



ICAI MANGALORE
INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The **Bulletin Board**

e- Bulletin



Volume 9 / September 2017

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Thought for the Month:

**SUCCESSFUL
PEOPLE NEVER WORRY
ABOUT WHAT OTHERS
ARE DOING.**



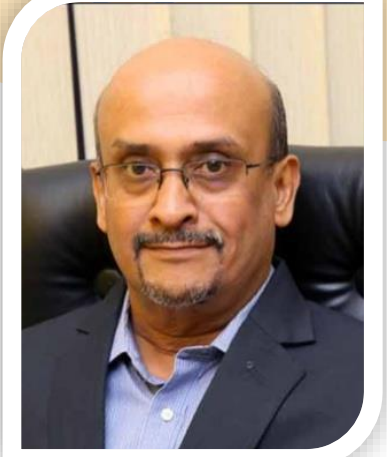
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Chairman's Message



CA Bhargava Tantri P
Chairman
Mangalore Branch of SIRC of ICAI



Dear Members,

WarmWishes and Greetings for the festive season.

The month of September is an important Month for every practicing CA. This used to be the month where deadlines were to be met with finalisation of accounts and filing of Tax Audit Reports. But due to GST imbroglio the due date for TAR is extended to 31st October, 2017. It was CELEBRATIONS GALORE in September. It began with Bakrid being celebrated which is festival of sacrifice and culminated in performing Ayudha Puja and Celebrating Vijaya Dashami, symbolising the victory of Good over Evil.

Activities at theBranch

On 1st September a Study Circle on Clause by Clause discussion on Form 3CD was held - CA SrinivasKamath and CA Shriram led the Discussion.

On 23rd September, a full day Seminar on Direct Taxes and RERA was conducted. CA Ramanath V deliberated in length the provisions of ICDS and CA DR Venkatesh dealt on the issue of Taxation on Co-operative Societies in the wake of recent Judicial Pronouncements. CA Ashok Raghavan took the members through the nuances of the New Legislation - Real Estate Regulation Act. All the delegates were immensely benefited by the rich knowledge of the Speakers.

Live Webcast on Return filing and related issues under GST was done on 11th September.

Past Chairman CA KiranVasant conducted a Career Guidance programme for Students of AmrithaVidyalaya, Bolur, on 21 September.

Your Chairman was the Chief Guest for the programme on 9th September conducted by Citizen's Council Mangaluru Chapter on India- China relations.

Chairman's Message



Activities by SICASA

SICASAdid a flurry of activities-

On the occasion of Teachers Day and Essay Competition was conducted for Students as per the Directions of BOS

On 21st September a Study Circle meet was conducted. Topic – Merger of Public Sector Banks by RohanTauro and Chaired by Past Chairman CA VamanKamath.

On 27th September CA Shrivatsa and CA Anusha conducted a workshop on GST Return.

Karthik Prabhu and Shailesh Krishna, undergoing Article training under CA VamanKamath, won the Regional Level Quiz Competition held at SIRC Chennai. Mangalore Branch is proud of them and I take this opportunity to congratulate them.

As Henry Ford said

*“Anyone who stops learning is old, whether at Twenty or Eighty
Anyone who keeps learning is always young”*

This is very relevant to a Chartered Accountant in these days of emerging laws and lot of new legislations.

Jai ICAI, Jai Hind.

CA BHARGAVA TANTRI P.





Branch Activities September 2017

Sl No	Date	Activities at Branch for Members	CPE Hours/ Number of Participants
1	01.09.2017	CPE Study Circle Meeting Topic: Clause by clause discussion on Tax Audit Report- Form 3CD for the AY 2017-2018 Resource Persons: CA S Srinivas Kamath and CA Shriram Rao.	Members: 38 Students: 36 CPE Credit: 2 Hours
2	11.09.2017	Live Webcast organised by Indirect Taxes Committee of ICAI Topic: Return filing and related issues under GST Speakers: CA Venugopal and CA Lakshmi G K	Members: 11 CPE Credit: 4 Hours
3	21.09.2017	Career Guidance Program for 10 th Std Students School: Amrita Vidyalayam Speaker: CA Kiran Vasanth	Students: 89
4	23.09.2017	One day CPE Seminar on Direct Taxes and RERA Topics: ICDS- Practical Approach by CA V Ramnath, Coimbatore; RERA and Karnataka Rules on RERA by CA Ashok Raghavan, Bangalore; Taxation of Co-operative Societies- Recent Developments by CA D R Venkatesh, Bangalore	Members: 81 Students: 13 CPE Credit: 6 Hours



