



# ICAI MANGALORE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

## e- Bulletin



### The Bulletin Board

Volume 1 | January 2017

- *Chairman's Message*
- *Branch Activities carried out in the month of January 2017*
- *Branch Activities Gallery*
- *Professional Updates*
- *Managing Committee*

### *Thought for the Month:*

NO  
BEAUTY  
SHINES  
BRIGHTER  
THAN  
THAT OF  
A GOOD  
HEART

✓ **Quality**

✓ **Trust**

✓ **Integrity**



# Chairman's Message

**CA Keshava Ballakuraya**  
**Chairman**  
**Mangalore Branch of SIRC of ICAI**



Dear Members,

A new year has started bringing with it new aspirations and hopes. I wish this year brings you and your family happiness and prosperity. Welcoming 2017 with high spirit and hoping it will be a great year for all of you as well as our branch.

## Member's activities

The year has already started on a good note for the branch. For the first time both the Chairman of SIRC of ICAI- CA Phalguna Kumar and Vice Chairman of SIRC of ICAI and Ex-Ex-Officio Member of Mangalore Branch - CA Cotha S Srinivas visited our branch together. CA Phalguna Kumar spoke on effect of demonetization and Real Estate (Regulation and Development) Act, 2016, CA Cotha S Srinivas conducted session on Section 9 of IT Act and Latest Developments under International Taxation during the one day seminar held on 12<sup>th</sup> January. I thank both of them for taking time to visit our branch and sharing their expert knowledge with us.

ISA refresher course was held on 21<sup>st</sup> January by CA Deepak K, CA Gautham Pai and CA Karthikeya Shenoy. One day workshop on advance excel was held on 28<sup>th</sup> January by CA Abdur Rahman Musba. My heartfelt gratitude to CA Abdur Rahman Musba, CA Deepak K, CA Gautham Pai and CA Karthikeya Shenoy for their initiatives.

Our branch celebrated Republic Day on 26<sup>th</sup> with members and students coming together at ICAI Bhawan, Padil for flag hoisting. CA Vaman Kamath was the chief guest and addressed the gathering.

....Contd

# Chairman's Message



*Contd.....*

## ITAT Circuit Bench at ICAI Bhawan, Padil, Mangalore

It was a matter of immense honour for our Branch to jointly organise with Kanara Chamber of Commerce and Industry (KCCI) in assisting the ITAT to conduct the Circuit Bench at our own premises at Padil. Our Branch and the KCCI has a history of successful association, working hand in hand towards common goals, that is, growth of our region, and ultimately catering to the various needs of our stakeholders. Once again, the opportunity has come our way to associate for the benefit of the people of our region, by facilitating the ITAT Circuit Bench at Mangalore.

The KCCI initiated the proposal to hold the Circuit Bench of ITAT at Mangalore. The members of ITAT Bangalore Bench, inspected various locations and finally chose ICAI Bhawan, Padil. Until now, this building was looked upon as a Temple for Learning. But, now on ITAT circuit bench's arrival this building would also be called as Temple for Justice. We wish to express our utmost pleasure for being able to provide facilities for the Circuit Bench Sitting of ITAT.

The Bench has already successfully held Circuit Bench at Mysuru during the month of December 2016. The main aim of these sittings is to take the adjudication process nearer to the litigants, in order to expedite the disposal of appeals and also to encourage the local professionals to represent at Tribunals. We consider this a golden opportunity bestowed upon us, to join hands with KCCI to serve the cause.

*....Contd*

# Chairman's Message



*Contd.....*

Inauguration of circuit bench of ITAT was done on 30<sup>th</sup> January by President of the Income Tax Appellate Tribunal, Hon'ble Justice Dev Darshan Sud in the presence of Senior Member of ITAT Bangalore Bench Hon'ble Shri Sunil Kumar Yadav along with guests of honour Accountant Member of ITAT Bangalore Bench Hon'ble Shri Inturi Rama Rao, Judicial Member of ITAT Delhi Bench, Hon'ble Shri Sudhanshu Srivastava, Principal Commissioner of Income Tax Shri Narotham Mishra, Commissioner of Police Shri M Chandra Sekhar and Bangalore ITAT Bar Association, CA S. Rama Subramanian.

