

NEWSLETTER

THRISSUR BRANCH OF SIRC OF ICAI

December 2019

From the Chairperson

Warm Greetings Dear Members,

I wish all of you "Merry Christmas" and "Happy New Year" in advance. I wish this New Year bring your entire dreams into reality and all your efforts into great achievements.

December was a month of hope as well as happiness for all of us. Our city Thrissur had been hosting the "HAPPY DAYS"; night shows and parties in connection with Xmas and New Year from December 15th onwards.

On 14th December the branch conducted a full day CPE seminar on IND-AS and GST specific to Members in Industry & Service with two renowned speakers CA. Vinod Balachandran as faculty for IND-AS and CA. Soman N.L as faculty for GST.

On 21st December the branch conducted a half day CPE seminar with an eminent faculty CA. Jijilkumar M J on Block Chain and Cyber Audit Technologies. His session on Block Chain methodology threw light on the upcoming days of transparent audit trails and other allied procedures. It was really an eye-opener to many of us who were still following the traditional methods of auditing and practices.

Our branch hosted the most prestigious CA Students Conference "BODHI" on 27th and 28th of December at Chaldean Centre, Pallikkulam, Thrissur. The Conference was inaugurated by CA. Jomon K. George in the



presence of CCM CA. M.P.Vijay Kumar and SICASA Chairperson CA. Revathi S. Raghunathan. Fifteen student speakers presented papers in five technical sessions in two days. They were coordinated by five renowned experts CA Chinnsamy Ganesan, CA. Jijilkumar M J, CA Dungar Chand U Jain, CA. Vinod Balachandran and CA Lijil Lakshman on various subjects. The conference was also made remarkable by the motivational speeches of Padmasree CA T N Manoharan, CCM CA G Sekhar, CCM CA M P Vijayakumar and CA Sathyakumar, I on my personal behalf and on behalf of the committee place on record my appreciation to the SICASA team who worked hard to make this event successful. I consider it to be a privilege to witness our young generation taking leaps in their career and professional studies.

Before the Inaugural Session our CCM CA. M.P. Vijayakumar was kind enough to handover a Fixed Deposit made in the name of Late.CA. Geena P.V's daughter. This was collected by all the members of the branch as a financial support to the family of Late CA. Geena. We as a branch thank CA. M.P. Vijayakumar sir for being a part of

such a noble event and doing the handing over officially to her daughter and husband.

As a part of CA Career Counselling programme the branch conducted five career counselling programmes during the month. On 5th December we took a session for the students of Kendriya Vidyalaya Puranatukara, On 6th December we visited the students of Chinmaya Vidyalaya Kolazhy, On 12th December made a presentation for the students of Paramakkavu Vidya mandir Thrissur, On 13th December we talked to the students of Sahrudaya College of advanced studies Kodakara and On 31st December we took a session for the students of GHSS Cheruthuruthy.

The branch as usual launched a single batch for AICITSS (ITT) and AICITSS (MCS), single batch for ICITSS(ITT) and a single batch for ICITSS(OP) during the month of December. The Intermediate classes, the final intensive classes and the final regular classes are going on without any hindrance.

The managing committee met thrice during the month to deliberate and discuss on various matters and took appropriate decisions.

I place on record my heartfelt condolences on the sad demise of Mrs. Ammini Abraham Kallivayalil mother of CA. Babu Abraham Kallivayalil our CCM from Kerala and a good friend and well-wisher of our branch, on 23rd December. My prayers to the departed soul and let the almighty give his family the strength to bear the irreparable loss.

As the last date for GST Returns have been extended to January I wish all the members are a bit relieved. As you all know we are coming to the end of a reporting year as far as our branch activities are concerned and I on my personal behalf and on behalf of the committee thank you all for the valuable time spent for supporting our committee and the branch activities.

KNOW YOUR ETHICS

Taken from ICAI Journal as Contributed by the Ethical Standards Board of ICAI



Q. Whether a member can act as a Tax Auditor and Internal Auditor of an entity?

A. No, the Council has decided that an Internal auditor of an assessee, whether working with the organisation or an independently practicing Chartered Accountant, being an individual chartered accountant or a firm of chartered accountants, cannot be appointed as his Tax auditor.