Branch Activities September 2017



Sl No	Date	Activities at Branch for the Students	Number of Participants
1	05-09-2017	Essay writing competition for Teachers Day Celebration by BOS Topics: My Principal: Torch bearer in my journey towards success My Principal- Opens mind, holds hands, leads to success Class without teacher- Article without Principal	Students: 6
2	25-09-2017	Creative writing contest in English and Kannada Winners- Niveditha Narayan, Sachin Kumar, Bharath R Shet and Imad Khan Judges: CA Paul Verghese and CA Raviraj	Students: 27
3	25-09-2017	Study Circle on Merger of Public Sector Banks Speaker: Rohan Tauro Chairperson: CA Vaman Kamath	Students: 27
4	27-09-2017	Workshop on Filing of Returns under GST Speakers: CA Anusha, CA Shreevathsa, Pavithra, Sathyapriya and Meghna	Students: 52
5	08-09-2017 to 02-10-2017	Crash Course to IPCC Students, Faculties: CA Gaurav Rajaram, Adv Madhu N Rao and CA Venkatesh Padiyar	Students: 20
6	21-09-2017 to 24-09-2017	Crash Course to Final Students, Faculties: CA Shankar Narayan	Students: 21
7	18-09-2017	1 st Batch of ITT commenced	Students: 27



Branch Activities Gallery September 2017



**CA V RAMNATH AT THE FULL DAY SEMINAR HELD ON
23RD SEPTEMBER 2017**



**CA D R VENKATESH AT THE FULL DAY SEMINAR HELD
ON 23RD SEPTEMBER 2017**

Branch Activities Gallery September 2017



**CA ASHOK RAGHAVAN AT THE FULL DAY SEMINAR
HELD ON 23RD SEPTEMBER 2017**



ORIENTATION BATCH STUDENTS



News and Updates

Direct Taxes

SARFAESI Act 2002: Collection of taxes out of attached properties

The amendment made in case of the SARFAESI Act, 2002 vide the Amendment Act, 2016 has extended its scope to provide for registration of security interest held by all creditors in addition to the banks and the financial institutions. The registration shall be done at the CERSAI. Sub Section (4) of Section 26B of the amended act enjoins every authority or officer of the Government entrusted with the function of recovery of Government dues and issuing of order for attachment of property, to file with the CERSAI such orders of attachments issued by them. Accordingly, instructions have been given to the field authorities to notify CERSAI of any attachment order already issued and also to endorse a copy of attachment orders to CERSAI whenever the same are issued in future.

TDS on interest under Capital Gains Accounts Scheme of deceased depositor **Notification No. 8/2017 dated 13/09/2017**

In exercise of the powers delegated by the CBDT under sub rule (5) of rule 31A of the Income Tax Rules, 1962, the Principal Director General of Income Tax (Systems) hereby specifies that in case of deposits under the Capital Gains Accounts Scheme, 1988 where the depositor has deceased:

1. TDS on the interest income accrued for upto the period of death of the depositor is required to be deducted and reported against PAN of the depositor, and
2. TDS on the interest income accrued for the period after death of the depositor is required to be deducted and reported against PAN of the legal heir.



News and Updates

Direct Taxes

Income from a country or specified territory outside India and FTC

Notification No. 9/2017 dated 19/09/2017

Vide the above Notification, CBDT has laid down that online form i.e., Form No. 67 needs to be filed in the case where assessee is claiming the benefit of Foreign Tax Credit. Submission of the Form 67 shall precede the filing of Return of Income according to the Notification.

GST

CBEC waives late fee for late filing of GSTR- 3B for July 2017

Notification No. 28/2017- Central Tax dated 01/09/2017

The Central Government on the recommendations of the Council has waived the late fee payable under Section 47 of the CGST Act for all the registered persons who failed to furnish the return in Form GSTR- 3B for the month of July, 2017 by the due date.

Notification extending time limit for filing of GST 1, 2 and 3

Notification No. 30/2017 dated 11th September 2017

Vide the above notification, time limit for filing the GSTR- 1, 2 and 3 have been extended. As per the aforesaid Notification, the due dates for the GSTR for the month of July are the following:

1. 3rd October 2017 for GSTR 1 in case of taxable persons with turnover of more than one hundred crores.
2. 10th October 2017 for GSTR 1 in case of taxable persons having turnover upto rupees one hundred crores.
3. 31st October for GSTR 2 in case of all taxable persons
4. 10th November for GSTR 3 in case of all taxable persons.



