



ICAI MANGALORE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Bulletin Board

e- Bulletin



Volume I | February 2018

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Thought for the Month:

*Turn your face to the
Sun and the shadow
falls behind you*

-Jan Goldstein



Mangalore Branch of SIRC of ICAI | ICAI Bhawan | Padil | Mangalore – 575007

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Chairman's Message

CA Shivanand Pai B
Chairman
Mangalore Branch of SIRC of ICAI

28.02.2018

Dear Members,

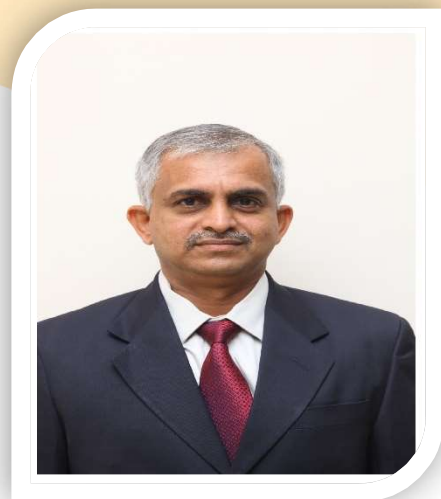
Greetings of the season.

I always cherish the feeling of being a Member of this elite professional body, the Institute of Chartered Accountants of India, as a matter of pride. Now a unique opportunity to render service to this august profession and our dear Professional Body ICAI has come my way as I am being bestowed with the responsibility to be at the helm of affairs of the Mangalore Branch of SIRC of ICAI.

I thank each and every Member of our Managing committee, and all the members of Mangalore Branch of ICAI, for the confidence reposed on me. Our present managing committee members have assumed their new roles in service to our institute on 19th February 2018. We collectively deem it a privilege and give our commitment to do our best in discharging our responsibilities.

My predecessors have set very high standards of performance in organising and execution of the Activities at Mangalore Branch of ICAI. Though, I find it a daunting task to emulate their performance, I assure you of my sincere efforts and commitment as Chairman of this prestigious branch of ICAI. The accomplishment of the preceding committees led by our illustrious past Chairmen, is the Torch in my hands, to tread the way forward.

Our Team has plans to host National conference, one each for members and students, along with regular workshops, seminars, study circles to fulfil the our Quest for Knowledge. We also plan to hold one Regional Residential seminar. We also wish to encourage local talents as resource persons for our Seminars.



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Chairman's Message



On 23rd February 2018, I had had the privilege of participating in the Felicitation of CA. Prafulla Chhajed, Vice President, ICAI, at SIRC Chennai. Our Vice-President shared the priorities before us and the meeting was oriented towards providing the best services to the members, students and other stake holders.

We celebrated a Members Get together on 24th February 2018, which was well attended by our Members and their Families. I thank the CA Parivar of Mangalore for their active participation and for having provided a good beginning for the Year ahead. Senior Member CA Sriramulu Naidu graced the occasion as Guest of Honour. We thank the gracious gesture of CA Sriramulu Naidu in announcing a Rs 5 lakh Endowment to Mangalore ICAI. We also thank for the Rs 5 lakhs Students Endowment announced by CA Prakash Basri on behalf of the family members of Founder Chairman of the branch, Late K N Basri.

Please reach out to us with your suggestions and feedbacks which will be welcomed as most valuable inputs for the good of our Branch. We seek support from each one of you in carrying out the activities at Mangalore Branch. We look forward to your active participation.

With Best regards,

CA Shivananda Pai B.



Immediate Past Chairman's Message

CA Bhargava Tantri P
Immediate Past Chairman
Mangalore Branch of SIRC of ICAI

28.02.2018

Dear Members,

Warm Wishes.



What a Year that was. The new Managing Committee took charge on 20th February, 2017 in the august gathering of Past Chairmen of the Branch. With the wholehearted support of all the Members of the Branch we could do a lot of good work for the betterment of Profession.

A total of 187 CPE hours programmes were conducted during the year (March 2017 to February 2018) which included Two Virtual Certificate Courses, One Residential Seminar, One National Conference, a two day workshop, one day Seminars and Study Circles. Topics of interest to members in practice like IND AS & IFRS, Bank Audits, Various Topics in GST, Direct Taxes, Company Law etc. were deliberated upon in these meetings.

The National Conference "KSHAMATHA - Building Capacities", was held under the aegis of Committee for Capacity Building of Members in Practice and hosted by our Branch on 5th & 6th of December, 2017. For the first time this Conference was held in the Prestigious Sanghaniketan Hall. It was attended by about 600 delegates and was a grand success.

We are proud to say that our SICASA also did wonderful programmes and our Branch has won an Award for SICASA in Southern Region.

