cited as major reasons for the lack of mainstream enthusiasm in digital coins. Apart from the medium of payment such digital currencies is also an investment instrument, like stocks

or precious metals and due to its volatile nature, the value fluctuate in tune with real world events. Such investment may difficult to track the value for auditing and accounting purposes and undisclosed investment in cryptos may cause to increase the money laundering. Web based wallets allow access to bit coins from anywhere and the paper wallets that don't actually store your bitcoin at all, but give you the ability to set up a private key and address to receive funds for later retrieval.

RBI has repeatedly cautioned users, holders and traders of virtual currencies, including various risks associated with dealing with such virtual currencies. The quote from the union budget 2018-19

"The government does not consider crypto currencies legal tender or coin and will take all measures to eliminate use of these crypto assets in financing illegitimate activities or as the part of payment system. The governments will exposure use of block chain technology proactively for ushering in digital economy"

That there may be reasonable steps to be taken to impose taxes on the profits earned through trading cryptos. It may be difficult to complete ban trade on cryptocurrencies and such digital currencies in India but reasonable measures can be taken and necessary directions can be issued by RBI

and in future it may be required to enact a law for digital currencies.

The nature of money and wealth changed in each period according to the society needs and life style of persons and its impact on economy and polity. The future may be a world without cash because our world is growing increasingly digital. Technological based companies push the reality of cashless society to the mainstream. Governments all over the world are also taking steps to advance the cashless narrative. Digital currencies can be designed by central banks for user identities and transaction data to be authenticated and adhering due diligence procedures. Due to the increasing trend of ecommerce such currencies are more advisable to facilitate such online and digital services. A global currency may allow to serve mass people, more access and to move faster around the world. The cashless economy would be a financial revolution in modern era.

The future money may be digital, with the concept of creating assets and liabilities but without any real exchange of any material stuffs of any such kind.

The life of money making is one undertaken under compulsion, and wealth is evidently not the good we are seeking: for it is merely useful and for the sake of something else - Aristotle

ITR FORMS FOR AY 2019-20 – KEY CHANGES

The CBDT has notified Income Tax Return Forms for the Assessment Year 2019-20. Till now, on 28.05.019 ITR 1,2,3,4 & 5 are available for e-filing. Other forms will be released shortly.

It is a usual practice of CBDT to change the ITR forms every year to incorporate the change made the by the previous Finance Act. But this time CBDT seek additional disclosures also.

The key changes that is to be taken care while filing ITR have been explained below



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SI	Assesses	Details to be furnished / Changes made	ITR
1	Assesses having Salary Income	i. Report salary income on gross basis and exempt allowances and perquisites separately ii. Separate reporting for standard deductions, Entertainment allowance, professional tax	ITR 1 ITR 2 ITR 3 ITR 4
2	Assesses having Salary Income	i. TAN number of employer is compulsory	ITR2 ITR 3

SI	Assesses	Details to be furnished / Changes made	ITR
3	Senior Citizen	New row inserted for claiming deduction under section 80TTB	ITR 1 ITR 2 ITR 3 ITR 4
4	Assesses having arrears/unrealized rent	All ITRs have amended to report arrear/unrealized rent received during the year property wise	All ITR
5	Details of Unlisted Equity Shares Held during the year	If you have hold any unlisted equity shares during the previous year, the following details is to be reported i. Name of the company ii. PAN of the company iii. No and Cost of acquisition of shares – Opening iv. No of Shares, Face Value, Issue Price, and date of acquisition of shares acquired during the year v. No and Sale consideration of shares transferred during the year vi. No and cost of acquisition of shares held at the end of previous year	ITR 2 ITR 3 ITR 5
6	Startups claiming deduction under section 80IAC	i. Registration No allotted by DPIIT ii. Number of the certificate received from Inter-Ministerial Board	ITR 5
7	Startups claiming deduction under section 80IAC	i. Registration No allotted by DPIIT ii. Number of the certificate received from Inter-Ministerial Board iii. Date of filing form 2 with DPIIT	ITR 6
8	Unlisted Companies	Schedule AL-1 showing the following details i. Details of building or land appurtenant there to, or both, being a residential house ii. Details of land or building or both not being in the nature of residential house iii. Details of Type, Number and cost of listed equity shares - Opening balance, Acquired during the year, Transferred during the year and Closing Balance. iv. Details of Unlisted equity shares - Opening balance, Acquired during the year, Date of Subscription during the year, Face value and issue price of shares issued during the year, Transferred during the year and Closing Balance v. Details of other securities - Opening balance, Acquired during the year, Date of Subscription during the year, Face	ITR 6

