



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIMENT)

THRISSUR BRANCH OF SIRC OF ICAI



Wishing you all a very

HAPPY ONAM

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EDITOR'S DESK



FRIENDS,

Our harvest festival Onam is round the corner. But this year too we have to keep our celebrations to a low profile as we are on the verge of the COVID third wave as reported by our dailies. At the same time the second wave are still unfolding and may be as large, or larger than the first one. Further, we are left with depleted savings, debt, and reduced fallback options, the second wave can lead to potentially larger impacts on work, incomes, food security, health and education.

A high-level meeting chaired by our Hon. Chief Minister Pinarayi Vijayan on Monday decided not to have Onam celebrations in public places and to put curbs on Onasadya in public places. In view of the spurt in COVID-19 positive cases, extra precautions would be taken during the festive season. The District Collectors were asked to convene a meeting of traders and police were asked to ensure physical distancing in public places.

We at the professional front are also facing various difficulties due to restrictions on travel, lower availability of staff and articulated clerks, major websites like Income-tax website not working smoothly etc. etc. Still we have to move on. It's always advisable to keep a low profile in your activities, avoid gatherings and keep ourselves and our family safe.

Wishing you all a

HAPPY, HEALTHY and SAFE ONAM.

CA. Silpa Ramdas, FCA, DISA, DIRM(ICAI)

CHAIRMAN'S MESSAGE



My Dear Professional Colleagues,

The month of JULY started with the virtual cultural programme as part of CA Day Celebrations and Flag Hoisting at the Branch premises. We received immense support from Members and their family by participating in the various Cultural Programmes.

We conducted seminars on 4 days on different topics including 3 days joint programmes with other branches across our State.

On 05.07.2021 our Branch member CA Antony Ukken presented on the topic "Composition Scheme Under Gst".

On 07.07.2021 our branch jointly with Kottayam, Alappuzha and Kollam Branches by organised a seminar in which our Branch Member CA Sathesan P talked about New Income Tax Return forms - AY 2021-22.

On 19.07.2021 our branch jointly with Palakkad and Kottayam branches conducted a Virtual CPE Meeting on Company Audits 2021- Small and Medium Enterprises presented by CA. Sripriya Kumar from Chennai.

On 27.07.2021 our branch and Palakkad Branch and CREDAI Thrissur joined hands to organize a seminar on "An insight into RERA" addressed by Chief Guest Sri. P.H Kurian. IAS(Rtd.), Chairman, Kerala-RERA, and Speaker of the Session Adv Preetha Menon, Member Legal, Kerala-RERA

The postponed CA examination for final, Inter mediate and Foundation were conducted smoothly during the month at 5 centres in Thrissur.

The upcoming days are that of hectic schedules of filings as well as the festive season of ONAM. I wish all my members and their family a Happy and Safe ONAM.

**Your's in service,
CA. ARYAN K.K.
CHAIRMAN.**

Wishing you all a very
HAPPY ONAM

BENEFITS OF AN INDEPENDENT PROFESSIONAL REVIEW AND IMPORTANCE OF RETURNS FOR THE MONTH SEPTEMBER UNDER GST

“Prevention is better than cure, Equity aids the vigilant and not the indolent”

Introduction of GST in India opened the Pandora of opportunities to Chartered Accountants to pitch in to the area of Indirect Taxes which were previously occupied with tax practitioners and Advocates. Unlike the erstwhile regime the comprehensive audit requirement under GST was sought to ensure the compliance by the assessee and reduce the risk of demand and recovery during revenue audit.

However, the tax administrators did not want to get their powers whittled down and using erroneous statistics that additional tax of about Rs. 3,176 Crores additional tax and Rs. 575.76 crores interest thereon got collected from Annual Return GSTR-9 whereas from audit report GSTR-9C only Rs.392 crore got collected, the government has omitted the audit requirement under GST and facilitated the taxpayers to file the annual return and reconciliation form under self-certification. The irony, was actually it was advice of the professionals to the taxpayers to discharge the additional liability if any, through GSTR-9 instead of 9C so that it would be more of a voluntary compliance.

