



Bangalore Branch of SIRC e-Newsletter

Volume 06 | Issue 11 | June, 2018 | Pages : 24

English Monthly
For Private circulation only



15th KARNATAKA STATE LEVEL CAs' Conference

**Hosted by Bangalore Branch
of SIRC of ICAI**
Jointly organized by
Belgaum, Bellary, Hubli, Kalaburgi
Mangalore, Mysore & Udupi Branches
of SIRC of ICAI

15th & 16th June 2018 . Bengaluru
Jnana Jyothi Auditorium
Central College Campus
Bengaluru

● **Three Days Residential Refresher Course**
22nd, 23rd & 24th June 2018

● Two Days Seminar on
International Taxation
28th & 29th June 2018

● **CA Day Celebration**
1st July 2018

● One Day Conference for
Women Chartered Accountants
7th July 2018

● Three Days Workshop on
Transfer Pricing
– **Basic Level**
12th, 13th & 14th July 2018

Chairman's Communique . . .



Dear Professional Colleagues,

ICAI enters into its 70th year of spearheading professional excellence on 1st July 2018. ICAI has been a valued trustee of World Class Financial competencies, Good Governance and Competitiveness.

This year, in order to mark the occasion of launching its Platinum Jubilee celebrations from 1st July 2018, ICAI is organizing 5-Days **Workshop on 'Goods and Services Tax'** for the skill development of students, especially girls, in association with leading colleges in Bengaluru at their own premises for the benefit of their students. We are sure that these workshops will be a step forward in the direction of 'Women Empowerment', employment oriented skill building of young talent of our country and at the same time fulfil the need of trained manpower requirements of trade, business and industry and large.

Initiatives taken by the Branch in the month of May 2018 -

- With utmost joy and sense of satisfaction, we would like to inform you all that the **slum dwellers around our Institute in Tank Bed Area, Vasanthnagar premises, have been rehabilitated** to a government allotted area with hygienic and habitable conditions. The old shien of Tank Bed area is back. This has been possible only after continuous and serious follow ups with the Govt. of Karnataka and BBMP Commissioner's office, along with the help of other Govt. and Quasi Govt. bodies in this area. The branch staff, led by our administrative officer Suryanarayan Rao, has played an instrumental role in getting this issue sorted. Now that this issue is resolved, I urge all members to kindly participate in more numbers in all our sessions!
- To enable farther and deeper reach of our technical sessions, and enable knowledge dissemination at a large scale, Bangalore Branch has commenced live streaming of most of its sessions on **"Facebook LIVE"**. Members, Students, and anyone with the hunger to learn, can follow our sessions by hitting the 'LIKE' button our page **'Bangalore ICAI'** on Facebook (URL - <https://www.facebook.com/bangaloreicai>)
- To beat the evening traffic blues, to gain knowledge when one is at the freshest of their minds, to enable a disturbance free learning atmosphere, Bangalore Branch has come up with an all new series of technical sessions branded as the **"Breakfast Meetings"** on selected Saturdays from 19th May 2018. Please refer the 'Calendar of Events' section to know about the upcoming Breakfast Meetings.

The month that was – May 2018

A first of its kind, a 3-day week end course on **"Analytics – Basics"** was organized on 25th, 26th & 27th May 2018 to help members update their excel computing skills, presentation skills and more importantly data crunching skills with the help of simple tools. The sessions were completely hands on and were attended by 43 Members. I would like to appreciate CA Venugopal for his continuous support to the branch in developing the material and making this event a fruitful one.

This being the first month of initiation, two **Breakfast Meetings** were held on **19th & 26th May 2018**. The first session covered 'Amendments applicable for AY 18-19 including penalties under IT Act' chaired by CA K L Prashanth and was participated by 84 members. The second session was on 'Companies Amendment Act, 2017', a whopping 101 Members attended this Meeting to get enriched from the deliberations by CA Gururaj Acharya.

A One day **Seminar on Co-operative Audits** was organized on 31st May 2018 at our branch premises where practical issues, reporting requirements and GST implications in case of Co-operatives were deliberated to 138 Members.

The months ahead – June and July 2018

The need of the hour is a 360 degree transformation of profession and professionals in light of the new age developments – be it in planning, technology adoption, strategic thinking, leadership, ethical practice, value addition, delivery, client satisfaction and more importantly welcoming change. The accounting profession in India is facing a complete turnaround with the main thrust being laid down in bringing in more transparency and being universally acceptable.

In this light, the Bangalore Branch of ICAI is organising its Mega Conference of the year 2018, a 2-days **Karnataka State Level Conference**, the **15th** of its kind, with the theme **"360 – Envision, Equip, Excel"** on

15th and 16th of June 2018 at Jnanajyothi Auditorium, Bengaluru. The said conference is an annual feature programme of our Institute where technical deliberations on various topics of professional interest take place over the said 2 days. The best of the speakers, handpicked from all over the country, in the field of Taxation, GST, Audit, Technology, and allied laws including speakers on special topics relating to economy, and spiritual learnings, would be roped in to deliver value additive talks. Details are posted elsewhere in this newsletter.

An **Interactive Meeting with Shri. B.R. Balakrishnan**, IRS, Principal Chief Commissioner of Income Tax, Karnataka & Goa Region, Director General of Income Tax (Karnataka & Goa) & other Officials from Income Tax Department is being organised jointly by Bangalore Branch of SIRC of ICAI, FKCCI & KSCAA on Tuesday 5th June 2018 at 5.00 pm at FKCCI premises to interact with the members. Members are requested to send in their queries in advance to facilitate smoother and faster redressal at the event.

Half-day **National Conference on Corporate Bond Market** "Second Generation reforms for Bond Market" is being organized by The Associated Chambers of Commerce & Industry of India in association with Bangalore Branch of SIRC of ICAI on 8th June, 2018, at Hotel Vivanta by Taj, Bengaluru, between 10.00 am & 2.00 pm to facilitate and create awareness among the stakeholders for the core development of Bond Market in India.

Yoga is an invaluable gift of India's ancient tradition, which embodies unity of mind and body, thought and action, restraint and fulfilment, harmony between man and nature – in brief it is a holistic approach to health and well-being. **The International Yoga Day** is being organized on 21st June 2018 for Members & Students at Vasanthnagar Branch Premises between 5.00 pm & 7.00 pm.

Residential Refresher Course is being organized by Bangalore Branch in association with Bellary Branch at ICAI on 22nd, 23rd & 24th June at **JSW Steel Premises**. I request the members to take a small break from their busy work schedules and participate in this learning-cum-leisure trip. The details are presented elsewhere in this Newsletter.

2-days **Seminar on International Taxation** is being organized jointly by the Committee on International Taxation of SIRC of ICAI & Bangalore Branch of SIRC of ICAI on Thursday, 28th June & Friday, 29th June 2018 at Vasanthnagar Branch Premises. Details are mentioned elsewhere in this Newsletter.

Details of other programmes like 'Accounting in Ms-Excel with reference to ITR – 4', 'Cricket Match', 'Certificate Course on Diploma in International Taxation' have been presented elsewhere in this Newsletter.

A One day Workshop **"AADVIKA" 5th Women CAs' Conference** is being organized by Bangalore Branch of SIRC of Institute of Chartered Accountants of India, **on Saturday, 7th July 2018 at Chancery Pavilion, #135, Residency Road, Bangalore – 560 025.**

We are anxiously awaiting our **Foundation Day** i.e. **1st July**, which is celebrated as **CA Day**. To commemorate this day, we shall have the flag hoisting ceremony on **1st July 2018 at 9.30 am** onwards at Bangalore Branch Premises. I request all the Members to be present at the Institute to participate and celebrate the CA Day.

Programmes for Students:

A platform to showcase **students' talent** was set up by Bangalore Branch of ICAI at Racecourse Road on 27th May 2018. Students participated in the quiz, elocution, Instrumental Music, and Nukkad Natak (Skit). Prizes were distributed to the winners.