SI	Assesses	Details to be furnished / Changes made	ITR
		<p>value and issue price of securities issued during the year, Transferred during the year and Closing Balance</p> <p>vi. Details of capital contribution to other entity – Name, Pan, Opening balance, Amount Contributed and withdrawn, Closing Balance</p> <p>vii. Details of Loans & Advances to any other concern (If money lending is not assessee's substantial business)</p> <p>viii. Details of motor vehicle, aircraft, yacht or other mode of transport</p> <p>ix. Details of Jewellery, archaeological collections, drawings, paintings, sculptures, any work of art or bullion</p> <p>x. Details of loans, deposits and advances taken from a person other than financial institution – Name, PAN, Opening, Amt Received, Paid, Interest , Closing, RoI</p>	
9	Start-up which has filed declaration in Form-2 under para 5 of DPIIT notification dated 19.02.2019	<p>Schedule AL -2 showing the following details</p> <p>i. Details of building or land appurtenant there to, or both, being a residential house acquired since incorporation</p> <p>ii. Details of land or building or both not being a residential house acquired since incorporation</p> <p>iii. Details of Loans & Advances made since incorporation (If lending of money is not assessee's substantial business)</p> <p>iv. Details of capital contribution made to any other entity since incorporation</p> <p>v. Details of acquisition of shares and securities</p> <p>vi. Details of motor vehicle, aircraft, yacht or other mode of transport, the actual cost of which exceeds ten lakh rupees acquired since incorporation</p> <p>vii. Details of Jewellery acquired since incorporation</p> <p>viii. Details of archaeological collections, drawings, paintings, sculptures, any work of art or bullion acquired since incorporation</p> <p>ix. Details of loans, deposits and advances taken from a person other than financial institution</p>	ITR 6
10	Domestic Companies	Turnover of Previous Year 2016-17 is to be given for concessional tax rate of 25%	ITR 6

SI	Assesses	Details to be furnished / Changes made	ITR
11	Closely Held Companies	A new entry in Schedule DDT is inserted to include deemed dividend under section 2(22)(e)	ITR 6
12	Assesse having Gain or Loss under Section 43AA	Part A-P&L has been amended to replace 'profit of currency fluctuations' with 'Gain (loss) on account of foreign exchange fluctuation u/s 43AA'	ITR 3 ITR 5 ITR 6
13	Assesse claiming exemption under 54EC	Amendments made to restrict the exemption under 54EC for long term capital gain arising on transfer of Immovable property only	ITR 2 ITR 3 ITR 5 ITR 6
14	Assesses claiming Marked-to-Market Losses	Schedule OI (Other Information) have been amended to disclose i. Market to market losses to be allowed under section 36(1)(xviii) ii. Losses to be disallowed under 40A(13)	ITR 3 ITR 5 ITR 6
15	Assesses claiming deductions under section 11	Part B-TI have been amended to include addition on account of i. Amount disallowable under section 11(1) r.w.s 40(a)(ia) or 10(23C) r.w.s 40(a)(ia) ii. Amount disallowable under section 11(1) r.w.s 40A(3)/(3A) or 10(23C) r.w.s 40A(3)/(3A)	ITR 7
16	Assesses having Capital Gain from transfer of Immovable Property	In case sale of immovable property the following information is compulsory i. Name of buyer ii. PAN of buyer iii. Percentage Share iv. Amount v. Address of Property vi. Pin Code PAN is mandatory, if the tax is deduced under section 194-IA or is quoted by buyer in the documents	ITR 2 ITR 3 ITR 5 ITR 6
17	Partnership Firms	Separate reporting of Interest Paid to partners removed	ITR 5
18	Assesses having income from business profession	Schedule Pat AP&L has replace with i. Part A Manufacturing Account ii. Part A Trading Account* iii. Part A P&L * Service providers shall start from trading account	ITR 3 ITR 5 ITR 6
19	Assesses having partial agricultural and partial business income	If rule 7,7A,7B and 8 are applicable, then Business income should be separately report under schedule BP Agricultural income under schedule EI	ITR 3 ITR 5 ITR 6