Q. Can a Concurrent Auditor of a Bank also undertake the assignment of quarterly review of the same bank?

A. No, the Concurrent Audit and the assignment of quarterly review of the same entity cannot be taken simultaneously as

the concurrent audit is a kind of internal audit and the quarterly review is a kind of statutory audit undertaken simultaneously are prohibited under the provisions of the 'Guidance Note of Independence of Auditors'.

Q. Can a member holding Certificate of Practice is entitled to own Agricultural land and continue agricultural activity?

A. Yes, a member holding Certificate of Practice can own and hold agricultural land and continue agricultural activity.

Q. Whether a member in practice can establish a Tax Information Network - Facilitation Centre (TIN-FC)? Whether he can be franchise for a TIN-FC?

A. A member in practice may establish a TINFC and as well establish a TIN-FC under franchise from the other entity which is already a TIN-FC.

Q. Whether there are any Know Your Client (KYC) Norms to be followed by members in practice?

A. Yes, members in practice are required to follow Know Your Client (KYC) Norms, which are mandatory w.e.f 1.1.2017. These are applicable for all attest functions.

"Attest Functions" for this purpose include services pertaining to Audit, Review, Agreed upon Procedures and Compilation of Financial Statements.

The KYC Norms are appearing at www.icaai.org.

Q. Whether a member in practice can engage as GST practitioner?

A. Yes, a member in practice can engage as GST practitioner, as the activities to be performed by GST practitioner mentioned in CGST Act, 2017 read with CGST Rules, 2017 are within the purview of a member in practice as per the provisions of Chartered Accountants Act, 1949 and Regulations framed thereunder.

Q. Whether a member holding Certificate of Practice, who is an employee in a CA Firm, can be enrolled as GST practitioner?

A. Yes, a member holding Certificate of Practice, being an employee in a CA Firm can enroll as GST practitioner (as this is not

an attest function), subject to contractual obligations, if any, with the employer.

Q. Whether a member holding Certificate of practice on part time basis, working as an employee in an entity other than a CA Firm, can be enrolled as GST practitioner?

A. A member holding Certificate of Practice on part time basis and working as an employee in an entity other than a CA Firm can enroll as GST practitioner, subject to contractual obligations, if any, with the employer.

Q. Whether it is permissible for a member to mention himself as "GST Consultant"?

A. No, in terms of provisions of Clause (7) of Part-I of First Schedule to The Chartered Accountants Act, 1949, it is not permissible for a member to mention himself as GST Consultant.

Q. Whether two or more members can collectively have joint training session for their clients on GST , and share the fees collected from the clients thereof?

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Q. Whether it is permissible for a Firm of Chartered Accountants to sponsor a Conference?

A. It is not permissible for a Firm of Chartered Accountants to sponsor a Conference. However, an individual

member in practice can be a knowledge partner to such conference.

Q. Whether members in practice can have a website only for the purpose of Tax services and Consultancy?

A. Yes, however it will be governed only by the website Guidelines issued by ICAI, notwithstanding that only tax services and consultancy are being offered.

Q. Whether partner of a Firm of Chartered Accountants doing audit of an Insurance company can accept the assignment of surveyor of the said Company?

A. No, it is not permissible for a partner of a Firm of Chartered Accountants doing audit of an Insurance company to accept the assignment of surveyor of the said Company, as it is likely to impact independence as

auditor.

Q. Whether a member in practice can act as a mediator?

A. Yes, a member in practice can act as a mediator since acting as a 'mediator' would be deemed to be covered within the meaning of 'arbitrator', which is inter alia permitted to members in practice as per Regulation 191 of the Chartered Accountants Regulations, 1988.

Q. Whether a member in practice who is the statutory auditor of a bank can accept Stock audit/Inspection Audit of the same bank?

A. No, it is not permissible since stock audit/inspection audit is kind of management function, which cannot be done simultaneously with the statutory audit.