## Student's activities

Study circle was held on 19<sup>th</sup> January where Gokul Pai spoke on Cashless Indian Economy with CA Vikas Shenoy as the chairperson. CA students attended the National conference for students on 13<sup>th</sup> and 14<sup>th</sup> January organized by the Udupi branch. CA student's Republic Day Cricket Cup was held on 26<sup>th</sup> with a huge number of 29 teams participated.

## Upcoming activities

- The next one day workshop on advance excel by CA Abdur Rahman Musba will be conducted on 4<sup>th</sup> February.
- Mangalore branch has been part of talk on Union Budget by Mr. Feroze B Andhyarujina under K. Ganesh Shenoy Memorial lecture series for the last eleven years. This year's talk on Union Budget by Mr. Andhyarujina will be held on Monday, 6<sup>th</sup> February at 6 PM at Sri T. V. Raman Pai Convention Centre, Mangalore.

*....Contd*

# Chairman's Message



*Contd.....*

My dear colleagues, as my term as the Chairman of the Mangalore Branch is coming to an end, I would like to thank each one of you for the immense support in making my journey as the Chairman smooth and successfully conducting various activities. I hope I was able to meet the expectations you all had from me in maintaining the fame that the past chairmen had brought for Mangalore Branch. I am also thankful for having been able to share my thoughts and give updates to all of you on a monthly basis through E-Bulletin.

With warm regards,  
**CA Keshava N Ballakuraya**

*“There will come a time when you believe everything is finished.  
That will be the beginning.”*

## Branch Activities January 2017



Sl No	Date	Activities at Branch for Members	CPE Hours/ Number of Participants
1	10.01.2017	Study Circle Meeting on Awareness for GST Migration Speakers: Sri Shambu Bhat, Deputy Commissioner, Commercial Tax and Sri Sanjeeva Balipa, Commercial Tax Officer	Members : 37 Students : 34 CPE Credit: Nil
2	12.01.2017	One Day Seminar on Demonetization and Real Estate Act, 2016 and Recent Changes in International Taxation Speakers : CA E Phalgun Kumar, Chairman, SIRC of ICAI spoke on Effect of Demonetization and Real Estate Act, 2016 CA Cotha S Srinivas, Vice Chairman, SIRC of ICAI spoke on Section 9 of Income Tax Act and on the Latest Developments under International Taxation.	Members : 44 Students : 1 CPE Credit : 6 Hrs
3	21.01.2017	Study Circle Meeting on Information System Audit (ISA) Refresher Course Faculties: CA Gautham Pai D, Mangalore and CA Karthikeya Shenoy, Mangalore	Members : 13 CPE Credit : 3 Hrs
4	26.01.2017	Republic Day Celebration Chief Guest: CA Vaman Kamath, Past Chairman of Mangalore Branch	Members : 12 Students : 20
5	28.01.2017	Workshop on Advance Excel by CA Abdur Rahman Musba, Mangalore	Members : 26 Students : 9 CPE Credit : 6 Hrs
6	30.01.2017	Inauguration of circuit bench of ITAT by President of the ITAT, Hon'ble Justice Dev Darshan Sud in the presence of Senior Member of ITAT Bangalore Bench Hon'ble Shri Sunil Kumar Yadav along with guests of honor Accountant Member of ITAT Bangalore Bench Hon'ble Shri Inturi Rama Rao, Judicial Member of ITAT Delhi Bench Hon'ble Shri Sudhanshu Srivastava, Principal Commissioner of Income Tax Shri Narotham Mishra, Commissioner of Police Shri M Chandra Sekhar and Bangalore ITAT Bar Association, CA S. Rama Subramanian jointly organized with Kanara Chamber of Commerce and Industry (KCCI) at ICAI Bhawan, Padil.	Members : 120 Students : 50 Others : 40