SI	Assesses	Details to be furnished / Changes made	ITR
20	Assesses claiming bad debts under the head business and profession	If bad debt is claimed more than 1 lakh in respect of debtor i. PAN of the debtor ii. If PAN is not available , name and address	ITR 3 ITR 5 ITR 6
21	Assesses having speculative business	The following shall be furnished i. Turnover ii. Gross Profit iii. Expenditure iv. Net Income	ITR 3 ITR 5 ITR 6
22	Assesse registered with GSTIN	The following details are to be furnished i. GST Registration Number ii. Turnover as per GST Return	ITR 3 ITR 4 ITR 5 ITR 6
23	Disallowance under 14A	Schedule OI is amended to report Section 14A disallowance	ITR 3 ITR 5 ITR 6
24	Assesse required to audit under any other act	In case assessee required to audit under any other act, the following details needed i. Name of the relevant act ii. Section under which the audit is required iii. Date of furnishing audit report	ITR 3
25	Assesses having income from other sources	Nature of income of each income under other sources is needed to reported	ITR 1 ITR 4
26	Assesses having interest Income	In the case of interest income the following bifurcation needed i. Savings bank deposits ii. Deposits (Fixed Deposit etc) iii. Income Tax Refund iv. In the nature of pass through income v. Others	All ITR
27	Assesse having Dividend Income u/s 115BBDA and Winning from lottery	Income can be disclosed period wise ie, Upto 15/06, 16/06 to 15/09, 16/09 to 15/12, 16/12 to 15/03 and 16/3 to 31/03 so that 234C can be correctly calculated	ITR 2 ITR 3 ITR 5 ITR 6 ITR 7
28	Assesses having agricultural income more than Rs.5Lakhs	The following details to be furnished in schedule EI i. Name of district along with pin code in which agricultural land is located ii. Measurement of agricultural land in Acre iii. Whether the agricultural land is owned or held on lease iv. Whether the agricultural land is irrigated or rain-fed	ITR 2 ITR 3 ITR 5 ITR 6

SI	Assesses	Details to be furnished / Changes made	ITR
29	Assesses claiming deduction under section 80GGA	The following details to be furnished under Schedule 80GGA i. Relevant clause under which deduction is claimed ii. Name and address of Donee iii. PAN of Donee iv. Amount of donation made in cash/ other mode	ITR 1 ITR 2 ITR 5 ITR 6
30	Assesses claiming deduction under section 80G	Schedule 80G amended to separately report donation paid in cash and donation paid in any other mode	All ITR
31	Persons filing ITR 5	Schedule IF inserted to disclose i. Name of the Firm ii. Firm PAN of the firm iii. Whether the firm is liable for audit? iv. Whether section 92E is applicable to firm? v. Percentage Share in the profit of the firm vi. Amount of share in the profit vii. Capital balance on 31st March in the firm	ITR 5
32	Assesses having presumptive income	Separate schedule for computation of income under 44AD, 44ADA and 44AE is inserted	ITR 3 ITR 5 ITR 6
33	Assesses opting presumptive scheme	Separate schedule is needed to furnish i. Name of business ii. Business code iii. Description	ITR 3 ITR 4 ITR 5 ITR 6
34	Trusts	Regarding registration under any other law, the following to be furnished i. Law under which registered ii. Date of registration or approval iii. Approval/Notification/Registration no iv. Approving/ registering Authority	ITR 7
35	Assesses claiming exemption under 11,12,10(23C)(iv),(v),(vi),(via)	i. Schedule ER have been bifurcated in to (a) establishment and administrative expenses and (b) expenses incurred on object of the trust/institution ii. Schedule ER and EC asks for source of fund to meet expenditure namely (a) Income derived from the property/income earned during previous	ITR 7

SI	Assesses	Details to be furnished / Changes made	ITR
		year (b) Income deemed as application in any preceding year (c) Income of earlier years upto 15% accumulated or set apart (d) Borrowed Fund and (e) Others (Specify)	
36	Assesses claiming exemption under 11,12,10(23C)(iv),(v),(vi),(vii)	Part B-TI schedule has amended to exclude the application of income from i. Application out of borrowed fund which is allowed at the time of repayment of fund ii. Income deemed to be applied by filing Form 10 iii. Income out of 15% accumulation of previous years	ITR 7
37	Assesses claiming exemption under 11(1A)	New schedule EC inserted to report exemption under section 11(A)	ITR 7
38	Assesses having directorship in any company	If you were Director in a company at any time during the previous year, then the following to be reported i. Name of Company ii. PAN iii. Whether its shares are listed or unlisted iv. Director Identification Number (DIN)	ITR 1 ITR 2 ITR 3 ITR 4
39	Foreign Companies	Foreign companies shall furnish the following details of Immediate and Ultimate Parent Company i. Name of the Parent Company ii. Address iii. Country of residence iv. PAN if allotted v. Tax Identification No. or Unique Identification No allotted in country of residence	ITR 6
40	Individuals	Residential status schedule needs further information such as no of days of stay in India, Jurisdiction of residence and Tax Identification no incase of non-resident	ITR 2 ITR 3