Other announcements:

With a heavy heart, we would like to bring to your notice that CA. N.C. Sundara Raghavan, Senior Partner of M/s. N.C.S. Raghavan and Co., reached the heavenly abode on 17th May 2018. He had conducted various seminars and workshops for CAs and has contributed immensely in the capacity of a Speaker and Co-ordinator. He had also published several articles and was a member of various committees of ICAI.

Conclusion:

To conclude, let me mention that no one can get smart in a day or two. To be smart you need to think smart, act smarter and believe in yourself! Changes cannot be implemented to its best in a short span of time. Be prepared, step by step, to achieve a bigger goal!

CA. Shraavan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CALENDAR OF EVENTS - JUNE & JULY 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
02.06.2018 Saturday	Breakfast Meeting General Mistakes in Financial Statements & Issues pertaining to Schedule III of Companies Act 2013 CA. Ravi Prasad	Branch Premises Breakfast : 7.15 am to 8.00 am Meeting : 8.00 am to 10.00 am	2 hrs
06.06.2018 Wednesday	ITR Forms – Whats new? CA. Krishna Upadhya .S	Branch Premises 6.00 pm to 8.00 pm	2 hrs
13.06.2018 Wednesday	Forex Transactions & Derivatives CA. Praveen C.G.	Branch Premises 6.00 pm to 8.00 pm	2 hrs
15.06.2018 Friday & 16.06.2018 Saturday	15th Karnataka State Level CAs' Conference <i>Hosted by Bangalore Branch of SIRC of ICAI Jointly organized by Belgaum, Bellary, Hubli, Kalaburgi, Mangalore, Mysore & Udupi Branches of SIRC of ICAI</i> Delegate Fee - Members : Rs. 2200/- plus GST Non Members : Rs. 5000/- plus GST <i>Details at Pg. No.: 24</i>	Jnana Jyothi Auditorium Central College Campus, Bengaluru 9.00 am to 6.00 pm & 8.30 am to 5.30 pm	12 hrs
20.06.2018 Wednesday	TDS – Domestic & Foreign Remittances CA. D.R. Venkatesh & CA. C. Sandeep	Branch Premises 6.00 pm to 8.00 pm	2 hrs
21.06.2018 Thursday	INTERNATIONAL YOGA DAY - Stress Free, Healthy Life through Yoga for Members & Students Dr. Sudheer Deshpande , Joint Director - VYASA & Mrs. Kavitha Arun , National Co-ordinator - VYASA	Branch Premises 5.00 pm to 7.00 pm	2 hrs
22.06.2018 Friday	Accounting in MS-Excel with reference to ITR-4 CA. Shivakumar. H Delegate Fee - Members: Rs. 250/- (Plus GST) Students : Rs. 250/-	ICAI 29/1, Racecourse Road Next to Sugam Travels Bengaluru – 560 001 Tel : 080 – 4092 9607 5.00 p.m to 8.00 p.m	3 hrs
22.06.2018 23.06.2018 & 24.06.2018 Friday, Saturday & Sunday	Three Days Residential Refresher Course <i>Hosted by Bangalore and Bellary Branch of SIRC of ICAI</i> Delegate Fee - Rs. 6,500/- (For Members – Residential) Rs. 6,000/- (For Non Members – Residential) Rs. 3,500/- (For Members – Non Residential) Rs. 3,500/- (For Non Members – Non Residential) <i>Details at Pg. No.: 6</i>	JSW Steel Ltd. Vidyanagar, Toranagallu	12 hrs
23.06.2018 to 16.09.2018	Diploma in International Taxation (Tentative) Course Fee - Rs.40,000/- Total – 20 days Ten weekends <i>Details at Pg. No.: 15</i>		—



CALENDAR OF EVENTS - JUNE & JULY 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
27.06.2018 Wednesday	GST updates CA. Hanish .S	Branch Premises 6.00 pm to 8.00 pm	2 hrs
28.06.2018 Thursday & 29.06.2018 Friday	Two Days Seminar on International Taxation <i>Organized jointly by the Committee on International Taxation of SIRC of ICAI & Bangalore Branch of SIRC of ICAI</i> Delegate Fee: Rs.1,600/- Plus GST for Members <i>Details at Pg. No.: 9</i>	Branch Premises 9.00 am to 5.15 pm	12 hrs
30.06.2018 Saturday	<i>On the Eve of CA Day Celebration</i> Cricket for Members <i>Details at pg. No.:10</i>	BEL Ground	-
01.07.2018 Sunday	Chartered Accountants' Day Celebration 70th Year of its formation on 1st July 2018 <i>Flag hoisting by distinguished personality</i>	Branch Premises 9.30 am onwards	-
04.07.2018 Wednesday	Blockchain Artificial Intelligence and Robotic Process Optimisation – Impact on our Profession and Opportunities CA. Naga Subramanya	Branch Premises 6.00 pm to 8.00 pm	2 hrs
07.07.2018 Saturday	One Day Conference for Women Chartered Accountants <i>Organized by Bangalore Branch of SIRC of ICAI</i> <i>Details at Pg. No.:11</i>	Chancery Pavilion #135, Residency Road Bangalore – 560 025 10.00 am to 5.30 pm	6 hrs
11.07.2018 Wednesday	MAT & AMT CA. S. Vishnumoorthi	Branch Premises 6.00 pm to 8.00 pm	2 hrs

Advertisement

Tariff for the
Branch
e-Newsletter

COLOUR FULL PAGE

Outside back	₹ 40,000/-
Inside front	₹ 35,000/-
Inside back	₹ 30,000/-

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Full page	₹ 20,000/-
Half page	₹ 10,000/-
Quarter page	₹ 5,000/-

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

EDITOR :

CA. SHRAVAN GUDUTHUR

SUB EDITOR :

CA. RAVEENDRA S. KORE

Disclaimer: The Bangalore Branch of ICAI is not in anyway responsible for the result of any action taken on the basis of the articles and advertisements published in the e-Newsletter. The views and opinions expressed or implied in the Branch e-Newsletter are those of the authors/guest editors and do not necessarily reflect that of Bangalore Branch of ICAI.

CALENDAR OF EVENTS - JUNE & JULY 2018

DATE AND DAY	TOPIC / SPEAKER	VENUE/TIME	CPE CREDIT
12.07.2018, 13.07.2018 & 14.07.2018 Thursday, Friday & Saturday	Three Days Workshop on Transfer Pricing – Basic Level for Chartered Accountants <i>Organized by Bangalore Branch of SIRC of ICAI</i> Delegate Fee: Rs.2,200/- Plus GST <i>Details at Pg. No.: 12</i>	Branch Premises 9.30 am to 5.30 pm	18 hrs
18.07.2018 Wednesday	Issues in Corporate Governance Practices in India Mr. S.M. Pramod , <i>BMP & Co. LLP</i>	Branch Premises 6.00 pm to 8.00 pm	2 hrs
25.07.2018 Wednesday	Recent Issues & Judgements in Capital Gains CA. Narendra Jain	Branch Premises 6.00 pm to 8.00 pm	2 hrs

Kind Attention

Students Seeking Admission for the Weekends Advance ICITSS MCS Course

We are delighted to inform you that the

3rd Batch of Weekends Advance ICITSS MCS Course

will be held by **Bangalore branch of SIRC of ICAI**

from **9th June 2018 to 28th July 2018**

enabling the employed newly qualified students to apply for membership and who are not able to avail 15 days leave from their firm where they are having the articulated training.