I take this opportunity to personally thank all the Past Chairmen, members of the Branch for their excellent co-operation and whole hearted support to all the Branch activities during the year. I would like to place on record my heartfelt gratefulness to all the administrative staff of the Branch for their wonderful support throughout the year, without which we could not do and achieve all that we have done.

I wish all the best to the new Team led by very able and dynamic CA Shivanand Pai for the coming year

Jai ICAI, Jai Hind.

CA BHARGAVA TANTRI P



Branch Activities Feb 2018



Sl No	Date	Activities at Branch for Members	CPE Hours/ Number of Participants
1	03.02.2018	Half Day Seminar On Topic: Professional Opportunities For Women In the Field Of Chartered Accountancy Speakers: CA. Sujaya Alva CA Shyamala Shenoy CA Jennifer Mendes CA Sunitha Furtado	Members: 24 Students: 40 CPE Credit: 3 Hours
2	03.02.2018	CA. K Ganesh Shenoy Memorial Lecture on Union Budget 2018 Speaker: Sri. Firoze B Andhyarujina Eminent Authority On Tax Laws, Senior Counsel , Supreme court of India	Members: 105
3	06.02.2018	CPE Study Circle Meeting On Topic: Clause By Clause Discussion On Union Budget 2018- Direct Tax Proposals Resource Persons: CA. Vijayakumar Shetty CA. Shriram Rao	Members : 60 Students: 5 CPE credit : 2 Hours
2	17.02.2018	One Day CPE Seminar on Joint development Agreements Taxation & Other Aspects Topic: Development Agreements – Area Sharing & Revenue Sharing Taxation & Other Aspects Speaker: CA. Ashok Raghavan - Bangalore Topic: Development Agreements- Impact of GST and Other Aspects Speaker: CA. Rajesh Kumar T.R - Bangalore	Members: 83 Students: 2 CPE Credit: 6 Hours



Branch Activities Feb 2018



SI No	Date	Activities at Branch for the Students	Number of Participants
1	08.02.2018 To 11.02.2018	Crash Course February 2018 examination Subject: Advanced Accounting Faculty: CA. Chinmaya Hegde	Students: 24
2	23.02.2018 To 26.02.2018	Crash Course February 2018 examination Subject: Indirect Taxes Faculty: CA Shrikanth Sathyanarayana	Students: 61
3	03.02.2018 To 09.02.2018	Crash Course February 2018 examination Subject: Corporate Law Faculty: CA. Punarvas Jayakumar	Students:34
4	12.02.2018 To 18.02.2018	Crash Course February 2018 examination Subject: Strategic Financial Management Faculty: CA. Chinmaya Hegde	Students: 32
5	19.02.2018 To 25.02.2018	Crash Course February 2018 examination Subject: Financial Reporting Faculty: CA. Chinmaya Hegde	Students:38
6	26.02.2018 To 28.02.2018	Crash Course February 2018 examination Subject: Quantitative Techniques Faculty: CA. Chinmaya Hegde	Students:26
7	27.02.2018	12th Batch of ICITSS-Information Technology Course	Students:27
8	20.02.2018	02nd Batch Of AICITSS- Adv ITT Course	Students: 31
9	05.02.2018	07th Batch Of ICITSS – Orientation Course	Students: 23



Branch Activities Gallery Feb 2018



CA Nitin J Shetty, CA M Jagannath Kamath & CA Murali Mohan Bhat during the study circle meeting conducted on 05.01.2018



CA B B Shanbhogue hoisting the flag on republic day with Managing Committee Members on 26.01.2018



CA Coline Rodrigues during the seminar on GST held on 31.01.2018



Seminar for Women CA's and Students as on 03.02.2018 at ICAI Bhawan, Padil, Mangaluru



Mr. Firoze Andhyarujina during his visit for K Ganesh Shenoy Memorial Lecture on budget on 03.02.2018

Branch Activities Gallery
Feb 2018



Seminar speakers CA. Vijayakumar Shetty and CA. Shriram V Rao during study circle meeting held on 06.02.2018



Seminar speaker CA. Rajesh Kumar T. during seminar held on 17.02.2018



Seminar speaker CA. Ashok Raghavan during seminar held on 17.02.2018



News and Updates

Direct Taxes

Ajesh Kumar Agrawal v. CIT

Decision: Against the assessee.

Exemption under section 10(37)--Compulsory acquisition of agricultural land--Compensation thereagainst--

No agricultural activity during last two years prior to date of acquisition of land

Facts:

Issue under consideration was whether Revenue was justified in denying exemption under section 10(37) on the compensation received by assessee in respect of its land compulsorily acquired by RIICO, on the ground that no agricultural activity was carried out by assessee during two years immediately preceding the date of transfer.

Held:

Since assessee failed to provide any evidence that he really cultivated the land or there was an irrigation facility available on that land and he had incurred expenditure for cultivating the agricultural activities on it, Revenue was justified in denying exemption to assessee.