## Branch Activities January 2017



Sl No	Date	Activities at Branch for the Students	Number of Participants
1	06.01.2017 to 20.01.2017	06 <sup>th</sup> Batch of Orientation Course	Students : 39
2	11.01.2017	ITT Batch	Students : 29
3	19.01.2017	Study Circle Meeting on Cashless Indian Economy Speaker: Mr. G Gokul Pai Session Chairperson: CA Vikas Shenoy	Students : 38
4	22.01.2017	Republic Day Cup 2K16- Cricket Match for CA Students (Knock Outs) 29 teams participated	Students : 350
5	26.01.2017	Republic Day Cup 2K16- Cricket Match for CA Students (Quarters, Semis and Finals)	Students : 250





## Branch Activities Gallery January 2017



**VISIT OF THE CHAIRMAN AND VICE CHAIRMAN OF SIRC OF ICAI TO MANGALORE BRANCH**



**CHAIRMAN OF SIRC- CA PHALGUNA KUMAR  
SPEAKING ON EFFECT OF DEMONETIZATION AND  
REAL ESTATE ACT, 2016**



**VICE CHAIRMAN OF SIRC- CA COTHA S SRINIVAS  
SPEAKING ON SECTION 9 OF IT ACT**



## Branch Activities Gallery January 2017



**FLAG HOISTING ON REPUBLIC DAY AT ICAI  
BHAWAN, PADIL BY CHIEF GUEST  
CA VAMAN KAMATH**



**CA GAUTHAM PAI AND CA KARTHIKEYA SHENOY  
AT THE ISA REFRESHER COURSE**



**CA ABDUR RAHMAN MUSBA AT THE ONE DAY  
WORKSHOP ON ADVANCE EXCEL**

## Branch Activities Gallery January 2017



**INAUGURATION OF ITAT CIRCUIT BENCH AT ICAI  
BHAWAN PADIL BY HON'BLE JUSTICE DEV  
DARSHAN SUD**



**LIGHTING OF LAMP DURING THE INAUGURATION  
OF ITAT CIRCUIT BENCH**



**HON'BLE JUSTICE DEV DARSHAN ADDRESSING THE  
GATHERING ON THE OCCASION OF THE  
INAUGURATION OF ITAT CIRCUIT BENCH**









## NEWS PAPER ARTICLES ON ITAT CIRCUIT BENCH IN MANGALORE

**ಆದಾಯ ತೆರಿಗೆ ಅಪೀಲು ನ್ಯಾಯಾಧಿಕರಣ  
ಜ. 30-ಫೆ. 3 ಸಂಚಾರಿ ಬೈರಕ್**

ಮಂಗಳೂರು, ಜ. 4: ಬೆಂಗಳೂರಿನ ಆದಾಯ ತೆರಿಗೆ ಅಪೀಲು ನ್ಯಾಯಾಧಿಕರಣದಲ್ಲಿ ಆದಾಯ ತೆರಿಗೆ ಇಲಾಖೆಯ ಮಂಗಳೂರು ವಿಭಾಗದ 120 ಪ್ರಕರಣಗಳು ಇತ್ತೀಚೆಗೆ ಕೈಬಾಕಿ ಇದ್ದು, ಅವುಗಳ ವಿಲೇವಾರಿಗಾಗಿ ಜ.30ರಿಂದ ಹೊ.ವರಿ 3ರ ತನಕ ಮಂಗಳೂರಿನಲ್ಲಿ ಸಂಚಾರಿ ಬೆಂಕ್ ಏರ್ಪಡಿಸಲಾಗಿದೆ.

ಭೃಲಕಾ ಕಾರ್ಯಕ್ರಮ ನಡೆಸುವ ಬಗ್ಗೆ ನಗರದ ಎಸ್‌ಡಿಎಂ ಕಾನೂನು ಕಾಲೇಜು, ಶೆಕ್ರೆ ಪರಿಶೋಧಕರ ಸಂಸ್ಥೆ ಹಾಗೂ ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆಗಳಲ್ಲಿ ಸ್ಥಳೀಯರಿಗೆ ನಡೆಸಲಾಗಿದ್ದು, ಅಂತಿಮವಾಗಿ ಈ ಮೂರರಲ್ಲಿ ಒಂದು ಸ್ಥಳ ಆಯ್ಕೆ ಮಾಡಲಾಗುವುದು ಎಂದು ಆದಾಯ ತೆರಿಗೆ ಅಪೀಲು ನ್ಯಾಯಾಧಿಕರಣದ ಸದಸ್ಯ (ಜುಡೀಶಿಯಲ್) ಸುನೀಲ್ ಕುಮಾರ್ ಯಾದವ್ ಅವರು ಬುಧವಾರ ಇಲ್ಲಿ ವಕೀಲಾಗೋಷ್ಠಿಯಲ್ಲಿ ತಿಳಿಸಿದರು.