Interested students are requested to contact **Mr. Girish** at the branch on **080 3056 3555** or

send Mail: **blrstudentevents@icai.org** for further detail &

registration please visit **https://www.icaionlineregistration.org/Admin_Module/Login.aspx**

CA. Shraavan Guduthur
Chairman

CA. Raveendra S. Kore
Secretary



Three Days Residential Refresher Course

JSW Steel Ltd., Vidyanagar, Near Hampi

Hosted by **Bangalore and Bellary Branch of SIRC of ICAI**

22nd, 23rd & 24th June 2018 (Fri, Sat & Sun)

Venue: **JSW Steel Ltd.** Vidyanagar, Toranagallu

Hotel - JSW Vidyanagar Residency or in **Hotel Rock Regency**, Toranagallu

**6 hrs
CPE**

Day 1 - Friday 22nd June 2018

Technical Sessions from 9 AM to 4 .40 PM
Sightseeing: Kaladham, International Sports Complex, Museum
Dinner with Musical Night

Day 2 - Saturday 23rd June 2018

Cricket & Trekking - 06.00 AM to 08.00 AM
Technical Sessions from 9 AM to 4 .40 PM, Valedictory - 04.40 to 05.00 PM
5 PM onwards: Visit to JSW Steel Plant

Day 3 - Sunday 24th June 2018

Breakfast - 07.30 to 08.15 AM
Checkout & Sightseeing to Hampi (Vijayanagara Dynasty)
After Sightseeing depart with Sweet Memories

CA. Yerriswamy C

Chairman, Ballari Branch of SIRC of ICAI

CA. K. Honnur Swamy

Secretary, Ballari Branch of SIRC of ICAI

CA. Shraavan Guduthur

Chairman, Bangalore Branch of SIRC of ICAI

CA. Raveendra S. Kore

Secretary, Bangalore Branch of SIRC of ICAI

	Delegate Fees	Delegate Fees -Early Bird -registration Before 31.05.2018	To and Fro Sleeper Coach Bus (Facility offered only for registrations received upto 31.05.2018)
RESIDENTIAL			
For Members	Rs. 6,500/-	Rs. 6,000/-	Rs. 2,500/-
For Non-Members	Rs. 6,000/-	Rs. 5,500/-	Rs. 2,500/-
For Childern: Childern (aged upto 12 years) accompanying in the room of parents, Rs. 3,500/- per Child (with Extra Bed). If extra room is required for childern, charges will be applicable at par with non members			
NON-RESIDENTIAL			
For Members	Rs. 3,500/-	Rs. 3,000/-	Rs. 2,500/-
For Non-Members	Rs. 3,500/-	Rs. 3,000/-	Rs. 2,500/-

BANK DETAILS FOR PAYMENT

Account Name Bellary Branch of SIRC of ICAI
Account Number 91102001259720
Bank Axis Bank Ltd.
Branch Ballari
IFSC UTIB0000267

Branch Contact Details:

Tel - 08392-260523; E-Mail: bellary@icai.org

NOTES:

- Limited Seats are available. Registrations are on First Come First Serve Basis
- Train and Bus is connected directly to Vidyanagar, Toranagallu JSW Steel Ltd.
- Accommodation for 2N3D will be provided at JSW Vidyanagar Residency or in Hotel Rock Regency, Toranagallu
- Bangalore Branch will arrange Bus Travel in Sleeper Coach from Bangalore to Vidyanagar on 21st June night and Hospet to Bangalore on 24th June night only for registrations received before 31.05.2018 at Rs. 2500/- additional cost per delegate.

Kind Attn: Members

Three Hundred Sixteenth Batch of the **Certificate Course on Concurrent Audit of Banks**

on June 9 & 10, 23 & 24, and July 7 & 8, 2018

at Race Course Road Premises of Bangalore Branch,
29/1, Racecourse Road, Next to State Bank of India, Bengaluru – 560001

30 hrs
CPE

Organized by Internal Audit Standards Board of the ICAI

Hosted by Bangalore Branch of SIRC of the ICAI

Date	Technical Sessions (90 minutes each)	Topics
June 9, 2018	09:45 AM to 10:00 AM	Inaugural Session
	I - 10:00 AM to 11.30 AM	Effective Concurrent Audit
	II - 11.45 AM to 01.15 PM	Legal and Regulatory Framework
	III - 02.15 PM to 03.45 PM	KYC norms & Obligation of banks under Prevention of Money Laundering Act (PMLA 2002) Negotiable Instrument Act, 1881
	IV - 04:00 PM to 05.30 PM	Book Debts and Stock Audit Review of Due-Diligence Reports and Credit Audit Reports
June 10, 2018	V - 10:00 AM to 11.30 AM	Loans and Advances
	VI - 11.45 AM to 01.15 PM	
	VII - 02.15 PM to 03.45 PM	Prudential Norms on Income Recognition, Assets Classification and Provisioning pertaining to Advances
	VIII - 04:00 PM to 05.30 PM	
June 23, 2018	IX - 10:00 AM to 11.30 AM	FOREX AND TRADE
	X - 11.45 AM to 01.15 PM	
	XI - 02.15 PM to 03.45 PM	
	XII - 04:00 PM to 05.30 PM	Fraud Detection, Classification and Reporting
June 24, 2018	XIII - 10:00 AM to 11.30 AM	Concurrent Audit Procedures
	XIV - 11.45 AM to 01.15 PM	
	XV - 02.15 PM to 03.45 PM	
	XVI - 04:00 PM to 05.30 PM	
July 7, 2018	XVII - 10:00AM to 11.30 AM	Treasury and Investment Function Part I
	XVIII - 11.45 AM to 01.15 PM	Treasury and Investment Function Part II



Date	Technical Sessions (90 minutes each)	Topics
July 7, 2018	XIX - 02.15 PM to 03.45 PM	Implementation of Basel Capital Regulatory Requirements in India Disclosure Requirements
	XX - 04:00 PM to 05.30 PM	Banker Panel Discussion (GMs of Banks to Address) Concurrent Audit-Banker's perspective and Expectations - To be finalized by the Branch The objective is to get banker's views on expectations from concurrent auditors and how the chartered accountants can add value to concurrent audit.
July 8, 2018	XXI - 10:00 AM to 11.30 AM	Audit in CBS Environment
	XXII - 11.45 AM to 01.15 PM	
	XXIII - 02.15 PM to 03.45 PM	Software Usage in Banks
July 21, 2018 (Saturday)	11:00 AM to 12:30 PM	Objective assessment The Board would send e-mail to all the participants of the said batch about the examination date, timings and venue.

- For detailed Course Structure, please refer link: <https://resource.cdn.icai.org/29877course-structure19476.pdf>
- Participation Fees:**

FEES DETAILS	Metro Cities	Online payment link	Registration Form
For Members of ICAI born before 01.01.1988	Rs. 17,700 (Rs. 15,000 per participant +18% GST)	https://ccm.icai.org/?progid=1679	https://goo.gl/forms/zXkmIX1hWcJ5Acfm2
For Members of ICAI born on or after 01.01.1988*	Rs. 14,160 (Rs. 12,000 per participant +18% GST)	https://ccm.icai.org/?progid=1678	

- *I. Chartered Accountant up to the age of 30 years on 1st January of every calendar year will be considered as Young Member i.e. Members born on or after 1.1.1988 will be considered as young member for calendar year 2018.
- II. The members who are suffering from permanent disability of 50% and above be treated at par with young members and all those concessions which are available to the young members may be extended to such members provided such member is not a partner in a firm.