Even though the certification from the professionals have been omitted, it is still the responsibility of the taxpayer to file his GSTR-9 & 9C duly. Relaxation has been given to small taxpayers as follows –

- i. It is optional to file Annual return GSTR-9 for registered person whose aggregate turnover (PAN INDIA) in FY 2020-21 is up to Rs.2 crores.*
- ii. The threshold limit for filing the reconciliation statement GSTR-9C has been increased to Rs.5 crores.*



CA. SPUDARJUNAN S

The above relaxations of optional filing of annual return, self-certification of 9C, is a temporary gratification with long term deterioration i.e., since the professional review has been done away with/reduced, the intervention of revenue by way of conducting an extensive audit during these initial years to ensure the due taxes are being deposited with the exchequer would be in higher frequency. Hence, it is the responsibility of the taxpayer to be diligent, pro-active and comply with the provisions of the GST law within the provided time limits.

It is salutary practice to verify and ensure the brim compliance of tax regulations prior to closing of books for a period/ financial year, irrespective of the requirement under a statute. When it comes to GST, the return for the period September plays a vital role while closing the books/ finalising the transactions, compliances of the previous financial year and a smooth filing of the annual return for that financial year.

The following are certain major pointers to be considered before the due date of filing the returns for the month of September i.e. 20th October 2021 –

1. Send a communication to all the B2B customers regarding the reflection of the invoices uploaded by the taxpayer in their corresponding GSTR-2A and get a confirmation. Since any changes pertaining to an invoice raised in the financial year cannot be modified/rectified after the due date of filing the return u/s 39 for the period September following the end of the financial year.

2. Rectify the errors/omissions of the disclosure of outward supplies, discharging of taxes pertaining to FY 2020-21.

3. Avail the input tax credits pertaining to the FY 2020-21 to avoid the lapsing of credit after the same under section 16(4) of CGST Act, 2017.

4. Understand the status of the debtors and the position of their payments towards the GST invoices raised in FY 2020-21. If there are any deficiencies communicated by the recipients in the supplied goods/services or the value/tax charged is higher than required, issue a credit note and reduce your GST liability on the same. This would avoid payment of taxes to exchequer from the pocket of supplier when the receivables are eventually written off.

5. Reverse the input tax credits pertaining to FY 2020-21 where the amount payable to the supplier is pending more than 180 days.

6. Comply with the annual re-computation of credit reversal under section 17(2) of CGST Act 2017 read with rule 42/43 of CGST Rules 2017.

7. Rectification of any omission or incorrect particulars by an e-commerce operator in respect of details furnished in Form GSTR-8.

8. Comprehensive disclosure of details in monthly returns. Reference could be made to the circular issued by Kerala State GST department – circular no. CT/3626/2020-C1 dated 16th June 2020.

The above activities would ensure an unabridged compliance of GST and also reduce the complexity while filing annual returns.

Further, it is more important to taxpayers who have turnover less than 2 crores and availing the benefit of option to not to file annual return, to comply with the above, since they are losing the opportunity to make the comprehensive disclosure of transactions for a financial year through the annual return, rather relying on the disclosures in monthly returns.

Furthermore, the certain applicable changes in law applicable to FY 2020-21 are as follows –

i. Introduction of Rule 86B where ITC could be utilised only to the extent of 99% of the liabilities subject to certain exceptions;

ii. Introduction of GSTR-2B which could be considered for reconciling to avail credit for GSTR-2A;

iii. Introduction of E-invoicing for registered persons having turnover more than 500 & 100 crores;

iv. Extending the benefit to claim input tax credit on debit notes irrespective of date of the original invoice;

v. Implementation of Quarterly Return and Monthly Payment (QRMP) scheme;

vi. Relaxation provided to Rule 96(10) restriction for export of goods/services with payment of tax;

vii. Amendment in valuation regarding supply of lottery; and many more....

Omission of the professional certification and relaxation from filing annual return would lead to a scenario of oversight in compliance by the taxpayers, non-disclosure / erroneous / misdeclaration in the returns filed. This would provide the revenue with initiating proceedings against the taxpayer under extended period of limitation invoking section 74 of CGST Act and the demand of tax would be along with the due interest under section 50 and 100% penalty i.e., passing over the compliances to be ensured within September month return/ annual return would cost a tax payer 3 instead of 1, as the demand may come after 4 years where the interest would be increased to 72% of the tax and if the issue is contested, then the odds of exposure could be surge of interest more than the tax.