Assesses	Details to be furnished	ITR	
41	Closely held unlisted companies	i. Details of shareholding at the end of the previous year ii. Details of equity share application money pending allotment at the end of the previous year. iii. Details of shareholders who is not a shareholder at the end of the previous year but was a shareholder at any time during the previous year	ITR 6

SCHEDULE SH-1 SHAREHOLDING OF UNLISTED COMPANY (other than a start-up for which Schedule SH-2 is to be filled up)

If you are an unlisted company, please furnish the following details:-

Details of shareholding at the end of the previous year

Name of the shareholder	Residential status in India	Type of share	PAN	Date of allotment	Number of shares held	Face value per share	Issue Price per share	Amount received

Details of equity share application money pending allotment at the end of the previous year

Name of the applicant	Residential status in India	Type of share	PAN	Date of application	Number of shares applied for	Application money received	Face value per share	Proposed issue price

Details of shareholders who is not a shareholder at the end of the previous year but was a shareholder at any time during the previous year

Name of the shareholder	Residential status in India	Type of share	PAN	Number of shares held	Face value per share	Issue Price per share	Amount received	Date of allotment	Date on which cease to be shareholder	Mode of cessation	In case of transfer, PAN of the new shareholder

Assesses	Details to be furnished	ITR	
41	Start-ups which has filed declaration in Form-2 under para 5 of DPIIT notification dated 19.02.2019	i. Details of shareholding at the end of the previous year ii. Details of share application money pending allotment at the end of the previous year iii. Details of shareholders who is not a shareholder at the end of the previous year but was a shareholder at any time during the previous year	

Details of shareholder who is not a shareholder at the end of the previous year but was a shareholder at any time during the previous year

Name of the shareholder	Category of shareholder (drop down to be provided- non-resident/ venture capital company/ venture capital fund/ specified company/ any other person)	Type of share	PAN	Date of allotment	Number of shares held	Face value per share	Issue Price per share	Paid up value per share	Date on which ceased to be shareholder	Mode of cessation	In case of transfer, PAN of the new shareholder

NOTE For definition of expressions- "venture capital company", "venture capital fund" and "specified company", please refer DPIIT notification dated 19.02.2019.

SCHEDULE SH-2 SHAREHOLDING OF START-UPS

If you are a start-up which has filed declaration in Form-2 under para 5 of DPIIT notification dated 19.02.2019, please furnish the following details of shareholding:-

Details of shareholding as at the end of the previous year

Name of the shareholder	Category of shareholder (drop down to be provided- non-resident/ venture capital company/ venture capital fund/ specified company/ any other person)	Type of share	PAN	Date of allotment	Number of shares held	Face value per share	Issue Price per share	Paid up value per share	Share premium
					Total				

Details of share application money pending allotment as at the end of the previous year

Name of the applicant	Category of applicant (drop down to be provided- non-resident/ venture capital company/ venture capital fund/ specified company/ any other person)	Type of share	PAN	Date of application	Number of shares applied for	Face value per share	Proposed issue price per share	Share application money	Share application premium
					Total				

WHICH ITR TO BE USED

A. For Individual and HUF

Form	Description
ITR 1	For Individuals being a Resident (other than Not Ordinarily Resident) having Total Income upto Rs.50 lakhs Having Income from Salaries Having One House Property, Having Other Sources (Interest etc.) Not having Agricultural Income more than Rs.5000 <i>Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares</i>
ITR 2	For Individuals and HUFs not having income from profits and gains of business or profession
ITR 3	For individuals and HUFs having income from profits and gains of business or profession
ITR 4	For Individuals, HUFs and Firms (other than LLP) being a Resident having Total Income upto Rs.50 lakhs and having income from Business and Profession which is computed under sections 44AD, 44ADA or 44AE <i>Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares</i>