Changes proposed vide Finance (No. 2) Act, 2019 partially made effective on 1-1-2020



Aneesh

Finance Minister, presented her maiden Budget 2019-2020 on 5-7-2019. Finance (No. 2) Bill, 2019 was also presented. The Bill was passed and received assent of President on 1-8-2019 and hence became Act on that day.

Only one change pertaining to section 54(8A) of CGST Act, which empowers Central Tax Authorities to disburse refund of State GST also, was notified on 1-9-2019. Some more changes have been notified and made effective on 1-1-2020. These are summarized below.

Composition Scheme to service providers

Section 10 of CGST Act, as was worded, made provisions for composition scheme only in respect of suppliers of goods. This section is now amended by inserting

section 10(2A) of CGST Act w.e.f. 1-1-2020 to provide for composition scheme for suppliers of service and goods with aggregate turnover upto Rs 50 lakhs. The tax rate will be upto 3% CGST plus 3% SGST/UTGST.

Really, this scheme is already implemented w.e.f. 1-4-2019, vide No. 2/2019-CT(Rate) dated 7-3-2019 issued under section 9 of CGST Act. Practically, all provisions of composition scheme apply to simplified scheme for service suppliers also. Thus, practically, there is no change.

Other changes made in composition scheme

Following are other changes in section 10 of CGST Act w.e.f. 1-1-2020– (a) 'Exempt supply' will not include interest or discount on deposits, loans or advances for purpose

of composition scheme. Thus, this interest will not be considered for calculating 'aggregate turnover' for eligibility of composition scheme. (b) Casual taxable person or non-resident taxable person will not be eligible for composition scheme.

Even earlier, the condition in respect of exclusion of interest from 'aggregate turnover' was already provided. vide Removal of Difficulties Order No. 1/2019-CT dated 1-2-2019.

Calculation of Threshold Limit for GST Registration

The small taxable persons with aggregate turnover upto 40 lakhs are not required to register under CGST Act. Now, it is provided that Calculation of exemption of 40 lakhs will be excluding interest on deposits, loans and advances – explanation to section 22(1) of CGST Act inserted w.e.f. 1-1-2020.

However, this exclusion is not available while calculating exemption limit of Rs 10/20 lakhs.

Aadhar in GST Registration

Fresh Registration under GST will be Aadhaar number based. The authentication will be on basis of Aadhaar number, as prescribed – section 25(6B) of CGST Act inserted w.e.f. 1-1-2020.

Existing registered persons will also have to get verified through Aadhaar number or other method, within specified time – section 25(6A) of CGST Act inserted w.e.f. 1-1-2020. If not done, registration will be cancelled.

In case of partnership firm, company, trust, HUF, AOP or BOI, the authentication will be by verification of Aadhaar number of partner, director, trustee, authorised representative, managing committee

member or Karta of HUF – section 25(6C) of CGST Act inserted w.e.f. 1-1-2020.

If an individual, partner, director, Karata of HUF, authorised representative or member of managing committee does not have Aadhaar, verification will be by other method in manner as may be specified.

Government can exempt a person or class of persons or any State or Union Territory or part thereof, on recommendation of GST Council – section 25(6D) of CGST Act inserted w.e.f. 1-1-2020.

E-Payment Option

The Government may prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him. The suppliers will give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed – section 31A of CGST Act inserted w.e.f. 1-1-2020.

Thus, prescribed class of suppliers of goods or services (mostly bigger companies) will have to provide option to recipient of goods or services supplied by them, of making e-payment. [In fact, many big companies are already doing so].

It is not mandatory that the recipient must make payment only to supplier through electronic mode only.

Time limit for filing annual return can be extended

Section 44 of CGST Act has been amended w.e.f. 1-1-2020 to provide powers to Commissioner for granting extension of time limit for filing annual returns

Earlier, such extension was given by issuing Removal of Difficulties order.

Single electronic cash ledger for making payment

Earlier, different electronic cash ledgers were maintained for different major heads and minor heads, which was very clumsy and prone to mistakes. Now, it is provided that payment can be made in single electronic cash ledger from which amount may be transferred to other electronic cash ledgers of different major heads and minor heads – insertion of section 49(10) of CGST Act w.e.f. 1-1-2020 [ease of doing business. It is common sense but as is rightly said, common sense is most uncommon].