Further, in India the margin for business supplying goods may be around 10-20% in general and when there is an impact of differential GST demand along with interest and penalty could hit the business harshly that it could eventually lead to closing down of business. Hence, the taxpayers should act diligently to get his business reviewed by a professional in the perspective of ensuring GST compliance and also such review could add value to the business by identifying the eligible credits which are being missed. Sample cases of such could be as –

- i. credit on plant & machineries which are misunderstood as building,
- ii. credits of work contract services which are not capitalized,
- iii. credit on motor vehicle for transportation of goods,
- iv. credit relating to running canteen where it is statutorily required under Factories Act,
- v. credit on rent-a-cab where it is mandatory to provide such facility under Kerala Shops and Establishment Act,
- vi. credit on Exempt supplies which are being exported / supplied to SEZ;
- vii. credit on branding/marketing/business promotions;
- viii. credit on normal loss;
- ix. Analysis on availability of refund options under GST to aid the working capital requirements;
- x. Benefits under Foreign Trade Policy and many more.....

The benefits of the professional review cannot be underplayed. It is accepted fact that humans are subject to err and it is always rational to have maker-checker concept.

A review by an independent professional well before the due date of September month return would give the taxpayer an assurance on compliance and also value addition through exploring the missed-out benefits.

It is also a responsibility in part for us CA professionals, to make the industry/taxpayers aware regarding the benefits of an independent voluntary professional review which could be reduction in exposure of risk in future, be aware of the risks if any and value addition to business through availing any missed benefits, reduction of complex process if any etc.

Special thanks to CA Madhukar N Hiregange for vetting this article and providing valuable suggestions.

For any feedback/clarifications/suggestions, kindly send a mail to arjun@hiregange.com.

Profile : CA Spudarjunan S B.com ACA has completed his schooling and graduation in Kanyakumari - Tamil Nadu, pursued CA course and completed his article ship in Trivandrum - Kerala. He qualified as a Chartered Accountant in the year 2017 and currently pursuing LLB.

Post Qualification, he joined an eminent CA firm specialising in Indirect Tax and currently heading the branch of the firm in Kerala. He has practical experience in UAE VAT and presently focussing on Customs and FTP whilst GST.

Apart from his work, he has authored, co-authored assisted & contributed to many other booklets and books under FTP, GST and UAE VAT like “Beneficial Schemes Under FTP”, “Compendium of Issues and Solutions in GST”, “Handbook on GST Audit” etc..

TDS ON REAL ESTATE SECTOR AND CONSTRUCTION RELATED ACTIVITIES



CA. RADHIKA M V,



The article is meant to provide an overview on TDS provisions that are frequently applicable to real estate and construction sectors. It is important to note that applicability of various TDS provisions primarily depends upon the various agreements executed by a person.

Examples of agreements that are generally executed in the case of real estate transactions are bilateral agreement between the developer and the buyer, tripartite agreement between the landlord, developer and buyer, bilateral agreement between landlord and buyer etc. The agreement holds the key towards attraction/applicability of TDS provisions and it is important for a professional to have a detailed overview of the agreements executed by a client before advising the client about the applicability of TDS provisions.

TDS sections which are frequently attracted in the above sectors are:

- 194IA
- 194IC
- 194C
- 195

Let us analyse each of the above sections in detail:

Section	194IA
Section Activity	TDS on purchase of immovable property
Who is liable to deduct	Transferee of the property
When to deduct	When a property is acquired, and the total consideration exceeds Rs 50 lacs.
Payment to whom	Resident Transferor
Point of deduction	Credit of consideration to the account of the transferor Or At the time of payment of such consideration by any other mode; Whichever is earlier.
Exceptions	<ol style="list-style-type: none"> 1. Not applicable if the property is agricultural land 2. Not applicable if the transferor is a non-resident 3. Not applicable if the total consideration is less than Rs 50 lacs.
Monetary Limit	If the value of consideration is in excess of Rs 50 lakh
Rate of TDS	1% on total consideration/payment.
Frequency	TDS to be deducted on every payment.
Time limit for remittance	Within 30 days from the end of the month in which TDS is deducted.
Challan to be used	Form No.26QB
Key Points to be noted	<ul style="list-style-type: none"> ➤ Where there is more than one seller, and every individual seller's share is less than Rs 50 lacs, but total consideration exceeds Rs 50 lacs, TDS will apply. ➤ Similarly, even if the property is purchased jointly and total consideration exceeds Rs 50 lacs, but individual share of each buyer is less than Rs 50 lacs, it is prudent to deduct TDS. ➤ In order to come under the purview of section 194IA, consideration should be to a resident seller. In other words, if the seller is non-resident section 194IA will not be applicable but Section 195 will be attracted. ➤ Unlike other TDS sections, TAN is not mandatory for the deductor in the case of section 194IA.
Case Laws	<ul style="list-style-type: none"> ➤ In Vinod Soni vs ITO (ITAT Delhi) it was held that limit of exemption of Rs. 50 lakh under section 194-IA(2) was applicable to each transferee separately as each transferee was a separate income tax entity. ➤ M/s Prestige Estate Project Vs ACIT it was held that "refundable security deposit" is not a consideration and hence section 194IA is not attracted.

Section	195																								
Section Activity	TDS on payments to Non- Residents																								
Who is liable to deduct	Transferee of the property																								
When to deduct	When a property is acquired																								
Payment to whom	Non- Resident Transferor																								
Point of deduction	Credit of consideration to the account of the transferor Or At the time of payment of such consideration by any other mode; Whichever is earlier.																								
Exceptions	1. Not applicable if the transferor is a resident																								
Monetary Limit	No limit																								
Rate of TDS	<div>➤ 20%+Applicable Surcharge+ Education Cess @4% in case of Long Term Capital Asset</div> <table><tr><td></td><td colspan="3">Effective TDS rate</td></tr><tr><td></td><td>Income less than 50 lakh</td><td>Income is between 50 lakh and 1 crore</td><td>Income is more than 1 crore</td></tr><tr><td>LTCG Rate</td><td>20%</td><td>20%</td><td>20%</td></tr><tr><td>Add : Surcharge</td><td>NIL</td><td>10%</td><td>15%</td></tr><tr><td>Add: Education cess</td><td>4%</td><td>4%</td><td>4%</td></tr><tr><td>Effective TDS rate</td><td>20.80%</td><td>22.88%</td><td>23.92%</td></tr></table> <div>➤ In case of Short Term Capital Asset, at the respective slab rate prescribed under the Finance Act relevant for the year of sale</div>		Effective TDS rate				Income less than 50 lakh	Income is between 50 lakh and 1 crore	Income is more than 1 crore	LTCG Rate	20%	20%	20%	Add : Surcharge	NIL	10%	15%	Add: Education cess	4%	4%	4%	Effective TDS rate	20.80%	22.88%	23.92%
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Add: Education cess	4%	4%	4%																						
Effective TDS rate	20.80%	22.88%	23.92%																						
Frequency	TDS to be deducted on every payment.																								
Time limit for remittance	Within 7 days from the end of the month in which TDS is deducted.																								
Challan to be used	Form 281																								
Key Points to be noted	➤ The tax must be deducted only on the amount of income, ie, capital gain chargeable to tax. But to deduct TDS only on																								

	<p>capital gains, a certificate u/s 197 has to be obtained from the department. If not, then deduction should be on the full value of sale consideration.</p> <ul style="list-style-type: none"> ➤ In order to come under the purview of section 195, consideration should be to a non-resident seller. ➤ TAN is mandatory for the deductor in the case of section 195. TDS return will also have to be filed by the deductor.
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Section	194IC
Section Activity	TDS on payments to Residents under Joint Development Agreement
Who is liable to deduct	Payer in a Joint Development Agreement
When to deduct	When the consideration is paid other than in kind
Payment to whom	To a Resident under Joint Development Agreement
Point of deduction	<p>Credit of consideration to the account of the transferor</p> <p>Or</p> <p>At the time of payment of such consideration by any other mode;</p> <p>Whichever is earlier.</p>
Exceptions	<ol style="list-style-type: none"> 1. Not applicable if the consideration is paid in kind. 2. Not applicable if the transferor is a non resident.
Monetary Limit	No such monetary limit
Rate of TDS	10%
Frequency	Once in a year
Time limit for remittance	<ul style="list-style-type: none"> ➤ On the same day in case payment is made by the Govt. or by a person on behalf of the Govt. ➤ In any other case within 7 days from the end of the month in which TDS is deducted.
Challan to be used	<ul style="list-style-type: none"> ➤ Form 26QC for Non Govt. payer ➤ No challan form required for Govt. payer
Key Points to be noted	<ul style="list-style-type: none"> ➤ Joint development agreement is an agreement between the owner of the property with a person who is given the permission to build a real estate project and in return, the said person must give a share to the owner or a payment in cash to the owner or both. ➤ If the consideration is paid in kind, TDS will not be attracted as the section specifically excludes consideration in kind. ➤ Refundable security deposit do not attract TDS under this section, as it is clearly specified in section 194IC that TDS is applicable only on consideration and not on any security amount. ➤ Unlike other TDS sections, TAN is not mandatory for the deductor in the case of section 194IC.