The following table has more explained details for selection of ITR for individuals and HUF

Nature of Income		ITR 1	ITR 2	ITR 3	ITR 4
Salary Income					
Income from Salary / Pension	✓	✓	✓	✓	
Income from Salary / Pension (Not ordinary and Non Resident)		✓	✓		
Any Individual who is director in a Company		✓	✓		
Income From House Property					
Income or loss from ONE house property (No carry forward loss or brought forward loss)	✓	✓	✓	✓	
Individual has brought forward loss or carry forward loss under the head House Property		✓	✓		
Income or Loss from more than one House Property		✓	✓		
Income From Business and Profession					
Income from business and profession			✓		
Income from presumptive business and profession – Section 44AD, 44ADA, 44AE			✓	✓	
Income from presumptive business and profession for Not ordinary and non-residents – Section 44AD, 44ADA, 44AE			✓		
Partner of Partnership firm having Interest, Salary, Bonus, Commission or Share of Profit from Firm			✓		

Nature of Income	ITR 1	ITR 2	ITR 3	ITR 4
Capital Gains				
Taxpayer holding unlisted equity shares at any time during previous year	✓	✓		
Capital Gain /Loss on sale of Investment/ Property	✓	✓		
Income From Other Sources				
Income from other sources (Other than Special Rate)	✓	✓	✓	✓
Income from other sources including Special Rate Incomes		✓	✓	
Agricultural Income exceeding Rs. 5000		✓	✓	
Family Pension (For ordinary resident)	✓	✓	✓	✓
Family Pension (For Not ordinary and Non-residents)		✓	✓	
Dividend income exceeding 10 lakhs taxable under section 115BBDA		✓	✓	
Persons claiming deduction under section 57 (Other than Family Pension)		✓	✓	
Income declaring under section 115BBE		✓	✓	
Deductions				
Person claiming deduction under section 80QQB, 80RRB		✓	✓	
Person claiming deduction under section 10AA or Part C of Chapter VI A			✓	
Claiming relief under section 90,90A or 91		✓	✓	
Others				
Total income exceeding Rs. 50 lakhs		✓	✓	
Having brought forward loss to be carried forward under any head of income		✓	✓	
Income From Foreign sources, having financial interest in foreign entity, having foreign asset		✓	✓	

For Assesses other than Individuals

Nature of Income	ITR 4	ITR 5	ITR 6	ITR 7
Status of Assessee				
Firm excluding LLP declaring under 44AD,44ADA or 44AE	✓			
Firm including LLP		✓		
Association of Person		✓		
Local Authority		✓		
Artificial Judicial Person		✓		
Companies other than claiming exemption under section 11			✓	
Persons required to furnish return under subsection 4A, 4B, 4C and 4D of Section 139				✓
Business Trust		✓		
Investment Funds		✓		

COMPOSITION SCHEME UNDER GST – SECTION 10



? What is composition levy under GST?

☞ The composition levy is an alternative method of levy of tax designed for small taxpayers whose turnover is up to Rs. 1.5 Crore (Rs. 75 lakhs in case of a few States). The objective of composition scheme is to bring simplicity and to reduce the compliance cost for the small taxpayers. Moreover, it is optional and the eligible person opting to pay tax under this scheme can pay tax at a prescribed percentage of his turnover every quarter, instead of paying tax at normal rate.

? What is the specified rate of composition levy?

☞ Manufacturers, other than manufacturers of such goods as may be notified by the Government (Ice cream, Pan Masala,

Tobacco products, etc.) : 1% (.50% Central tax plus .50% State tax) of the turnover.

Restaurant Services: 5% (2.5% Central tax plus 2.5% SGST) of the turnover.

Traders or any other supplier eligible for composition levy: 1% (0.5% Central tax plus 0.5% State tax) of the turnover of taxable supplies.



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? **What is the eligibility category in opting for composition levy? Which are the Special Category States in which the turnover limit for Composition Levy for Central tax and State tax purpose shall be Rs. 75 lakhs?**

☞ Composition scheme is a scheme for payment of GST available to small taxpayers whose aggregate turnover in the preceding financial year did not cross Rs. 1.5 Crores. In the case of the following States the limit of turnover is Rs. 75 lakhs:- (i) Arunachal Pradesh, (ii) Manipur, (iii) Meghalaya, (iv) Mizoram, (v) Nagaland, (vi) Sikkim, (vii) Tripura, (viii) Uttarakhand.