News and Updates

GST

Revised time limit to file GSTR 6 by ISD

Notification No. 31/2017 dated 11th September 2017

Vide the above Notification; the due date for filing of GSTR 6 by an Input Service Distributor for the month of July has been extended to 13th of October 2017.

CBEC notifies revised rates of Compensation Cess on various motor vehicles

Notification No. 5/2017- Compensation Cess (Rate)

Vide the above Notification, the Central Government on the recommendations of the council has made amendments to the Notification of the Government of India, No. 1/2017- Compensation Cess (Rate) dated the 28th June, 2017. For details of the rates, please refer the aforesaid notification.

GST Registration exemption to Job workers providing Inter State supply of Services Notified

Notification No. 7/2017- Integrated Tax

The Central Government, on recommendations of the Council, has specified vide the above Notification that the Job Workers engaged in making interstate supply of services to a registered person as the category of persons exempted from obtaining registration under the CGST Act. However, certain categories of Job Workers fall outside the scope of this Notification. For details in this regard, please refer the aforesaid Notification.

Registration exemption for Inter State Supply of Handicrafts notified by CBEC

Notification No. 8/2017- Integrated Tax dated 14/09/2017

The Central Government on the recommendation of the council; has specified the persons making interstate taxable supplies of handicraft goods as the category of persons exempted from obtaining registration under the Central Goods and Service Tax Act. However, the aggregate value of such supplies computed on all India basis shall not exceed an amount of twenty lakh rupees in a financial year and shall not exceed ten lakh rupees in case of special category states, other than the state of Jammu and Kashmir. For the meaning of the expression “handicraft goods”, please refer the aforesaid notification.



News and Updates

GST

GST Registration exemption to casual taxable person supplying handicraft goods

Notification No. 32/2017- Central Tax

The Central Government on recommendation of the council has specified the casual taxable persons making taxable supplies of handicraft goods as the category of persons exempted from obtaining registration under the Central Goods and Service Tax Act, 2017. However, the aggregate value of such supplies computed on all India basis shall not exceed an amount of twenty lakh rupees in a financial year and shall not exceed ten lakh rupees in case of special category states, other than the state of Jammu and Kashmir. For the meaning of the expression “handicraft goods”, please refer the aforesaid notification.

Due date to file declaration in Form GST Tran- 1 extended till 31.10.2017

Order No. 02/2017- GST

On recommendation of the GST Council, vide the above order, the period for submitting the declaration in Form GST Tran 1 has been extended till 31-10-2017.

Clarification on one third deemed deduction on transfer of Land

Vide a letter of clarification received from the Office of the Chief Commissioner Central Tax, Central Excise and Customs, Thiruvananthapuram Zone, it has been clarified that the value of supply of services falling under Construction Services are eligible for one third deemed deduction, on account of Transfer of Land or Undivided Share in the land, if the transaction value includes the value of the land transferred. This deduction is irrespective of the actual value of land transferred. No deduction is available if there is no transfer of land or undivided right. Real Estate projects based on Joint Venture Agreements entered into by a Developer and Land Owner, if otherwise legal and proper as per the governing laws, are also eligible for the deemed deduction. However no deduction is available for units transferred to Land Owners.



Direct Tax Case Laws

Charitable trust- Advancement of any other object of general public utility

CIT v. Gujarat Industrial Development Corporation (2017) (Guj HC)

Assessee was an Industrial Development Corporation. It claimed exemption under Section 11. AO denied the exemption on the ground that assessee was enjoying income from business of developing land for industrial purposes and allotting land to industrialists on lease and also charging consideration for land transferred to them, therefore, its activities could not be said to be for charitable purposes, as per section 2(15) and proviso to the section 2(15) got attracted.

Held: AO failed to appreciate that assessee had been permitted to lease out the land to industrialists towards attainment of its object of establishment and organization of industrial areas. Merely because while carrying out the activities for assessment of charitable objects certain incidental surpluses were generated, the same would not render the activity in the nature of trade, commerce or business for a cess or fee or any other consideration so as to attract proviso to section 2(15).

Income accrue outside India- Remittance to India

Sumana Bandyopadhyay and Anr v. Dy. DIT (2017) (Cal HC)

The issue in point was whether income by way of salary which became due and had accrued to the non-resident assessee for services rendered outside India and which was not chargeable to tax in India on the “due” or “accrual” basis, could be said to be chargeable to tax on the “receipt” basis merely because the foreign employers, on the instructions of the assessee, have remitted a part of amount of salary to the assessee’s NRE account in India.