Course Chairman :
CA. Anil Satyanarayan Bhandari
Chairman,
Internal Audit Standards Board

Course Co-ordinator :
CA. Shravan Guduthur
Chairman,
Bangalore Branch of SIRC of the ICAI

For Registration, please contact:

Mr. C R Kulashekhar
Contact no. **(080) 3056 3541/ 42/ 45/ 16**, Email: kulashekhar@icai.in

Two Days Seminar on International Taxation

Jointly Organised by
**Committee on International Taxation of SIRC of ICAI &
Bangalore Branch of SIRC of ICAI**



On **28th & 29th June 2018**
Venue: **Bangalore Branch Premises**
Time: **9.30 am to 5.15 pm**

Timings	Topics	Speakers
DAY 1 - JUNE 28TH, 2018 - THURSDAY		
09.00 am to 10.00 am	Registration and Inauguration	
10.00 am to 11.00 am	Overview on International Taxation	CA. Vivek Davanam
11.00 am to 11.15 am	Coffee / Tea Break	
11.15 am to 01.15 pm	Understanding of Section 9 of IT Act	CA. Narendra Jain
01.15 pm to 02.00 pm	Lunch	
02.00 pm to 03.30 pm	Concept of Permanent Establishment	CA. Vishnu Bagri
03.30 pm to 03.45 pm	Coffee / Tea Break	
03.45 pm to 05.15 pm	Business Profits	CA. Prashanth G.S.
DAY 2 - JUNE 29TH, 2018 - FRIDAY		
09.30 am to 11.00 am	Royalty & FTS	CA. Sachin Kumar B.P.
11.00 am to 11.15 am	Coffee / Tea Break	
11.15 am to 01.15 pm	Foreign Tax Credits	CA. Krishnan S
01.15 pm to 02.00 pm	Lunch	
02.00 pm to 03.30 pm	Latest Developments in Intl. Taxation	CA. Rishi Harlalka
03.30 pm to 03.45 pm	Coffee / Tea Break	
03.45 pm to 05.15 pm	Sec. 195, Form 15CA & 15CB	CA. Cotha S Srinivas

CA. Shrvan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CA. Cotha S Srinivas
Chairman, Committee on International Taxation
SIRC of ICAI

CA. Raveendra S. Kore
Secretary
Bangalore Branch of SIRC of ICAI

Online Registration open

DELEGATE FEES FOR MEMBERS: **Rs.1,600/- Plus GST**

Mode of Payment: Online/Cash/Cheque/DD in favour of
"Bangalore Branch of SIRC of ICAI", payable at Bengaluru

For Registration, Please contact: **Ms. Geetanjali D.**, Tel: **080 - 3056 3513 / 3500**
Email : **blrregistrations@icai.org** | Website : **www.bangaloreicai.org**



Bangalore Branch of SIRC of ICAI

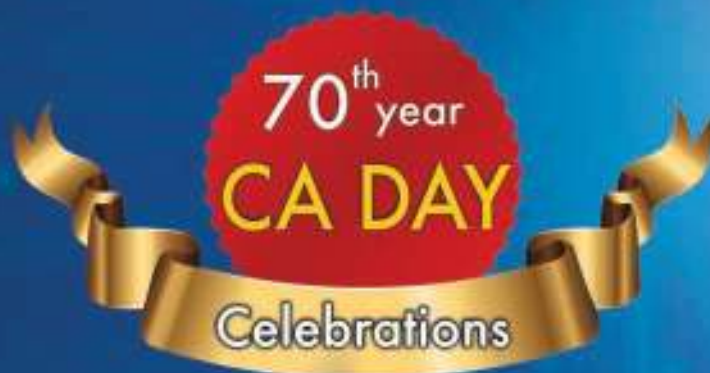
Organizes

Cricket

TENNIS BALL **Tournament**

for CHARTERED ACCOUNTANTS

on the occasion of



Saturday, 30.06.2018

at BEL Play Ground
Vidyaranyapura Road
Bengaluru - 560013



Entry Fees: ₹ 4,500/-
inclusive of taxes

Registration closes on 23.06.2018

Mode of Payment: Cash/Cheque/DD in favour of
"Bangalore Branch of SIRC of ICAI",
payable at Bengaluru

For Registration, Please contact:

Ms. Geetanjali D.

Tel: 080 - 3056 3513 / 3500

Email : blrregistrations@icai.org

Website : www.bangaloreicai.org



CA. Shraavan Guduthur CA. Raveendra S. Kore

Chairman

Secretary

+91 99020 46884

AADVIKA

5th Women CA's Conference

6 hrs
CPE

Organised by **Bangalore Branch of SIRC of
The Institute of Chartered Accountants of India**

On **Saturday, 7th July 2018**

Venue: **Chancery Pavilion, #135, Residency Road, Bangalore – 560 025**

Time: **10.00am to 5.30 pm**

Timings	Particulars / Topics
9.30 am to 10.00 am	Registration
10.00 am to 11.00 am	Inauguration by a Distinguished Personality
11.00 am to 11.15 am	Tea Break
11.15 am to 12.15 am	The Leader in You CA. Rajat Rashmi
12.15 am to 1.30 pm	PANEL DISCUSSION – Technology in Accounting - Robotic Accounting - Evolving Tools in SAP & ERP - Cloud Accounting
1.30 pm to 2.30 pm	LUNCH
2.30 pm to 4.00 pm	Unlocking Self-health Awareness
4.00 pm to 4.15 pm	Tea Break
4.15 pm to 5.30 pm	Grooming - Physical to Logical Ms. Deepa Holimath – Grooming Physical Dr. Sarvamangala Khanapuri – Grooming Logical

CA. Shravan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CA. Geetha A.B
Convenor, Immediate Past Chairperson
Bangalore Branch of SIRC of ICAI

CA. Raveendra S. Kore
Secretary
Bangalore Branch of SIRC of ICAI

Online Registration open

DELEGATE FEE : Rs. 800/- Plus GST

Mode of Payment: Online/Cash/Cheque/DD in favour of
"Bangalore Branch of SIRC of ICAI", payable at Bengaluru

For Registration, Please contact:

Ms. Geetanjali D., Tel: **080 - 3056 3513 / 3500**

Email : blrregistrations@icai.org | Website : www.bangaloreicai.org



Three Days Workshop on Transfer Pricing – Basic Level

Organised by **Bangalore Branch of SIRC of
The Institute of Chartered Accountants of India**

18 hrs
CPE

On **12th, 13th, & 14th July 2018**

Venue: **Bangalore Branch Premises**

Time: **9.30 am to 5.30 pm**

Date & Day	Time	Topics	Speakers	
Day -1 12th July 2018 Thursday	09.00 am to 09.30 am	Registration		
	09.30 am to 10.00 am	INAUGURATION		
	10.00 am to 11.30 am	Basics of Transfer Pricing <ul style="list-style-type: none"> • Introduction • Section 92 • Section 92A • Section 92B 	CA. Akshay Kenkre & CA. Tejas Dharwadkar	
	11.30 am to 11.45 am	TEA BREAK		
	11.45 am to 01.15 pm	Comparables <ul style="list-style-type: none"> • Selection of comparables • FAR Analysis 		
	01.15 pm to 02.15 pm	LUNCH BREAK		
	02.15 pm to 03.45 pm	TP Methodologies <ul style="list-style-type: none"> • Section 92C read with Rules 		
	03.45 pm to 04.00 pm	TEA BREAK		
	04.00 pm to 05.30 pm	Continued TP Methodologies		
Day – 2 13th July 2018 Friday	10.00 am to 11.30 am	TP Documentation and audit <ul style="list-style-type: none"> • Section 92D read with Rule 10D 		Mr. Bharath Lakshminarayana
	11.30 am to 11.45 am	TEA BREAK		
	11.45 am to 01.15 pm	TP study and audit	CA. B.P. Sachin Kumar	
	01.15 pm to 02.15 pm	LUNCH BREAK		
	02.15 pm to 03.45 pm	TP assessment <ul style="list-style-type: none"> • Section 92CA 	CA. Prashanth G.S	
	03.45 pm to 04.00 pm	TEA BREAK		
04.00 pm to 05.30 pm	Proceedings before DRP <ul style="list-style-type: none"> • Section 144C 	CA. Tata Krishna		

Date & Day	Time	Topics	Speakers
Day – 3 14th July 2018 Saturday	10.00 am to 11.30 am	Safe Harbour • Section 92CB read with Rules	CA. Subhobrata Sen
	11.30 am to 11.45 am	TEA BREAK	
	11.45 am to 01.15 pm	Advance Pricing Agreement • Section 92CC and Section 92CD along with relevant rules	
	01.15 pm to 02.15 pm	LUNCH BREAK	
	02.15 pm to 04.15 pm	Secondary Adjustment and thin capitalisation • Section 92CE	CA. Narendra Jain
	04.15 pm to 04.30 pm	TEA BREAK	
	04.30 pm to 05.30 pm	CBCR & Master File	