? **Who are the persons not eligible for composition scheme?**

☞ Following persons are not allowed to opt for the composition scheme:

- a casual taxable person or a non-resident taxable person;
- Suppliers whose aggregate turnover in the preceding financial year crossed Rs. 1.5 Crore ;
- Supplier who has purchased any goods or services from unregistered supplier unless he has paid GST on such goods or services on reverse charge basis;
- Supplier of services, other than restaurant service;
- Persons supplying goods which are not taxable under GST law;
- Persons making any inter-State outward supplies of goods;
- Suppliers making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and
- a manufacturer of following goods:

Chapter 2105 00 00 : Ice cream and other edible ice, whether or not containing cocoa.

Chapter 2106 90 20 : Pan masala

Chapter 24 : Tobacco and manufactured tobacco substitutes .

? **When will a person opting for composition levy pay taxes furnish Return ?**

☞ A person opting for composition levy will have to pay tax on quarterly basis before 18th of the month succeeding the quarter during which the supplies were made.(in Form CMP-08). The said persons shall furnish a return for every financial year or, as the case may be, part thereof in FORM GSTR-4 of the Central Goods and Services Tax Rules, 2017, on or before the 30th day of April following the end of such financial year.

? **A person availing of composition scheme during a financial year crosses the turnover of Rs.1.5 Crores /75lakhs during the course of the year, say he crosses the turnover of Rs.1.5 Crores/75lakhs in December. Will he be allowed to pay tax under composition scheme for the remainder of the year, i.e., till 31st March?**

☞ No, the option to pay tax under composition scheme lapses from the day on which his aggregate turnover during the financial year exceeds the specified limit (Rs. 1.5 Crores/Rs. 75 lakhs). He is required to file an intimation for withdrawal from the scheme in FORM GST CMP-04 within seven days from the day on which the threshold limit has been crossed. However, such person shall be allowed to avail of the input tax credit in respect of the stock of inputs and inputs contained in semi-finished or finished

goods held in stock by him and on capital goods held by him on the date of withdrawal and furnish a statement within 30 days of withdrawal containing the details of such stock held in FORM GST ITC-01 on the common portal.

? **How will the aggregate turnover be computed for the purpose of composition?**

Aggregate turnover will be computed on the basis of turnover on an all India basis and will include value of all taxable supplies, exempt supplies and exports made by all persons with same PAN, but would exclude inward supplies made under reverse charge as well as central, State/Union Territory and Integrated taxes and cess.

As per Removal of Difficulty order Order-01/2017-Central Tax dated 13.10.2017, in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services including services by way of extending deposits, loans or advances insofar as the consideration is represented by way of interest or discount, shall not be taken into account.

? **Can a person who has opted to pay tax under the composition scheme avail Input Tax Credit on his inward supplies?**

☞ No. A taxable person opting to pay tax under the composition scheme is out of the credit chain. He cannot take credit on his input supplies. When he switches over from composition scheme to normal scheme, eligible credit on the date of transition would be allowed.

? **Can a registered person, who purchases goods from a taxable person paying tax under the composition**

scheme, avail credit of tax paid on purchases made from the composition dealer?

☞ No, as the composition dealer cannot collect tax paid by him on outward supplies from his customers, the registered person making purchases from a taxable person paying tax under the composition scheme cannot avail of credit.

? **Can a person paying tax under the composition scheme issue a tax invoice under GST?**

☞ No, he can issue a bill of supply in lieu of tax invoice.

? **What is the form in which an intimation for payment of tax under composition scheme needs to be made by the taxable person?**

☞ The intimation is to be filed electronically in FORM GST CMP- 01 or FORM GST CMP- 02.

? **Can a person making application for fresh registration under GST opt for composition levy at the time of making application for registration?**

☞ Ans. Yes, such persons can give the option to pay tax under the composition scheme in Part B of FORM GST REG-01. This will be considered as an intimation to pay tax under the composition scheme.

? **Can the option to pay tax under composition levy be exercised at any time of the year?**

☞ No, the option is required to be given electronically in FORM GST CMP-02, prior to the commencement of the relevant financial year.

? **What are the compliances from ITC reversal point of view that need to be**

made by a person opting for composition levy?

