

NEWSLETTER

THRISSUR BRANCH OF SIRC OF ICAI

January 2020

From the Chairperson

Warm Greetings Dear Members,

I wish all of you a "Happy New Year". May this 2020 find us with increased energy and greater determination to achieve success.

It was a memorable journey of one year which was started in February 2019. It was a hectic at the same time a learning process for me. Down the days, I believe more than a professional I have learned many administrative and regulatory matters.

On 24th January the branch conducted a full day CPE seminar on GST for members with Shri. C D Jose, IRS, Assistant Commissioner, Central GST Office, Thrissur as Chief Guest and from the GST Dept. Shri. Antonio Nettikadan (Superintendent, Central GST), Shri. Jacob Varghese (Inspector, Central GST); told us how to approach the new GSTR forms and file these forms which are to be effective from April 2020. CA Soman N L and CA Bibin Joseph from Kochi, shared their thoughts on new changes in ITC and the technical aspects involved in GSTR 9 and 9C filing.

The branch launched a single batch for AICITSS (ITT) and a single batch for ICITSS (ITT) during the month of January. The Intermediate classes, the Final intensive classes and the Final regular classes are going on without any hindrance.



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

I thank the dedicated and sincere support extended to me in all activities by my own committee members, the staff of ICAI, the students especially the SICASA team and last but not the least all my fellow members. Once again, wishing you all a prosperous, happy and successful new year and thanking you all for the valuable time spent for supporting our committee and the branch activities.

By the end of February, I will be laying down my office as Chairperson of this prestigious institute which I shall consider as a golden feather among my achievements.

"THANKFULNESS is the highest form of thoughts and GRATITUDE is happiness doubled by wonder".

CA.SILPA RAMDAS, FCA
Chairperson

KNOW YOUR ETHICS

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



Fundamental Principles

Q. What are the Fundamental Principles which a Professional Accountant is required to comply?

A. A professional accountant is required to comply with the following fundamental principles:

- (a) Integrity
- (b) Objectivity
- (c) Professional Competence and Due Care
- (d) Confidentiality
- (e) Professional Behaviour

Q. What is Independence?

A. Independence requires: Independence of Mind – The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism. Independence in Appearance – The avoidance of facts and circumstances that are so significant that a reasonable and informed third party, having knowledge of all relevant information, including safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or

professional skepticism had been compromised.

Know Your Client (KYC)

Q. Whether there are any "Know Your Clients" norms for the members in practice? If, yes, to which assignments thereof are they applicable?

A. Yes, the institute has "Know Your Clients" (KYC) norms for the members, these are applicable to all the attest functions. The detailed norms are mentioned below: KYC Norms The financial services industry globally is required to obtain information of their clients and comply with KYC norms. Keeping in mind the highest standards of Chartered Accountancy profession in India, the Council of ICAI thought it necessary to issue such norms to be observed by the members of the profession who are in practice. In light of this background, the Council of ICAI approved the following KYC Norms which are mandatory in nature and shall apply in all assignments pertaining to attest functions. Explanation: "Attest Functions" for the purpose of this Announcement will include services pertaining to Audit, Review, Agreed upon Procedures and Compilation of Financial Statements.

1. Where Client is an Individual/Proprietor

A. General Information

- Name of the Individual
- PAN No. or Aadhar Card No. of the Individual
- Business Description

- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement
2. Where Client is a Corporate Entity
- A. General Information
- Name and Address of the Entity
 - Business Description
 - Name of the Parent Company in case of Subsidiary

- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement
- C. Regulatory Information
- Company PAN No.
 - Company Identification No.
 - Directors' Names & Addresses
 - Directors' Identification No.

3. Where Client is a Non-Corporate Entity

A. General Information

- Name and Address of the Entity
- Copy of PAN No.
- Business Description
- Partner's Names & Addresses (with their PAN/ Aadhar Card/DIN No.)

- Copy of last Audited Financial Statement

B. Engagement Information

- Type of Engagement

These KYC Norms shall be mandatorily applicable for engagements accepted on or after 1st January, 2017

Miscellaneous

Q. Whether a member in service can represent before the Income Tax Authorities on behalf of other employees /colleagues of the company?