Section	194C
Section Activity	TDS on payments to Residents Contractors.
Who is liable to deduct	Person making payment to Resident Contractors.
When to deduct	When the sum is paid for carrying out work under a contract agreement.
Payment to whom	To a Resident Contractor.
Point of deduction	Credit of consideration to the account of the transferor Or At the time of payment of such consideration by any other mode; Whichever is earlier.
Exceptions	<ol style="list-style-type: none"> 1. Not applicable if the payment given to contractor is for personal use. 2. Not applicable if a contractor furnishes PAN, in the course of business of plying, hiring or leasing goods.
Monetary Limit	Where amount in a single transaction exceeds Rs 30,000 or Aggregate of all the transactions in a financial year exceeds Rs.1,00,000.
Rate of TDS	<ul style="list-style-type: none"> ➤ 1% if the deductee is individual or HUF ➤ 2 % if the deductee is other than individual or HUF
Frequency	Upon every transaction or on single transaction based on the amount involved.
Time limit for remittance	Within 7 days from the end of the month in which TDS is deducted.
Challan to be used	Form 281
Key Points to be noted	The provisions of section 194C is applicable only where contract is either a works contract or a contract for supply of labour for works contract. Hence, a contract for sale of goods will not come under the purview of Section 194C

Apart from the above mentioned sections, other TDS sections may also apply depending on the nature of transactions and other activities being carried out. We have to look deeply into the books of accounts and other documents to analyse whether any such section is attracted.

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9 year of experience as practicing C A.