**ಶೀ. 50 ಪ್ರಕರಣ ಇತ್ಯರ್ಥ:** ನ್ಯಾಯಾಧಿಕರಣದ ಮುಂದೆ 100ರಷ್ಟು ಪ್ರಕರಣಗಳು ಖಾಲಿವಾರಿಗೆ ಬಾಕಿ ಇದ್ದರೆ ನಂಜಾರಿ ಪೀಠ ನಡೆಸಲು ಆದಕಾರ ವಿದೆ. ಮಂಗಳೂರಿನಲ್ಲಿ ಇದೇ ಮೊದಲ ಬಾರಿಗೆ ಇಂತಹ ಕಾರ್ಯಕ್ರಮ ನಡೆಯುತ್ತಿದೆ. ಸಾಮಾನ್ಯವಾಗಿ ಸೆಂಸರಿ ಶೀ. 50ರಷ್ಟು ಪ್ರಕರಣಗಳು ಇಂತಹ ಕಾರ್ಯಕ್ರಮದಲ್ಲಿ ಇತ್ಯರ್ಥಗೊಳಿಸುವ ಎಂದರು.

ಸಂಸಾರಿಪಾಲದಲ್ಲಿ ಜಿಎಸ್ ಟಿಟಿಎಲ್ ಸದಸ್ಯ ಮತ್ತು ಇತರರ ಮಂದಿ ಅಳಿಂಟಿಂಗ್ ಸದಸ್ಯರಿದ್ದಾರೆ. ಮುಂದೆ ಧಾರವಾಡದಲ್ಲಿಯೂ ಅಹಾಯಿ ತೆರಿಗೆ ಅಹಾಯಿ ನ್ಯಾಯಾಧಿಕರಣದ ಬೆಲೆ ನಡೆಸುವ ಉದ್ದೇಶವಿದೆ ಎಂದರು.

ನ್ಯಾಯಾಧಿಕರಣದ ಅಕೌಂಟೆಂಟ್ ಸದಸ್ಯ ಇಂತು ರಾಮ ರಾವ್, ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆಯ ಆದ್ಯಕ್ಷ ಜೀವನ್ ಸಲ್ವಾನ್ ಹೇದಲಾಹವರು ಉಪಸ್ಥಿತರಿದ್ದರು.

ಆದಾಯ ತೆರಿಗೆ ನ್ಯಾಯಾಧಿಕರಣ  
ಸಂಚಾರಿ ಪೀಠ ಕಲಾಪ 30ರಿಂದ

[illegible]

ಸಗರದಲ್ಲಿ ಕೃಷಿ ಕಡೇರಿಯಲ್ಲಿ ಬುಧವಾರ ಆವರಿಸಿರುವುದರಿಂದ ಕೂಡಾ, ದ.ಕ.ಪ್ರಭುದೇವರ ಮೂರು 120 ಪ್ರಕರಣಗಳನ್ನು ಕೂಡ ಪ್ರತಿ ಕೆಲಸಗಾರನು ಮಾಡುವ ಬಗ್ಗೆ ಕೆಲ ಸಣ್ಣ ಪ್ರಕರಣಗಳೇ ಆಗಿರುವುದರಿಂದ ಅವುಗಳನ್ನು ಇತ್ಯರ್ಥಗೊಳಿಸುವುದಕ್ಕಿರುವಾಗಲೂ, ಕೂಡ ಪ್ರಕರಣವು ಕೂಡಲೇ ಮೂರು ಕಡೆ ಹಾಗೆ ಗುರುತಿಸಲಾಗಿದ್ದು ಪರಿಶೀಲನೆ ನಡೆಸಲಾಗುತ್ತಿದೆ. ಅಂತಿಮ ಸ್ಥಳವನ್ನು ಕಂಡು, ಪ್ರಕಟಿಸಲಾಗುವುದು ಎಂದರು.