A. A member in service can appear as tax representative before tax authorities on behalf of the employer, but not on behalf of employees/colleagues.

Q. Whether a member in practice can hold Customs Brokers License under section 146 of the Customs Act, 1962?

A. No, in terms of the provisions of Code of Ethics, it is not permissible for the member in practice to hold Customs Brokers License under section 146 of the Customs Act, 1962 read with Customs Brokers Licensing Regulations, 2013.

Q. Can a member in practice print QR (Quick Response) code on his visiting cards, facilitating easy access to information?

A. Yes, printing of QR Code on the visiting Cards is permissible, provided that it does not contain information that is not otherwise permissible to be printed on a visiting card.

MANAGEMENT OF LIFE STYLE DISEASES

Dr.Sr.Donata MD (Ay),Chief Consultant
Jubilee Ayurveda Mission Hospital



Life style disease is a group of disease whose occurrence is primarily based on the daily habits of people and are a result of an inappropriate relationship with their environment. The top ten life style diseases which WHO states are -

1. Alzheimer s Disease
2. Atherosclerosis
3. Cancer
4. Chronic Liver Disease, Cirrhosis etc
5. Chronic obstructive pulmonary disease(COPD)
6. Diabetes
7. Heart Disease
8. Hypertension
9. Kidney Disease
10. Strokes

Contributing Factors

The factors contributing to life style disease mainly include incompatible food habits rampant modernization and urbanization ,drastic lifestyle changes, disturbed biological clock - late sleep, late awakening being vigil at nights, unhealthy food habits, irregular food timings, very late heavy meal and dinners, repeated over eating before digestion of previous foods and drinks to keep politeness and social status ,alcohol and tobacco abuse, affinity for white collar jobs, low priority for physical exertion ,high stress level, low emotional tolerance and mental control etc.

Basically a particular life style of a person is a cumulative product of his /her physical capacity coordinated with psychological functioning displaced in the form of habits, behavior, dietary and living pattern based on his own training sought from childhood and mimicries he gained from his immediate companions, including parents,siblings,peers etc..Thus it involves a pure psychological and innate control over the physical and sensory activities.When this initiation, control and co-ordination are disturbed it leads to derangement of lifestyle and results in life style disorders.This is caused by improper metabolism and thereby accumulation of bio-toxins in the body.

Prevention & Management

As Ayurveda provides better solution in the form of proper dietary managements, life style regulations, detoxification and bio-purification procedures, the World is becoming more attracted towards its potential. The holistic approach of Ayurveda in treating the patients as a whole - meaning interventions targeted towards complete physical, psychological and spiritual well being , makes this science a wonderful option in life style disorders.

Ayurveda offers various regimens including Dinacharya (Daily Regimen), Rtucharya (Seasonal Regimen) and Panchakarmas (five modalities of detoxification and bio-purification).After first line of treatment of bio-purification ,

curative treatment to alleviate the disease condition along with rejuvenation therapies are administered. This is to repair, maintain and reproduce new cells so as to re install vigor and vitality or youthfulness of the body and mind.

The code of conduct are utmost important to maintain a healthy and happy psychological perspective. The utilization of all these treatment modalities has a great effect on life style disorders. Moreover the usage of organ specific Rasayana herbal medicines provide enough scope, not only for the prevention of disease but also for the promotion and cure of disease also. Brain degenerative disease, Cardiovascular disorders ,psychological disturbances of old age ,stress disorders etc can be treated and prevented in this way. Thus a healthy happy life can be obtained under Ayurveda life style management.

Kerala Scenario

Recent health index report prepared by World Bank and Niti Ayog has ranked Kerala as top amongst the states in terms of health performance, the economic review paints a grim scenario-

The report has raised serious concern about sustaining the achievement of health sector - such as high life expectancy, low infant mortality, low birth and death rates etc. as lifestyle diseases or Non communicable diseases (NCDs) such as Diabetes, obesity, hypertension,

Coronary heart Disease, cancer and geriatric problems become rampant. Report said that while 42 % of total death in India are due to NCDs, in Kerala 52 % of death in productive age groups of 30 to 59 years is due to such disease.