☞ The registered person opting to pay tax under composition scheme is required to pay an amount equal to the input tax credit in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of exercise of option. The ITC on inputs shall be calculated proportionately on the basis of corresponding invoices on which credit had been availed by the registered taxable person on such inputs. In respect of capital goods held in stock on the day immediately preceding the date of exercise of option, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as 5 years. Assume that capital goods have been in use for 4 years, 6 months and 15 days. The useful remaining life in months will be 5 months, ignoring the part of the month. If ITC on such capital goods is taken as C, ITC attributable to the remaining useful life will be C multiplied by 5/60. This would be the amount payable on capital goods. The ITC amount shall be determined separately for integrated tax, central tax and state tax/Union territory tax. The payment can be made by debiting electronic credit ledger, if there is sufficient balance in the said ledger, or by debiting electronic cash ledger. The balance, if any, in the electronic credit ledger would lapse. Such persons also have to furnish the statement in FORM GST ITC-03 which is a declaration for intimation of ITC reversal/payment of tax on inputs held in stock, inputs contained in semi-finished and finished goods held in stock and

capital goods under Section 18(4) of the CGST Act, 2017 within a period of sixty days from the commencement of the relevant financial year.

? **In case a person has registration in multiple states? Can he opt for payment of tax under composition levy only in one state and not in other state?**

☞ The option to pay tax under composition scheme will have to be exercised for all States.

? **What are the other conditions and restrictions subject to which a person is allowed to avail of composition scheme?**

☞ The person exercising the option to pay tax under section 10 shall comply with the following other conditions, namely: -

(a) he shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him; and

(b) he shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

? **What is the validity of composition levy?**

☞ The option to pay tax under composition levy would remain valid so long as conditions mentioned in section 10 of the CGST Act, 2017 and Rules 3 to 5 of the CGST Rules, 2017 remain satisfied.

? **Can a person paying tax under composition levy withdraw voluntarily from the scheme? If so, how?**

☞ Yes, the registered person who intends to withdraw from the composition scheme can file a duly signed or verified application in FORM GST CMP-04. Every person who has filed an application for withdrawal from the composition scheme, may electronically furnish a statement in FORM GST ITC-01 containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock by him on the date of withdrawal within a period of thirty days of withdrawal.

? **What action can be taken by the proper officer for contravention of any provisions of composition levy and how?**

☞ Where any contravention is observed by the proper officer wherein the registered person was not eligible to pay tax under the composition scheme or has contravened the provisions of the CGST Act, 2017 or provisions of Chapter II of the CGST Rules, 2017, he may issue a notice to such person in FORM GST CMP-05 to show cause within fifteen days of the receipt of such notice as to why the option to pay tax under the composition scheme shall not be denied. Upon receipt of the reply to the said show cause notice in FORM GST CMP-06, the proper officer shall issue an order in FORM GST CMP-07 within a period of thirty days of the receipt of such reply, either accepting the reply, or denying the option to pay tax under the composition scheme from the date of the option or from the date of the event concerning such contravention, as the case may be.

? **In case the option to pay tax under composition levy is denied by the proper officer, can the person avail ITC on stock after denial?**

☞ ITC can be availed by filing a statement in FORM GST ITC-01 (containing details of the stock of inputs and inputs contained in semi-finished or finished goods held in stock) by him on the date on which the option is denied as per order in FORM GST CMP07, within a period of thirty days from the order.

? **Will withdrawal intimation in any one place be applicable to all places of business?**

☞ Yes, any intimation or application for withdrawal in respect of any place of business in any State or Union territory, shall be deemed to be an intimation in respect of all other places of business registered on the same Permanent Account Number.

? **Can supplier of Services opt for composition levy?**

☞ No, only exception being supplier of restaurant services. Recently government has announced a presumptive scheme for all Service Sectors.

? **What are the penal consequences if a person opts for the composition scheme in violation of the conditions?**

☞ If a taxable person has paid tax under the composition scheme, though he was not eligible for the scheme then the person would be liable to penalty and the provisions of sections 73 or 74 shall be applicable for determination of tax and penalty.

? **Can a person paying tax under composition scheme make supplies of goods to SEZ?**

☞ No, Supplies to SEZ from domestic tariff area will be treated as inter-State supply. A person paying tax under composition scheme cannot make inter-State outward

supply of goods. Thus, for making supplies to an SEZ unit, a person needs to take registration as a regular taxpayer. The supplies to SEZ will be zero rated and the supplier will be entitled to make supplies without payment of tax or if he pays tax, he will be entitled to refund of tax so paid.