CA. Shraavan Guduthur
Chairman
Bangalore Branch of SIRC of ICAI

CA. Raveendra S. Kore
Secretary
Bangalore Branch of SIRC of ICAI

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Mode of Payment: Online/Cash/Cheque/DD in favour of
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For Registration, Please contact:

Ms. Geetanjali D., Tel: **080 - 3056 3513 / 3500**

Email : blrregistrations@icai.org | Website : www.bangaloreicai.org

EOI for engagement of CA Firms for Statutory Audit / Internal Audit of various units of ICAI for the financial year 2018-19

The timeline for submission of application w.r.t. notice inviting Expression of Interest for appointment of Statutory Auditors / Internal Auditors of various units of ICAI for the financial year 2018-19, has been extended **upto 10th June, 2018, 6:00 PM.**

Notice inviting expression of interest is available at following link:

FOR STATUTORY AUDITORS

https://resource.cdn.icai.org/50334audit40015corrigendum_sa.pdf

FOR INTERNAL AUDITORS

https://resource.cdn.icai.org/50335audit40015corrigendum_ia.pdf



Bangalore Branch of SIRC of ICAI

ANNOUNCEMENT

Coaching Classes: Foundation Course/CPT, IPCC & FINAL Students IPCC/
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In pursuance of our objective to provide fruitful and quality teaching to our students, we are pleased to inform you that Foundation/CPT, IPCC/Intermediate and FINAL coaching classes will be commencing at the Bangalore Branch of SIRC of ICAI from May 2018. The classes will be concluded by August 2018.

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Course	Fees	Duration (4 Months)	Timings
Foundation/CPT Course	Rs.8,500/-	24 th May 2018 to August 2018	04.30pm to 07.30pm (Monday to Saturday) & 08.00am to 12.30pm (Sunday)
IPCC/Intermediate	IPC/Intermediate Rs. 13,500/- for Both Groups Rs. 9,500/- for Single Group Rs. 3,500/- for Single Subject	24 th May 2018 to August 2018	06.30am to 09.30am & 05.00pm to 09.00pm & (Monday to Saturday) 08.00am to 05.30pm (Sunday)
CA FINAL	FINAL Rs.15,000/- for Both Groups Rs. 10,000/- for Single Group Rs. 4,000/- for Single Subject	24 th May 2018 to August 2018	06.30am to 09.30am & 06.00pm to 09.00pm & (Monday to Saturday) 08.00am to 05.30pm (Sunday)

CA. Shraavan Guduthur
Chairman

CA. Raveendra S Kore
Secretary

CA. Srinivasa T
Chairman, SICASA

Schedule for all the subjects will be announced in due course of time.
Registration Fees - Mode of payment: DD should be drawn in favour of
"Bangalore Branch of SIRC of ICAI" payable at Bangalore.

For further details please contact: Tel: 080-30563500 / 547 /511/555
Email: blrstudentevents@icai.org | Website: www.bangaloreicai.org

KIND ATTN : MEMBERS

Bangalore Branch is delighted to inform you that ICAI is now accepting applications for
'Diploma in International Taxation' course (Tentative)

scheduled from 23rd June, 2018 at Bengaluru.

The complete schedule is given as under:-

Dates: June, 2018 – 23rd, 24th

July, 2018 – 7th, 8th, 14th, 15th, 21st, 22nd,

August, 2018 – 04th, 05th, 11th, 12th, 18th, 19th

September, 2018 – 1st, 2nd, 8th, 9th, 15th & 16th

Total 20 days, Ten weekends.

For more details about the course, please contact:

C.R. Kulashekar, email: kulashekar@icai.in, Telephone : (080) 3056 3541

OBITUARY



We deeply regret to inform
sad demise of

Sri. N.C. Sundara Raghavan,

Senior Partner of M/s. N.C.S. Raghavan and Co.,
and M/s. Raghavan, Chaudhuri and Narayanan,
Chartered Accounts, Bangalore.

on 17-05-2018

Membership No.: 005952

May his soul rest in peace.

CNK & Associates LLP, Mumbai based CA firm having offices in major cities in India and an overseas office in Dubai is looking for growth prospects in Bangalore through association/merger with Bangalore based CA firms with the following criteria.

- Appx staff strength of 20-25 with a right mix of qualified and semi-qualified staff.
- Firm to be in practice for appx 8 -10 years
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The firms' presence in other cities of South India will be preferred.

Interested CA firms may contact

CA S Lakshminarayanan

at email – slnarayan@cnkindia.com

and mobile no +91 98457 42436 /

CA Nehal Shah at mail nehal@cnkindia.com

and mobile no: +91 98214 83101.

Our website: www.cnkindia.com.

Advt.



CONUNDRUMS FOR SUPPLY OF SERVICES TO A SEZ UNIT UNDER GST

CA. Gella Praveen Kumar



Almost ten months passed away post implementation of GST, a ton of unsorted & contradictory clarifications have been dwelled upon by the law makers in the interest of Public by way of FAQ's, Notification, circular, pliers etc.,; When an attempt is made by the policy makers to bring in a new reform always a room exists for parallel citations having equal priority as per the legal framework set. When such situations travel to the desk of the official concerned, a simple litmus test theory may not work all the time. The issues concerned cannot be adduced with a coin having two sides and tossing up the same to conclude a situation affirmatively. A similar recent issue concerned with Supply of Services to a SEZ under GST, has been brought under litmus test by the authorities concerned with a single window clearance approach. A similar incident under existing law has to travel upto CESTAT which has been settled in favour of the applicant. [Sobha Developers Ltd. vs. CCE, Bangalore [2012 (25) S.T.R. 136 (Tri.-Bang.)]

Recently the Authority for Advance Ruling LGSTO 390 No.KARADRG-2/2018 has given its ruling in the case of M/s Gogte Infrastructure Development Corporation Ltd., in relation to Supply of Services of Hotel Accommodation, Restaurant Service

as an Intrastate supply and is taxable accordingly for rendering the services to a SEZ unit/developer.

Practical issues for accepting the above Ruling:

- Identification of Place of Supply for the Service by application of Section 12 in case of all the Services rendered to SEZ
- Difficulty in uploading the periodical returns on Common portal. Once a supplier incorporates GSTN of a SEZ recipient, system automatically picks up IGST. Common portal has to carefully follow the Ruling to make itself accommodative for computing SGST & CGST
- Discrepancy & disturbance amongst the Tax Official and the Tax Payer for identifying which Tax to be paid
- Discrimination & blockage of working capital by way of Taxes in the hands of the supplier/ recipient

The above citation shall be binding upon the applicant and jurisdictional officer concerned as per Section 103 of CGST Act, 2017. However, the in practicality all the officers concerned with administrative authority shall adopt the above ruling as a *man datum* to be religiously followed in the coming future.

The above ruling has forgotten the whole gamut of the authority vested

in Section 16 read with Section 7 of IGST Act, 2017 for examining the Supply and coverage for levy of Taxes. A benefit available apparently under the above provisions have been grossly misinterpreted while conferring the above ruling.

It is highly recommended that GST provision or trade practices should not be interpreted based on FAQ's handled on twitter or Advance Ruling based outcome or how the GSTN portal responds to a particular scenario. A proper cognizance of the legal provision to be harmoniously read with the relevant Notifications or Circulars issued in harmony with the legal framework set. Citation of case laws from earlier law are very much relevant for the above confirmation of the legal provision

To examine the complexity reposed under GST, let us examine the below three instances:

Instance1: services rendered completely outside SEZ

For instances services such as Advertisement Services, Airport Service, Hotel Accommodation, Restaurant, Port Services are some of the services where service provider shall render the services outside the SEZ premise to a SEZ unit or a developer

Instance2: Services rendered partially within SEZ

Based upon the nature & extent of support, there could be another category of services where the Service provider performs some of the Services which shall be partially consumed within the SEZ premises such as Banking & other financial services, Transportation service, Professional services, Business Support Service

Instance3: Services performed within SEZ

The third category where services shall be associated with the SEZ unit for their rendition such as Security, Manpower, Housekeeping, Works Contract etc., where the Service provider needs to render the services within the SEZ unit

There could be a slight variation in the magnitude of classifying the above three categories bases on actual user test formulae. As per the Ruling every service provider has to examine the nature of services and its Place of Supply to draw an interpretation for construing it to be an Intra-State supply.