The report states "studies show that, 27 % of males in Kerala have Diabetes Mellitus compared to 15 % at National level and 19 % of adult females in Kerala to 11 % at National level. Genetic predisposition, dietary habits and sedentary life style are considered to be reason for this phenomenon."

It is noted that 40.6 % of adult men and 38.5 % of adult women suffer from Hypertension compared to 30.7 % and 31.9 % at the National level.

Incidents of obesity, hyperlipidemia, heart attack and stroke are also high. Cancer mortality in Kerala is relatively high in comparison with national average.

Kerala's famed health indices are poised to face an uphill task of sustainability due

to the prevalence of NCDs at an alarming rate according to the state economic view -2018 which was presented in the Assembly. It is said that unless interventions are made to address NCDs, their burden is likely to increase substantially in future as the population ages and life style changes continue. Considering the high cost of medicine and longer duration of treatment this causes a greater financial burden to Keralites.

It may be noted that Kerala, which has achieved below replacement fertility much earlier than the other states, has the highest proportion of elderly among the Indian states. Of the State's population 3.34 crores, aged population (above 60 year) is 42 lakhs. This has substantial implication on the states socio-economic situation.

So an immediate attention and drastic change in life style has to be implemented strictly from baby hood to aging Grandpas for a healthy happy life.

Budget 2020- Key changes impacting individual taxpayers



Jijo Johnson

The government has delivered a mixed bag for individuals and there is much to be seen in the fine print. Discussed below are some of the amendments that directly impacts the individuals:

Dividend Income

The taxability of dividend income distributed by Indian companies has undergone many changes over the last decade. A scheme for payment of Dividend Distribution Tax (DDT) by companies was introduced in the Finance Act 2003 wherein companies were required to pay tax on the dividends being distributed. At the same time, dividend was made exempt in the hands of the taxpayer. Subsequently, Finance Act 2016 re-introduced taxation in the hands of recipient, albeit with taxability triggering on dividends above Rs 10 lakh. This Budget has removed the framework of DDT and restored the classic system of taxing dividend in the taxpayer's hands. Hence, with effect from Financial Year 2020-21, any amount received as dividend would be taxable as per the slab rate applicable to

the taxpayer. Also, the domestic company would be required to deduct tax at source at the rate of 10% where the dividend exceeds Rs 5000.

New scheme of personal tax rates

The Finance Bill 2020 has introduced a new scheme of tax rates for individuals and HUF, providing an option to pay taxes at reduced tax rates from FY 2020-21 subject to certain conditions. The key condition is foregoing specified deductions/ exemptions, which is in line with the option provided to domestic companies to pay tax at reduced rates without availing any exemption/ deductions. Some of the predominantly availed exemptions/ deductions that would need to be given up include Leave Travel Concession (LTC), House Rent Allowance (HRA), Standard deduction, Interest on housing loan for respect of self-occupied property, deductions of up-to Rs 1.5 lakh available for specified investments/ expenses availed under the popular section 80C, donations to charitable organisations,

deduction for medical insurance premium, etc.

A comparison of the existing tax regime versus the proposed optional regime has been tabulated below:

Existing slab rate	Tax rate	Optional scheme – Tax rates
Upto 2,50,000	Nil	Nil
2,50,000 – 5,00,000	5%	5%
5,00,000 – 7,50,000	20%	10%
7,50,000-10,00,000	20%	15%
10,00,000-12,50,000	30%	20%
12,50,000-15,00,000	30%	25%
Above 15,00,000	30%	30%

In case of individuals with business income, the option once exercised for a financial year shall be valid for that year and all subsequent years. Individuals who do not have any income from business or profession can exercise the option to avail lower tax rates every year. Therefore, individual and HUFs would need to determine the tax liability under the existing tax rates vis-à-vis new scheme and then select the best option.