Rashmi Chhibba Jauhar v. ACIT

Decision: In assessee's favour.

Business expenditure--Vehicle running and maintenance expenses--Provision of consultancy services from residence--Use of vehicle for personal purposes

Facts:

Assessee providing consultancy services from her residence, claimed deduction of vehicle running and maintenance expenses of Rs. 2 lakhs. AO disallowed Rs. 50,000 on the ground that car had been used for personal purpose as well.

Held:

Considering total claim of assessee vehicle must have been used excessively atleast for 300 KM per day. AO had given specific finding that assessee did not file copy of account of expenses in question, further, considering the nature of business of assessee, i.e., consultancy services carried out from residence, possibility of personal use of car could not be ruled out. Therefore, AO was justified in disallowing part of the expenditure.



News and Updates

Direct Taxes

DCB Bank Ltd. v. Asstt. CIT

Decision: In assessee's favour.

Disallowance under section 14A--Expenditure against exempt income--Suo motto disallowance by assessee--
No satisfaction recorded by AO

Facts:

Assessee has earned exempt income and suo motto disallowed certain sum as expenses relating to earning exempt income. AO was not convinced with the same and issued show cause notice to the assessee as to why the disallowance should not be worked out in terms of provisions of section 14A read with rule 8D and accordingly disallowed amount and added the same to the total income of the assessee.

Held:

AO had not recorded the satisfaction as to how the claim of the assessee was wrong with reference to the books of account of the assessee. For invoking section 14A read with rule 8D, AO had to mandatorily record his satisfaction. Therefore, addition made by AO was liable to be deleted.

New Consolidated Construction Company Ltd. v. Dy. CIT

Decision: In assessee's favour (Partly).

Accounting method--Estimation of income---GP rate on bogus purchases

Facts:

AO received information from DGIT (Investigation), who, in turn received information from Maharashtra Sales Tax Department that the assessee had obtained bogus purchases from hawala dealers, who without actual sale of goods issued mere bills and the assessee was obtaining these bills. It was the contention of the Revenue that these bills had been used for obtaining bogus purchase bills, so as to reduce the profit of the assessee and pay lower taxes and accordingly addition for bogus purchases was made by revenue authorities.

Held:

The assessee conceded that to buy peace of mind he was ready to accept the percentage as consistently applied by the Tribunal in other cases. When a query was put to the revenue he also fairly agreed for a reasonable percentage. Profit rate of 12.5% of bogus purchases was to be applied as had been applied by Gujarat High Court in Smith P. Seth's case. AO was directed to compute the income of all these assessment years accordingly and not the entire bogus purchases were to be added



News and Updates

Direct taxes

ACIT v. Neha Enterprises

Decision: In assessee's favour.

Reassessment--Validity of--Issuance of section 148--Notice in the name of non-existent firm

Facts:

AO issued notice under section 148 in the name of firm which had been converted into a private limited company. Assessee's case was that re-assessment order passed by AO under section 143(3) read with section 147 was null and void.

Held:

Undisputedly, reassessment proceedings were initiated by AO on a non-existent firm and hence, reassessment order was null and void.

CIT v. Mata Amrithanandamayi Math

Decision: In assessee's favour.

Charitable trust--Exemption under section 11--Interest earned on contributions already made with specific direction as to forming part of corpus of trust

Facts:

AO denied exemption under section 11 in respect of interest earned by assessee trust on voluntary contributions made with a specific direction that same would form part of the corpus of the trust.

Held:

The fact that donors had instructed that interest earned would be added to the corpus of the trust was undisputed. If that be so, the interest earned on contributions already made by the donors would also partake the character of income in the form of voluntary contributions made with a specific direction as to forming part of the corpus of the trust. Therefore, interest earned would qualify for exemption under section 11(1)(d).



Managing Committee 2018-19



Managing Committee

CA Shivanand Pai, Chairman
CA Ananthapadmanabha, Vice-chairman
CA Raviraj B, Secretary
CA K Subramanya Kamath, Treasurer
CA Abdur Rehman Musba, Chairman
Mangaluru SICASA
CA Aravinda Krishna, Member
CA Edyll D;silva, Member
CA Bhargav Tantri, Immediate Past
Chairman

from Left to Right- CA. Aravinda Krishna (Member), CA. Abdur Rahman Musba (chairman SICASA, Mangalore), CA. K. Subramanya Kamath (Treasurer), CA. Ananthapadmanabha(Vice Chairman), CA. Shivanand Pai (Chairman), CA. Keshava Ballakuraya (Past chairman), CA. Raviraj B (Secretary), CA. Edyll D'Silva(Member) , CA. Bhargava Tantri (Immediate Past Chairman)

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.

Feedback on this e-bulletin can be sent to the editorial team @ icaiebulletin@gmail.com

Editorial Team:

CA Prasanna Shenoy M | CA Gautham Nayak M | Committee Members