? **Whether Composition Taxpayers can make supply of Services ?**

☞ As per CGST Amendment Act, Now a composition dealer is also allowed to

make a supply of services along with goods. But it has a limit. Supply of services can be upto higher of Rs 5 lakhs or 10% of turnover in State.

? **Will Composition Taxpayers be required to pay tax under RCM.**

☞ Yes, Composition Taxpayers will be liable to pay tax under RCM. No credit will be allowed of tax paid.

DUE DATE CALENDAR FOR THE MONTH OF JUNE 2019

Due Date	Form	Law	Description
07/06/19		Income Tax	First installment of advance tax for the assessment year 2020-21
10/06/19	GSTR 7	Goods and Service Tax	To be filed by the persons who is required to deduct TDS under GST for the month of May 19.
10/06/19	GSTR 8	Goods and Service Tax	To be filed by the by the e-commerce operators required to deduct TDS under GST for May 19
11/06/19	GSTR 1	Goods and Service Tax	Applicable for taxpayers with Annual Aggregate turnover Above Rs. 1.50/- Crore
13/06/19	GSTR 6	Goods and Service Tax	To be filed by Input Service Distributor for May 19
14/06/19		Income Tax	Due date for issue of TDS Certificate for tax deducted u/s 194-IA (TDS on Immovable property) in April 19
14/06/19		Income Tax	Due date for issue of TDS Certificate for tax deducted under section 194-IB (TDS on Certain Rent payment) in April 19
15/06/19		Income Tax	First installment of advance tax for the assessment year 2020-21
15/06/19		Income Tax	Due date for furnishing of Form 24G by an office of Government where TDS for May 19
15/06/19		Income Tax	Quarterly TDS certificates (in respect of TDS for payments other than salary) for the quarter ending March 31, 2019
15/06/19		Income Tax	Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2018-19
15/06/19	INC 22A	Companies Act	Filing of the particulars of the Company & its registered office.
15/06/19		Provident Fund	Payment for the Month of May 19
15/06/19		ESI	Payment for the Month of May 19
20/06/19	GSTR 5 & 5A	Goods and Service Tax	To be filed by the Non-Resident taxable person & OIDAR for May 19
20/06/19	GSTR 3B	Goods and Service Tax	Monthly return for normal tax payers
25/06/19		Provident Fund	PF Return filling for May 19 (including pension & Insurance scheme forms)
30/06/19	GSTR 9	Goods and Service Tax	Annual Return for FY 17-18
30/06/19	GSTR 9 A	Goods and Service Tax	Annual Return for FY 17-18 for Composition Taxpayers
30/06/19	GSTR 9 C	Goods and Service Tax	Taxpayers whose annual turnover exceeds INR 2 crores during the financial year
30/06/19	ITC 04	Goods and Service Tax	Filing the details of goods or capital goods sent to job worker and received for the Period July 17 to March 19
30/06/19		Income Tax	Due date for furnishing of challan-cum-statement in respect of tax deducted u/s 194-IA in month of May 19
30/06/19		Income Tax	Due date for furnishing of challan-cum-statement in respect of tax deducted u/s 194-IA in month of May 19
30/06/19	DPT 3	Companies Act	Furnishing Information About Outstanding Receipts Of Money/Loans
30/06/19	DIR 3 KYC	Companies Act	Every Person holding DIN as on 31.03.19 (including Directors having disqualified DIN) need to file DIR-3KYC.

GLIMPSES



Seminar on SA 700, SA 701, SA 705 and SA 706 by SIRC Chairman Sri Jomon K George



Seminar on SA 700, SA 701, SA 705 and SA 706 by SIRC Chairman Sri Jomon K George



Address by Treasurer CA Ajith Kaimal on Seminar on SA 700, SA 701, SA 705 and SA 706



Inauguration of Valedictory Function of Orientation Programme – Batch 11 by Vice Chairman Sri . Anoop G



Welcoming CA Jomon K George to Seminar on SA 700, SA 701, SA 705 and SA 706



Address by Smt Latha Hemanth, Faculty of Orientation programme on Valedictory Function of Orientation Programme – Batch 11



Valedictory Function of Orientation Programme
– Batch 11



Valedictory Function of Orientation Programme
– Batch 11



Valedictory Function of Orientation Programme
Batch 11



Valedictory Function of Orientation Programme
– Batch 11