Where any amount has been transferred to the electronic cash ledger under CGST Act, the same shall be deemed to be deposited in the said ledger as provided in section 49(1) of CGST Act – section 49(11) of CGST Act w.e.f. 1-1-2020.

Section 53A of CGST Act has been inserted w.e.f. 1-1-2020 and section 17A of IGST Act was inserted w.e.f. 1-8-2019 to transfer amounts deposited in electronic cash ledger to SGST/UTGST. This will be done by GSTN system and taxable person is not concerned.

Powers to Central Government to refund State Tax and vice versa

Earlier, if taxable person was under jurisdiction of Central Government, if Central Government sanctions refund, the taxable person had to go to State/Union Territory GST authorities to get refund of SGST/UTGST. Now, it is provided that Central Tax Authorities may refund SGST/UTGST also – section 54(8A) of CGST Act. Similar provision will be made in SGST

Acts also. This section has been made effective on 1-9-2019. Integrated refund scheme with disbursement by single authority has been introduced w.e.f. 24-9-2019.

Time limit for filing TCS statement can be extended

Section 52 of CGST Act has been amended w.e.f. 1-1-2020 to provide powers to Commissioner for granting extension of time limit for filing TCS statements.

Earlier, such extension was given by issuing Removal of Difficulties order.

Penalty for profiteering

Penalty upto 10% of amount profited can be imposed by Authority for Anti-Profitteering. The penalty will not be payable if amount ordered is deposited within 30 days – section 171(3A) of CGST Act inserted w.e.f. 1-1-2020.

Amendments made Finance (No. 2) Act, 2019 not made effective

Following amendments made by Finance (No. 2) Act, 2019 are not yet notified.

National Appellate Authority for Advance Ruling – Presently, appeal against order of Authority of Advance Ruling (AAR) of a State/Union Territory was lying with Appellate Authority of Advance Ruling (AAAR) of the State/Union Territory. There was no provision for filing further appeal or revision (except writ petition before High Court). Now, provision is proposed to be made to file appeal before National Appellate Authority for Advance Ruling, against order of Appellate Authority of Advance Ruling (AAAR). This provision is not yet made effective.

Interest for late payment of tax only on net amount and not gross amount –

Section 50 of CGST Act makes provision for late payment of taxes. Present view is that interest is payable on gross amount of tax payable without considering ITC available [There are different views on this issue, and my view is that interest is payable only on net amount, as interest is only compensation, not penalty].

Now, section 50 of CGST Act is proposed to be amended to provide that interest will be payable on net amount payable by electronic cash ledger. However, if such payment is made after commencement of proceedings under sections 73 or 74 of CGST Act [i.e. demand for short payment of taxes], interest will be payable on gross amount. This section has not been made effective.

GLIMPSES



VALEDICTORY FUNCTION MCS BATCH-10 ON 04-12-2019 - ADDRESS BY CHIEF GUEST CA. RAMESH A J



PARTICIPANTS OF ORIENTATION BATCH-15



PARTICIPANTS OF MCS BATCH-10



CAREER COUNSELLING AT SAHRUDAYA COLLEGE ON 13-12-2019



VALEDICTORY FUNCTION OF ORIENTATION BATCH-15 ON 05-12-2019 - ADDRESS BY CHAIRPERSON CA. SILPA RAMDAS



INAUGURATION OF ONE DAY SEMINAR ON IND-TAXES & GST ON 14-12-2019 BY CHIEF GUEST SHRI. RAMKUMAR, AGM, RBI, THIRUVANANTHAPURAM



VALEDICTORY FUNCTION OF ORIENTATION BATCH-16 ON 20-12-2019 - ADDRESS BY CA. AJITH KAIMAL



HALF DAY SEMINAR ON BLOCKCHAIN ON 21-12-2019 BY CA. JIJILKUMAR M J



PARTICIPANTS OF ORIENTATION BATCH-16