GLIMPSES JULY 21

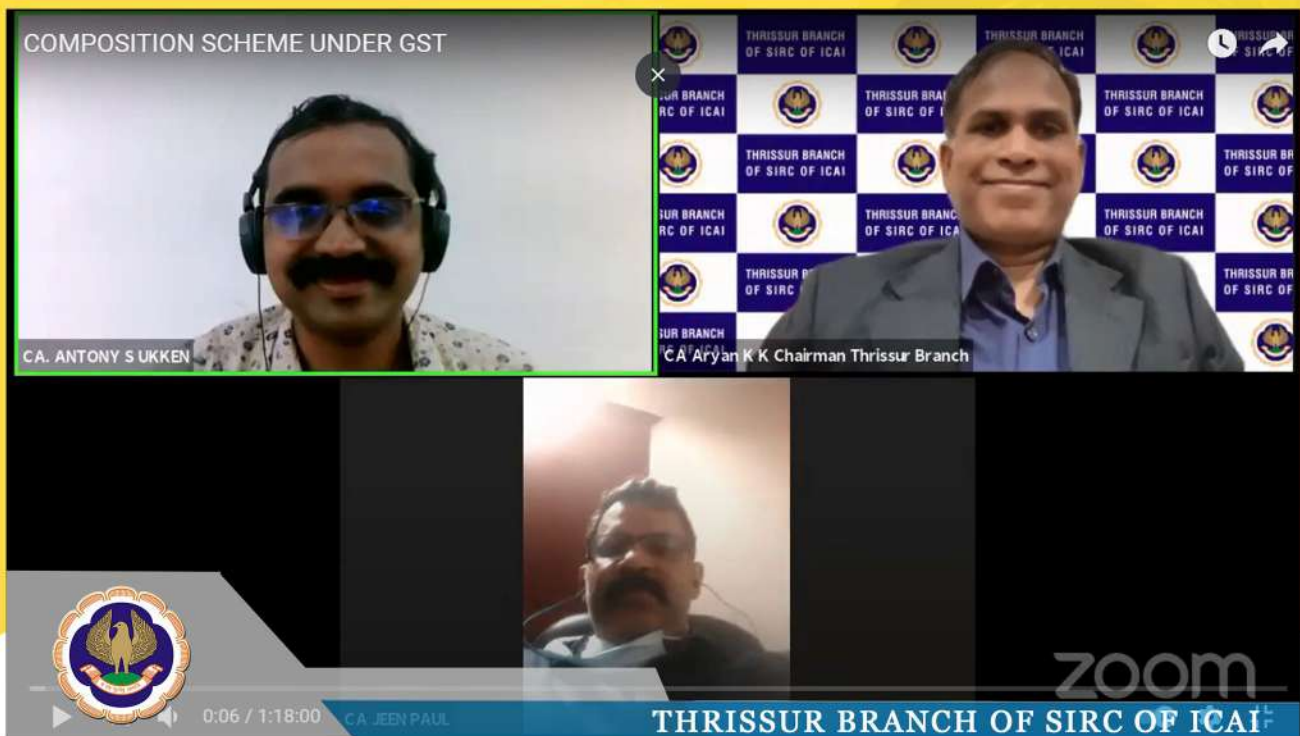


01.07.2021 Conducted CA Day Virtual Celebration
CA Day Virtual celebration was inaugurated by Mr. T S Kalyanaraman (Chairman & Managing Director, Kalyan Jewellers).