The key ingredients examined from GST perspective by the authorities concerned are as below:

- Place of Supply
- Location of Service Provider
- Supply of goods/services to a SEZ Developer or a SEZ unit has been wholly missed out

Legal provision:

Section 16 of IGST Act, 2017 specifies the supplies to be construed as Zero-Rated supply i.e. Supplies exported out of India or Supplies made to a SEZ Developer or SEZ unit. Careful examination of the above provision

doesn't impose any reference to any other provisions of GST Act, rather than focusing on mere supply to a SEZ unit or a Developer. Though there is no reference to the term 'authorised operations' in Section 16, **Rule 46** carves out the declaration to be mentioned in a Tax Invoice as below:

"SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX" or —"SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX"

On the other hand, reference to **Section 12** of IGST Act, 2017 identifies the Place of Supply of Services when the Service provider and recipient are in India. All the three scenarios discussed as above can be fitted into the above three categories for the purpose of examining the Place of Supply.

Section 7 & Section 8 of the IGST Act, 2017 refers to identification of a Supply to be an Intra/ Inter-state supply for the purpose of levy of respective taxes. Careful examination of **Section 7(5) (b) of IGST Act, 2017 specifies the supply of Goods/Services to/by a SEZ Developer or a SEZ unit be an Inter-state supply.**

A careful examination of the above provisions, **Section 12** identifies the Place of Supply in case of Services and the same is a **general provision** to be applied for all.

However, **Section 16** dealing with

supply of goods/ services to a SEZ unit/ Developer read with **Section 7(5)(b)** is a **specific provision**. When a dichotomy exists in application of two parallel legal provisions, a specific provision shall prevail over the general one.

Further, reference to Notification No.F.No.D.12/19/2013-SEZ issued by Ministry of Commerce & Industry Dtd:02.01.2018 towards identifying 66category of services which shall be a Default Authorised services for a SEZ. The above Notification clearly indicates the availability of IGST exemption for the identified 66category of services.

A harmonious reading of above Notification issued by Ministry of Commerce read with **Rule 46** of CGST Rules, 2017 when 66 categories of services are identified as Authorised services, the same cannot be questioned by an authority concerned with GST administration towards denial of benefit of IGST under **Section 16**.

Conclusion:

To conclude **Section 7(5)(b)** read with **Section 16** of IGST Act, 2017 read with **Rule 46** of CGST Rules, 2017 read with the Notification issued by Ministry of Commerce, the Service rendered to a SEZ can be a Supply of Service to SEZ unit which entails itself with the benefit of Zero-Rated Supply in the hands of the Supplier.

Disclaimer:

The above views expressed are as per the understanding of the present GST provision by the author. Any corrections or suggestions may be sent to praveen@gella.in



FAILURE TO FILE INCOME-TAX RETURNS TO INVITE DEEPER TROUBLE FOR COMPANIES

CA. Priya Narayanan and CA. Sanjana Dawar



Background

The India domestic tax laws require every company to file a tax return in India. When it comes to non-resident companies i.e. foreign companies, then only if they have economic nexus in India (earns an income in India) or claims relief under any tax treaty. If the non-resident entity is earning only a dividend income or an interest income from India then the return filing requirement is not required to be met.

If a taxpayer who is obliged to file a tax return, fails to do so, what is the consequence? There are a number of provisions under the Income-tax Act, 1961 ('the Act') that counteract the practice of delayed filing and non-filing of tax returns by levying interest, penalty, etc. There are also provisions in the law wherein the authorities can initiate prosecution proceedings if the taxpayer is not compliant.

In the recent years, the notices issued by the on the count have been rather high. In fact, there have been quite a few prosecution proceedings initiated for various reasons.

As per a press release issued by the Central Board of Direct Taxes ('CBDT')¹, the income tax department has initiated prosecution proceedings in a large number of cases of tax offenders and evaders.

¹ CBDT Press Release, Dated 12-01-2018

To illustrate, during the financial year 2017-18 (upto the end of November), the Income-tax Department filed prosecution complaints for various offences in 2,225 cases compared to 784 cases for the corresponding period in the preceding financial year. In other words, this has gone up by 3 times. Similarly, there was a sharp increase in the number of complaints compounded by the Department during the financial year 2017-18 (up to the end of November 2017) which stood at 1052 as against 575 in the corresponding period of the immediately preceding year, registering a rise of 83%. The prosecution proceedings discussed above include those that pertain to non-filing of tax return

What is new in the prosecution related proceedings under the income-tax law?

The Finance Bill 2018, took another step in this direction by proposing an amendment to section 276CC of the Income-tax Act, 1961 (the Act').

Section 276CC of the Act is a significant enabler in the tax regime that gives income-tax authorities power to curb non-compliance of filing tax returns. The section inter alia provides for initiating prosecution proceedings against taxpayers who are liable to file a tax return and have not filed it within the prescribed due date.

The tenure of prosecution under section 276CC of the Act is dependent upon the tax sought to be evaded had the failure not been discovered and ranges from three months to seven years. The provisions of this section do not specify any time limit for initiation of prosecution proceedings.

As per section 278B of the Act where an offence is committed by a company, every person in charge of and responsible for the conduct of the business, of the company at the time when the offence was committed shall also be proceeded against and punished accordingly.

Typically, conviction under this section has been understood to be an exceptional resort which is warranted when there is a willful failure to file return of income.

Relaxation under the erstwhile provisions

The erstwhile provisions of section 276CC of the Act provided relaxation to all taxpayers from the rigour of prosecution, for the assessment year commencing on or after 1 April 1975, if:

- The return is furnished by such taxpayer before the expiry of the assessment year; or
- The tax payable by such taxpayer does not exceed three thousand rupees. The tax payable for the purpose of this provision is to be

computed by reducing advance tax and TDS from tax payable on regular assessment

The aforementioned relief specified in this section served as a savior for taxpayers whose income was say exempt from taxes or whose tax liability stood discharged by way of withholding taxes.

However, the Finance Act 2018 withdrew the relief provided under this section from company taxpayers.

Amended provisions post Finance Act, 2018

The Finance Act 2018, 'rationalized' the provisions of section 276CC of the Act. The memorandum highlights the amendment was necessary *"In order to prevent abuse of the relaxation by shell companies or by companies holding Benami properties"*.

As a result of the amendment, the threshold of three thousand rupees of tax payable stood applicable to

all taxpayers except companies, for initiating prosecution proceedings has been done away with. Going forward, irrespective of whether there was a tax liability due or not, the mere fact that the return filing compliance was not met can lead to initiation of prosecution proceedings.

This amendment took effect from 1st April 2018, implying that it would apply to assessment year 2018-19 onwards.

Clearly, the amendment to the section was in line with the larger ideology of the revenue authorities to discourage black money and shell companies.

While the purpose of the amendment was made amply clear during its introduction, there are number of issues that surround the application of the amended provisions.

Here a relevant point that shall require examination is whether the amended provisions shall apply to offences committed on or after 1 April 2018

or would these apply to prosecution proceedings initiated after 1 April 2018. Both the views seem fairly plausible.

The applicability of the amended provisions of section 276CC of the Act for offences committed after 1 April 2018, can inter alia be contended basis Article 20 of the Constitution of India which states that no person is to be subjected to a penalty greater than that which might have been inflicted under the law in force at the time of the commission of the offence.

Given the above, the year of applicability of the amended provisions is a 'grey area' that may be a driver for litigation. The amendment though intended to clamp down on shell companies transaction, would have far-reaching consequences on other companies as well. We will have to wait and watch as to how the tax authorities will use the enhanced powers now.





ANGEL TAX – THE STORY SO FAR..