Held: In view of Circular No. 13/2017 and International Taxation v. Prahlad Vijendra Rao (IT Appeal No. 833 of 2009) where income of the assessee constituted earning outside India while the assessee was an NRI and mere receipt of the said sum in the assessee’s NRE account would not subject to tax such income under the Income Tax Act.

Head of Income- Income from Composite letting out of premises

Jay Metal Industries (P) Ltd. v. CIT (2017)(Del HC)

Assessee was asked to show cause as to why income from letting out premises should not be treated as composite rent as per the provisions of section 56(2)(iii). Assessee contended the income to be from House Property and not from Other Sources. AO rejected on the grounds that assessee provided in addition to building other facilities and therefore treated the rent to be composite one chargeable to tax u/s. 56(2)(iii). Consequently, amount claimed u/s. 24(a) was disallowed and added back.

Held: Under the Lease Agreement, the assessee agreed to provide the necessary partitions, lavatories, closets, air conditioners, fluorescent tubes, electric meters, water supply etc. According to the assessee, the agreement evidenced a hire of plant, machinery and furniture along with the building, and that the income received thereunder was income from other sources falling under section 56(2)(iii). It was plain that letting was not merely of the building but a composite letting of both, building as well as the equipment, furniture etc. and thereby S. 56(2) (iii) of the act was attracted. Applying the test laid down in Sulran Bros (P) Ltd. v. CIT (1964) (SC) the income from the letting in the hands of the assessee was “a new kind of income” which could not be considered to be Income from house property since the income which though arising from the building would not have arisen if the plant, machinery and furniture had not also been let along with it. Therefore, rental income should be treated as income from other sources. Assessee would be given deduction u/s. 57(iii) of the act.



Direct Tax Casw Laws

Accrual of Capital Gains- Revaluation of assets

CIT v. Ravishankar R. Singh (2017) (Bom HC)

Assessee, an individual was a partner of partnership firm, which was converted into a private limited company. Therefore, firm revalued its satellite rights. However, AO found that the revaluation of such right was in the accounts of the partner's interest, and the same gave rise to capital gains.

Held: There was neither a dissolution nor distribution of assets of the firm amongst the partners.

Further, no transfer of assets had taken place. The partnership firm was converted into a private limited company and the satellite rights thereafter vests with the company. Therefore, the revaluation of the assets by the partnership firm did not attract any capital gains. Hence, there was no transfer of assets as per section 47 and there was no accrual of capital gains.

Income from undisclosed sources- Addition under section 68

CIT v. ARL Infratech Ltd. (2017) (Raj HC)

Survey was carried out at business premises of assessee company. AO found that the assessee had received bogus share application money from different companies. Therefore, AO passed order of addition under Section 68. Assessee proved the identity and creditworthiness of the applicants, therefore tribunal deleted the additions made under Section 68.

Held: Assessee had provided PANs of the share applicants and also explained the mode of payment. There was no direct or indirect relation between the assessee and the share applicants. The statements recorded during the survey had got no evidentiary value without any supporting documents or evidence. Hence, tribunal's actions were justified in deleting the additions made under section 68.

Income from undisclosed sources- Addition under section 69B

CIT v. Shib Shankar Das (2017)(Cal HC)

Survey was conducted at premises of assessee an individual. AO found that assessee had submitted a stock statement before Bank to obtain enhanced credit facilities, which showed value of stock far in excess of the stock in the statement disclosed to the department. AO added the difference in value of stock as undisclosed business income of the assessee. Tribunal deleted the addition on the ground that correctness of the verification made by the bank was not determined as relevant evidence to presume the undisclosed income of the assessee.

Held: At the time of survey, physical verification of the stock was made and it tallied as per books of account maintained by the assessee. Further, revenue itself could not detect a discrepancy in the stock; therefore, verification made by the bank, which was not concerned with the assessment, could not be relevant evidence to presume the undisclosed income of the assessee. Hence, tribunal rightly deleted the additions.



Managing Committee 2017-18



Managing Committee

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CA Shivananda Pai B, Vice Chairman
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CA Anantha Padmanabha K, Treasurer
CA K Subramanya Kamath, SICASA
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CA Aravinda Krishna B, Member
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The Managing Committee of Mangalore Branch of SIRC of ICAI invites articles, write-ups and other similar materials in the areas of Accounting, taxation or any other subject of professional interest for publishing in its e-bulletin. The articles submitted for consideration of publication should be of 2,000- 4,000 words typed double space on A4 size paper with 1 inch margin all around. Soft copy of the article may be sent to icaiebulletin@gmail.com.

Feed back on this e-bulletin can be sent to the editorial team @
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