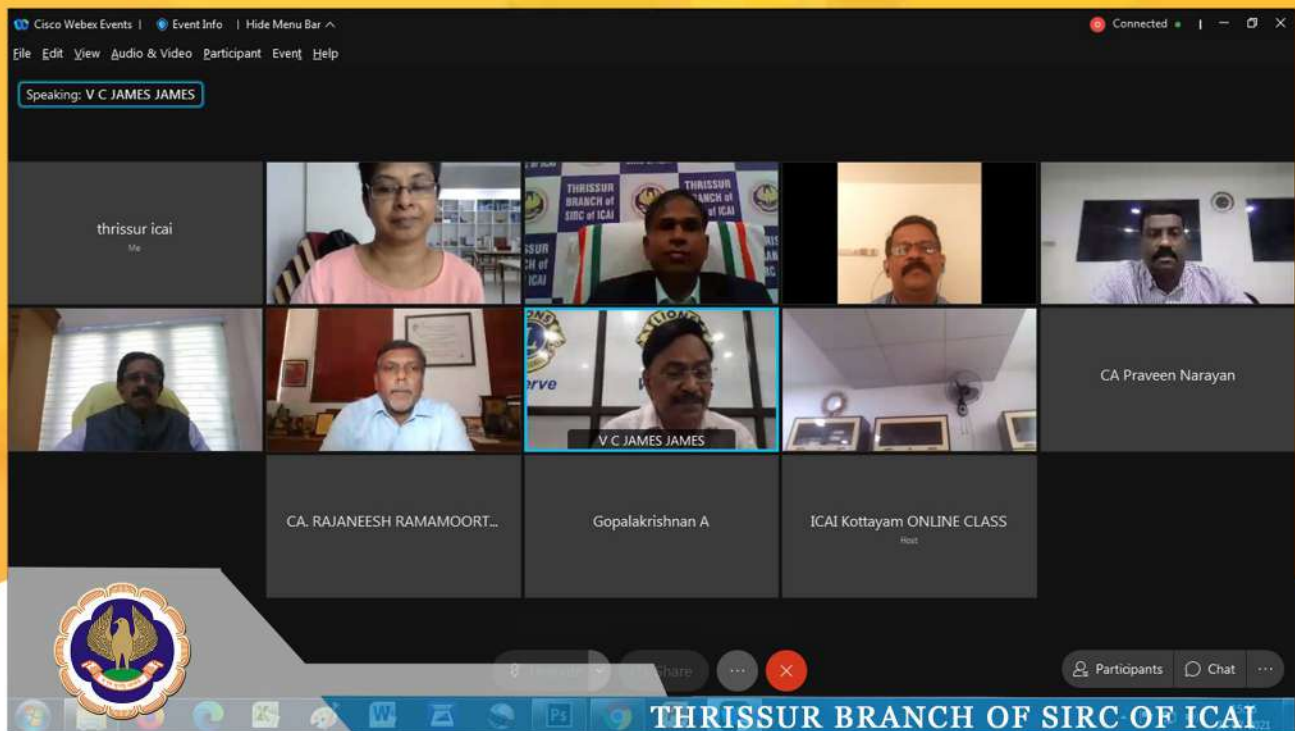


02.07.2021 Conducted Virtual cultural programmes. Programme moderated by R J Smrithi (Club FM).

GLIMPSES JULY 21



05.07.2021 VCM on Composition Scheme under GST
Faculty- CA. Antony S Ukken Thrissur

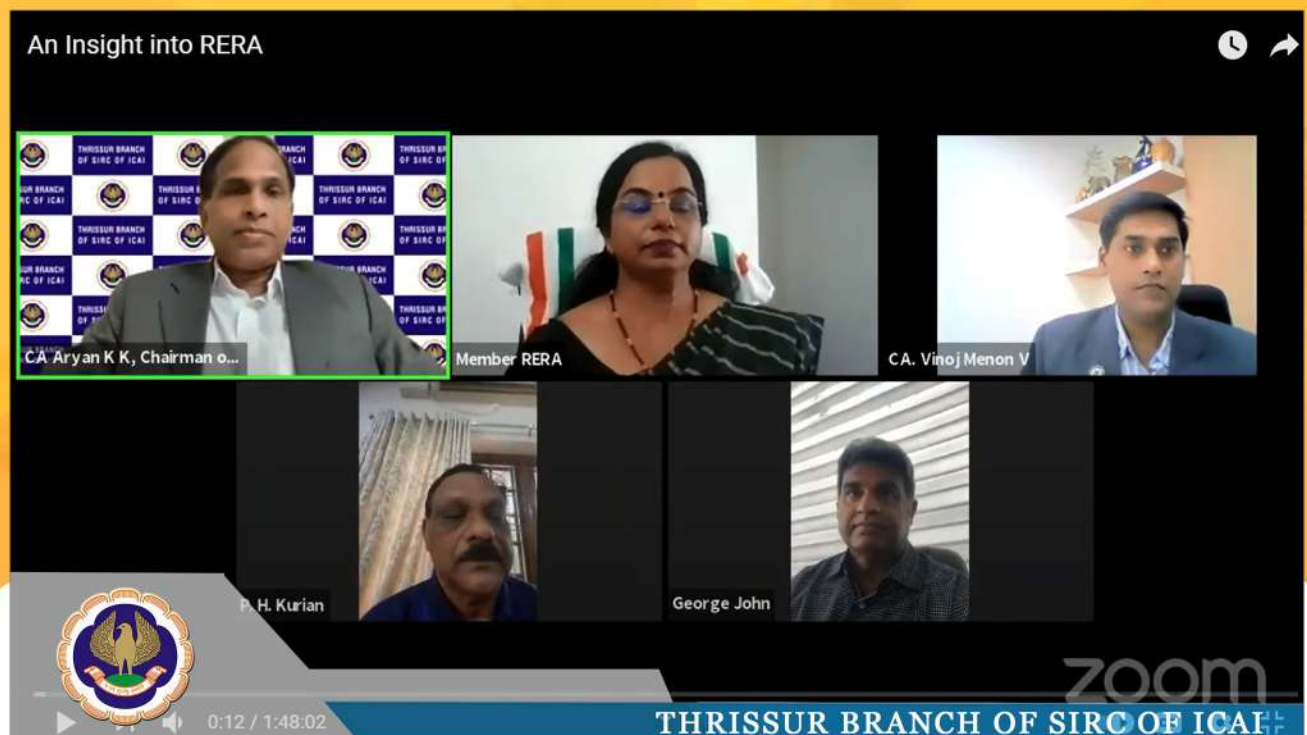


07.07.2021 VCM on New Income Tax Return Forms AY-2021-22
Chief Guest- CA. V C James (Past CCM ICAI)
Faculty-CA. Satheesan P, Thrissur