CA. Krishna Upadhya .S



Background

To keep a check on the closely held companies from bringing in undisclosed income into the company by issuing the shares at abnormal premium, section 56(2)(viib) was introduced into the Income Tax Act, 1961(the Act) by the Finance Act 2012.

According to this, whenever a closely held company issues shares to resident investors at a price that is over and above the Fair Market Value(FMV) then, the amount received in excess of the FMV will be treated and chargeable to tax as Income from Other Sources. In order to arrive at the FMV, methods were prescribed in Rule 11UA of the Income Tax Rules,1962 (the Rules) and a certificate either from a Merchant Banker or from a Chartered accountant was required in this respect. Further, it was also stated that these provisions are not applicable for the funds received by:

- a) Venture Capital undertaking (VCU) from a VCC or VC Fund and
- b) such classes of persons as may be notified by the Central Government.

This taxation was loosely called as ‘angel tax’¹.

Start-up India Initiative

With the aim of fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of start-

ups and to enable India to become a nation of job creator instead of a nation of job seekers, the Government of India launched the “Start-up India” initiative on 16th January,2016. In this connection, Finance Act 2016 introduced section 80-IAC into the Act to provide incentive to start-ups by way of 100% tax exemption for 3 consecutive years out of the first 5 years starting from the year in which the entity gets incorporated.

Notifications by DIPP and CBDT- Till date

First notification of DIPP

Department of Industrial Policy and Promotion (DIPP) was entrusted with the responsibility to administer the Start-up India scheme. DIPP issued notification on 17th February,2016 defining the word start-up and mentioning the procedure to obtain recognition as start-up. As per this notification the entity i.e. a Private Limited Company or a Registered Partnership Firm or an LLP shall be considered as start-up,

- Up to 5 years from the date of its incorporation/registration.
- The turnover for any financial year does not exceed INR 25 crores and
- It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

Further, the notification clearly specified that any entity formed by the splitting up

or reconstruction of an existing business shall not be considered as a start-up.

The notification furthermore added that the DIPP recognised start-ups to obtain a Certificate of an Eligible Business from the Inter-Ministerial Board of Certification in order to obtain tax benefits.

Notification of CBDT

Following this, during the year 2016, The Central Board of Direct Taxes(CBDT) issued a notification *exempting the ‘start-ups’ from angel tax*, that receive funding from angel investors/fund house or any person resident in India².

It is pertinent to note that only ‘start-up’ satisfying the definition, obtain the recognition from DIPP and which has received eligible business tag from inter-ministerial group would be exempt from angel tax.

Second Notification of DIPP

On 23rd May,2017 the DIPP issued another notification in supersession of the one issued on 17th February, 2016 where in it redefined the word start-up as an entity would be considered as a start-up, up to 7 years from the date of its incorporation/registration and in case of start-ups in the biotechnology sector, the period shall be up to 10 years from the date of its incorporation. Other aspects of the definition remained the same.

² u/s 56(2)(viib), the power available to CBDT was only to notify the class of investors and not class of company receiving the investment. However, CBDT morphed it in a manner to suit ‘start-up’ receiving the money from any person as exempt from angel tax.

¹ There is no such term defined under any legislation. For ease of understanding, we have continued to use this term in the entire document

Further, the notification stated that the tax benefits would be available to the entities incorporated after 1st April, 2016 but before 1st April, 2019 which again remained silent about the entities incorporated before 1st April, 2016.

Action by tax officer on angel tax

The Assessing Officers started invoking section 56(2)(viib) in case of companies which had raised genuine investments on the basis of an idea, through making additions by rejecting/modifying the valuation reports given by Chartered Accountants or Merchant Bankers as required by Rule 11UA(2)(b) stating that those are abnormal valuations. The tax officers also chose to make such additions by alleging that subsequent actual revenues do not match up the numbers disclosed in the valuation workings carried on under Discounted Cash Flow (DCF) method.

Wide spread representations were made against such a regressive approach adopted by the tax authorities. As a response to that, CBDT brought out an instruction on 6th February, 2018 as to not to take any coercive measure to recover the outstanding demand against these start-ups. Further, it asked to take necessary administrative steps for the cases which were pending before the Commissioner (Appeals), for its expeditious disposal.

However, there was no clarity as what would be the fate of such companies which would fit into the definition of the term start-up but were incorporated prior to 1st April 2016.

Third Notification of DIPP

On 11th April 2018, the DIPP issued a notification bearing no. GSR 364(E) in supersession of its notification issued on 23rd May 2017, highlights of which are given as under:

➤ Certification for the purpose of section 80IAC – tax exemption:

DIPP recognised start up being a company or LLP³ incorporated/registered after 1st April, 2016 but before 1st April, 2021 (substituted for 1st April, 2019 by Finance Act, 2018) may make an application in Form-1 along with the documents specified therein to obtain the certificate from Inter-Ministerial Board of Certification for the purpose of section 80-IAC in order to get 100% tax exemption for any 3 consecutive years out of 7 years beginning from the year in which start-up is incorporated.

➤ Approval for the purpose of exemption from angel tax

Companies who fulfil the below mentioned conditions, has to make an application in Form-2 for seeking approval to claim exemption from the applicability of the section 56(2)(viib):

- a) The aggregate amount of the paid up capital and the share premium after proposed issue should not exceed INR 10 crore.
- b) The net worth of the investor who is subscribing the shares must be at least INR 2 crore on the last date of the last financial year or the average returned income of the investor must be at least INR 25 lakh in the last 3 financial years.
- c) The start-up should also have obtained a valuation report from a merchant banker specifying the FMV of the shares in accordance with Rule 11UA of the Rules.

At the time when the above notification was issued, for the purpose of Rule 11UA of the Rules, a valuation report determining the FMV of shares could have been obtained either

³ Partnerships Firms are not covered here as section 80-IAC does not apply for Firms

from **a Merchant banker or from a Chartered Accountant**. But this notification of DIPP mentioned that the valuation report to be obtained from **a merchant banker only**, which created an anomaly.

Consequential Notifications of CBDT

On 24th May, 2018 CBDT came up with 2 notifications:

- a) Notifying exemption for certain entities from section 56(2)(viib)⁴

CBDT vide its notification dt. 14th June, 2016 had notified that any start-up recognised by DIPP and having obtained approval from Inter Ministerial board of certification, were exempt from the rigorous of section 56(2)(viib). With the change in the mechanism for recognition from such board as made by DIPP, it was required to amend the notification under Income Tax law also. Therefore, this was done in the current notification and was made retrospectively applicable from 11th April 2018.

- b) Amending Rule 11U and Rule 11UA⁵

As mentioned earlier, in order to obtain approval from Inter Ministerial board of certification, DIPP in its circular mandated that valuation certificate has to be obtained from a Merchant Banker. However, Rule 11UA allowed either Merchant Banker or CA to issue the valuation certificate. In the current notification, the word "Accountant" is removed. Whereby, for the purpose of section 56(2)(viib), whether to obtain exemption or to comply with this section, henceforth valuation certificates are to be obtained only from Merchant Banker and not from CA. This notification is applicable from 24th May, 2018.

⁴ Notification No. 24/2018/F. No.370142/5/2018-TPL (Pt)

⁵ Notification No. 23/2018/F. No.370142/5/2018-TPL]



Author's Comments

Government has recognised the importance of start-up and has initiated schemes that will go a long way in nurturing good ideas in India. Provisions like angel tax are trying to take away the sheen from such good initiatives. It is nobody's argument that share issued at premiums that don't justify their real value should be allowed. However, it is very important for tax officers at the ground level to understand that not every share issue at premium is a mode of conversion of black money into legitimate money.

This provision [section 56(2)(viib)] was introduced into the tax law in the backdrop of 2G scam, where this route was used to pay money as kickbacks and hence having such a provision is absolutely essential to curtail those practices. However, loose and careless implementation of this provision is becoming a nightmare for various legitimate companies, which are raising funds by way of angel investment to sustain their business and are trying to build new age products and solutions, also creating employment opportunities in the country.