Changes in determining Residential status

As per the current tax laws, an Indian citizen or a person of Indian origin (PIO), staying outside India visits India is not considered as resident if the stay in a tax year is less than 182 days. The Finance Bill 2020 has reduced this threshold to 120 days. Therefore, Indian citizens / PIO's visiting India for long stays period for any purpose

would need to carefully evaluate their residential status, else they may stand to qualify as a resident in India.

A resident is further categorized as 'ordinary resident' and 'not-ordinary resident' and the tax liability in India differs for both categories. Broadly, an ordinary resident is taxable in India on his global income whereas a 'not-ordinary resident' is not taxable in India for income that arises outside India. The Finance Bill 2020 has amended the criteria for qualifying as a 'not-ordinary resident' in India. A person would now qualify as a 'not-ordinary resident' if he has been a non-resident in India in 7 out of 10 preceding tax years (erstwhile conditions included being non-resident for 9 out of 10 preceding tax years or stay in India less than 729 days in preceding 7 tax years). This amendment would directly impact and necessitate evaluating the residential status of expatriates working in India or Indians moving outside India.

The Finance Bill 2020 also proposes to bring a new clause for considering Indian citizens as resident of India if they are not liable to tax in any other country by reason of residence, domicile in such country. This amendment may bring many Indian citizens settled abroad, who otherwise qualified as non-resident, to now fall with the Indian tax regime. Another point that would merit serious consideration.

ESOPs for start-ups

As part of long-term incentive schemes, start-up companies provide employee stock options (ESOPs) to retain the highly talented employees and make them participate in the equity growth of the Company. ESOPs are taxable when the vested options are exercised by the employees. However, at the time of

exercise, the employees face cash flow crunches as there is no inflow of income but there is a requirement to pay taxes on the accrued benefit. To provide a relief to such employees, the Finance Bill 2020 has deferred the tax payment event from the exercise date to 48 months after exercise, cessation of employment or sale of shares, whichever is earliest. Similar difficulties are also faced by employees in companies other than start-ups and the Government may consider extending the benefit for all companies.

Taxability of Employer contribution's

Under the existing provisions of the Act, the contribution by the employer to the account of an employee in a recognized provident fund exceeding twelve per cent of salary is taxable. Further, the amount of any contribution to an approved superannuation fund by the employer exceeding one lakh fifty thousand rupees is treated as perquisite in the hands of the employee. Similarly, the assessee is allowed a deduction under National Pension Scheme (NPS) for the 10% per cent of the salary contributed by employer. However, there is no combined upper limit for the purpose of deduction on the amount of contribution made by the employer.

The Finance Bill 2020 proposes to tax where the contributions under all these funds exceeds INR 750,000 in aggregate. Hence, employees with high salary income may need to revisit their salary package where the benefit was fully availed. Further, the Bill also proposes to tax the accretions from such funds in excess of INR 750,000 when such benefit accrues.

Extension of time limit for sanctioning of loan for affordable housing:

The existing provisions provides deduction of INR 150,000 in respect of interest on loan taken from any financial institution for acquisition of an affordable residential house property (wherein the assessee does not own any residential house property on the date of sanction of loan).

One of the conditions is that loan has been sanctioned by the financial institution during the period from 01 April, 2019 to 31 March, 2020. In order to continue promoting purchase of affordable housing, the period of sanctioning of loan by the financial institution is proposed to be extended to 31 March, 2021.

GLIMPSES



INAUGURATION OF ONE DAY GST SEMINAR BY SHRI. C D JOSE, IRS, ASST. COMMISSIONER, CENTRAL GST OFFICE, THRISSUR DIVISION ON 24-01-2020



SESSION BY SHRI. ANTONIO NETTIKADAN, SUPERINTENDENT, CGST ON 24-01-2020



SESSION BY SHRI. JACOB VARGHESE, INSPECTOR, CGST ON 24-01-2020



SESSION BY CA. SOMAN N L, KOCHI IN ONE DAY SEMINAR ON GST ON 24-01-2020



SESSION BY CA. BIBIN JOSEPH, KOCHI IN ONE DAY SEMINAR ON GST ON 24-01-2020



SESSION BY CA. ANOOP G, VICE-CHAIRMAN ON CODE OF ETHICS ON 24-01-2020