GLIMPSES JULY 21

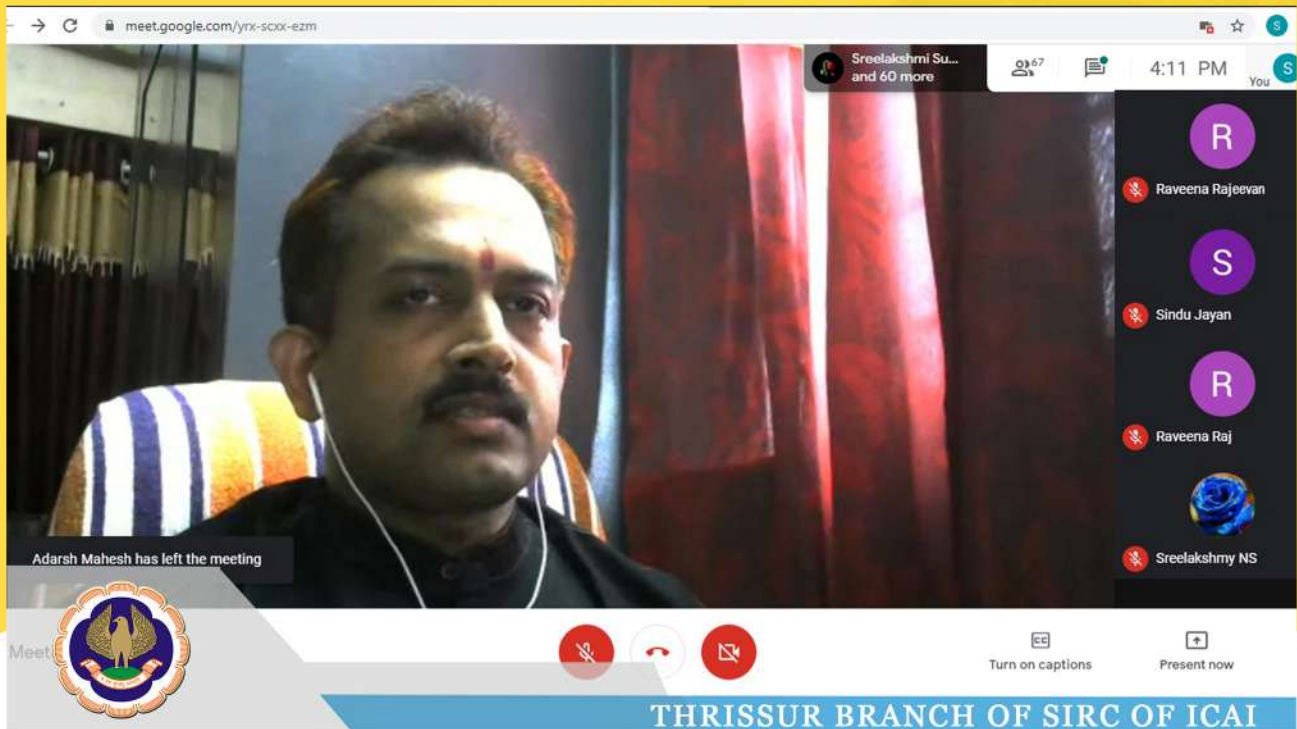


19.07.2021 VCM on Company Audits 2021 small and Medium Companies
Faculty-CA. Sripriya Kumar, Chennai



27.07.2021 Webinar on "An Insight into RERA"
Address By-Sri. P H Kurian , IAS (Rtd) Chairman ,k-RERA
Speaker-Adv.Preetha Menon(Member Legal, k-RERA)

GLIMPSES JULY 21



Career counselling programme for 11th Grade Commerce students of Kulapathi Munshi Bhavans Vidya mandir Pottore & Bharatiya Vidya Bhavans Vidya mandir Poochatty through online, Speaker CA.Pramod Prabhu.



01.07.2021 Branch Chairman CA. Aryan K K hoisted the flag at 9 am.
As a part of environmental protection, tree plants were planted in the branch surroundings by Chairman of the Branch.
Conducted Blood donation camp (IMA blood bank Thrissur).



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