Instead of DIPP and CBDT coming with the revised notifications to help start-ups, it would have been better if CBDT would have come up with a better plan to handle assessments involving angel tax. For the following reasons, we believe that this notification of DIPP and CBDT concerning angel tax is going to become more onerous on start-ups:

a) CBDT's amendment to restrict the CAs and allowing only Merchant Bankers to evaluate the unlisted shares is extremely unfair to CA fraternity. It is very important to

note that ICAI is coming out with Valuation Standards that have to be followed by members when valuation is being carried out. When such progressive steps are being taken by ICAI, CAs not recognised to carry out valuation looks extremely unfair. We understand that ICAI has made a representation before CBDT to reverse this move. We can only expect that a positive outcome in the interest of the economy be made on this.

b) Further, if we look at various provision of law requiring valuation it appears as under:

- i. FEMA – By CA with 10 yrs of experience or by Merchant banker
- ii. Companies Act – Registered Valuer
- iii. Insolvency & Bankruptcy Code– Registered Valuer
- iv. Income Tax law - Merchant banker

A company raising funds would only keep running behind various sets of valuers in various scenarios to get their shares fair valued. Thereby, loosing a lot of time and also increasing their cost substantially. This completely goes against the principle of 'ease of doing business', which the Government wants to promote.

c) DIPP requires an application to be made for exemption from angel tax every time an investment is being raised. Typically, a start-up in its early stages raises investment at least twice in a particular year. This requirement would make it run behind only compliance and will also delay the actual raising of funds and will work counterproductive to the start-ups.

d) The start-ups are also required to prove the networth and last 2 years income of the persons investing in such companies. This requirement is completely baseless and harsh on start-ups. Tax authorities have all the powers to obtain any information about a person with the help of PAN. In that circumstance, putting the burden to determine investors responsibility on company raising funds is uncalled for. In cases where there is a suspicion of wrong doing, there are already provisions in the law which could have taken care of them (section 68). When start-ups are raising funds from people, asking to go and seek details of investors personal wealth would be asking too much and this could jeopardize the investment prospect itself.

e) It is also extremely unfortunate that there is no protection to a company which is incorporated prior to 1st April 2016 and has all the qualities of start-up but won't fit into the definition and hence it will continue to be at the rigours of angel tax and tax officers who believe that every issue of share at premium is a mode of conversion of illegitimate wealth!

As can be seen from the list above, the steps taken are neither comprehensive nor would solve the problems that start-ups are facing today. It is highly recommended that Government wakes up to the realities of raising funds by small but potentially sound companies. This should not become a case of well-intended law plagued by flawed execution.

One Day Seminar on Co-operative Audits



Central Council member CA Madhukar N Hiregange, seen with the Chairman of Bangalore Branch, CA Shrvan Guduthur, along with the speaker CA Umesh Bolmal and other committee members of Bangalore Branch at the Inauguration of the seminar.



CA. Madhukar N Hiregange,
Central Council Member and
Chairman, IDTC, ICAI



CA. Umesh Bolmal,
Belgavi



CA. Prateek Marlecha



CA. Sandeep C

Speakers at Study Circle Meetings



CA. T. P. S. Easwaran



CA. Mohan Lavi



CA. Saritha S



CA. Anand Kumar Jaiswal



CA. Chinmaya A.M



CA. Heena Kauser

Speakers at Breakfast Meetings



CA. Prashanth K L



CA. K. Gururaj Acharya



CA. Venu Gopal G



Mr. Kamal



Mr. Manoj

3 Day Weekend Course on Analytics

Rehabilitation of slum dwellers in Tank Bed area, Vasanthnagar



CA Shrvan Guduthur, Chairman, interacts with Shri. Shankarlinge Gowda, the Chairman of Karnataka Electricity Regulatory Commission and Dr. Siddaramaiah, the Secretary, in relation to rehabilitation of slum dwellers in Tank Bed area, Vasanthnagar.



The Institute of Chartered Accountants of India (ICAI)
(set up by an Act of Parliament)



ENVISION . EQUIP . EXCEL

Hosted by Bangalore Branch
of SIRC of ICAI
Jointly organized by
Belgaum, Bellary, Hubli, Kalaburgi
Mangalore, Mysore & Udupi Branches
of SIRC of ICAI

15th & 16th June 2018 . Bengaluru
Jnana Jyothi Auditorium
Central College Campus
Bengaluru

12Hrs
CPE

15th KARNATAKA STATE LEVEL CAs' Conference

day 01

Event Sponsor



Friday, 15th June 2018

09.00 AM - 10.00 AM	REGISTRATION
10.00 AM - 11.00 AM	Inauguration by a Distinguished Personality
11.00 AM - 11.30 AM	TEA/COFFEE BREAK
11.30 AM - 01.00 PM	TECHNICAL SESSION Fortifying your Organization – Designing & Implementing Controls for Fraud Prevention CA. Chetan Dalal, Mumbai
01.00 PM - 01.30 PM	TECHNICAL SESSION Alternative Investment – A Strong Investment Substitute V/S Stocks Bullion Real- estate Marudhar Arts
01.30 PM - 02.30 PM	LUNCH BREAK
02.30 PM - 04.00 PM	TECHNICAL SESSION Internal Auditor as Business Leader – Innovation & Effectiveness CA. Himanshu Kishnadwala, Mumbai
04.00 PM - 04.30 PM	TEA/COFFEE BREAK
04.30 PM - 06.00 PM	TECHNICAL SESSION GST – Audit Perspective CA. Jatin Christopher
06.30 PM onwards	Entertainment - Cultural Program

PROGRAMME SCHEDULE

day 02

Saturday, 16th June 2018

08.30 AM - 09.15 AM	BREAKFAST
09.15 AM - 10.00 AM	SPECIAL SESSION Universal Values as enshrined in ancient Indian Texts Shatavadhani Dr R. Ganesh
10.00 AM - 10.45 AM	TECHNICAL SESSION Code of Conduct and Professional Ethics CA. T.N. Manoharan
10.45 AM - 11.15 AM	TEA/COFFEE BREAK
11.15 AM - 12.00 PM	SPECIAL SESSION East Vs. West - The Myths that mystify CA. M.R. Venkatesh, Chennai
12.00 PM - 01.30 PM	TECHNICAL SESSION ICDS - Confusion and Distortion -Final Position CA. Gururaj Acharya
01.30 PM - 02.30 PM	LUNCH BREAK
02.30 PM - 03.45 PM	TECHNICAL SESSION Income tax - Section 115BBE implications & cash transactions- post demonetisation CA Kapil Goel
03.45 PM - 04.00 PM	TEA/COFFEE BREAK
04.00 PM - 04.30 PM	TECHNICAL SESSION Sponsor Session
04.30 PM - 05.30 PM	TECHNICAL SESSION Startups - Angel Investment: Not Simple Any More Ms. Sharda Balaji and Mr. Ravindra Krishnappa

CA. Shraavan Guduthur
Chairman . Bangalore Branch of SIRC of ICAI

CA. Raveendra S Kore
Secretary . Bangalore Branch of SIRC of ICAI

CA. Madhukar N Hiregange
CCM and Chairman, IDTC, ICAI . Conference Convener

CA. Cotha S Srinivas
Immediate Past Chairman of SIRC of ICAI . Conference Convener

DELEGATE FEE

Members - Rs. 2200 plus GST
Non Members - Rs. 5000 plus GST

Mode of Payment : Cash/Cheque/DD in favour of
"Bangalore Branch of SIRC of ICAI", payable at Bangalore

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Bangalore Branch of SIRC News Letter English Monthly Printed, Published & Edited by Editor CA. Shraavan Guduthur, Chairman, on behalf of Bangalore Branch of SIRC of ICAI., No.16/O, 'ICAI Bhawan', Millers Tank Bed Area, Vasantnagar, Bangalore-560052, Karnataka

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Printed at: Jwalamukhi Mudranalaya Pvt. Ltd., 44/1, K.R. Road, Basavanagudi, Bangalore-560 004, Ph : 080-26617243, e-mail : jwalmuki@gmail.com