## ITAT plans more video courts for speedy justice, says Sud

5-day circuit bench in Miluru launched; to function up to Feb 3

**MANGALURU:** To secure speedy justice and address the dependency of cases, the Income Tax Appellate Tribunal (ITAT) has plans to open more satellite benches in the country, the president, Justice Dev Narayan said, who is also the former judge of Muzhich Prashasti High Court, said.

[illegible]

The duo claimed to have made a significant breakthrough in understanding the AIDS virus in 1987/88 against the backdrop of when the outbreak at the head of the epidemic in 2001. Several medical societies have been remarkably silent despite the fact that 50 years ago, the world was told that the virus was not a threat to the health of the population.

## Notifications galore

**Residence of Income Tax Appellate Tribunal (ITAT):** JAY L. Mathias said on May day that the tribunal should work on matters already under consideration. It will further increase its members from eight members to twelve.

"The delay in disposing of cases in the tribunal could also be attributed to lack of clarity in matters law. As a result, there are confusions over matters, contracts, and so on," he said.

Principal assistant state attorney Thomas Streetman III said, "There is a charge filed in the last two years in the department, where it came are filed only on a complaint by the state. It will bring down the number of possible defendants."

A report in the *Chicago Tribune* said that the building has been turned into a shelter for the homeless, for the day. The Illinois State...

ಐಟಿ ಸ್ವಾಯಾಧಿಕರಣ ಸಂಚಾರಿ ಪೀಠಕ್ಕೆ ಚಾಲನೆ ನೀಡಿ ಸೂಕ್ತ  
ಸ್ಥಳೀಯವಾಗಿ ವ್ಯಾಜ್ಯ ಪರಿಹರಿಸಲು ಅನುಕೂಲ

[illegible]

ಅಧಿಕಾರದ ಅಂತ್ಯ.  
ಕುಡುಮ್ಬ ಪುಸ್ತಕವಿಲ್ಲದಂತೆ ಈ  
ಕಾಲದ ಸ್ವಾಮಿ ಮೇಲಿಂದ ಕಾಲ  
ನಿರ್ದೋಷವಾಗಿ ಸ್ವಾಮಿಯಾದ  
ಪ್ರಾಣವು ಹೋಗಿತು. ಸಿದ್ಧವಾದ 18  
ಮೇ ಮೊದಲ ಮಂಗಳವಾರ  
ಸಂಜೆಯಿಂದ ಕಾಲ ಸಿದ್ಧವು.

**ಫಿ.3ರವರೆಗೆ ಕಲಾಪ**  
ಫಿ.3ರವರೆಗೆ ಮಂಗಳೂರಿನಲ್ಲಿ ಕಲಾಪ ನಡೆಯುತ್ತಿದ್ದು, ಇದರಿಂದ ಐದು ಕುಟುಂಬ, ಸ್ವಲ್ಪಮಟ್ಟಿನಲ್ಲಿ ಆರೋಗ್ಯ ತರಬೇತುದಾರರಾಗಿ ಸ್ವಲ್ಪಮಟ್ಟಿಗೆ ಮಧ್ಯಸ್ಥರಾಗಿದ್ದು ಒಳಗಡೆಯಿಂದ ಬೆಳೆಯುತ್ತಿದೆ.

[illegible]

poor livestock management practices in Ranchos, Jalisco and Michoacán in the Sierra Madre Occidental, and in the Bajío in Jalisco. Rangeland degradation is particularly severe in the Bajío, where the loss of native grasses has led to a decline in the carrying capacity of the land. The loss of native grasses has also led to a decline in the biodiversity of the area. The loss of native grasses has also led to a decline in the biodiversity of the area. The loss of native grasses has also led to a decline in the biodiversity of the area.

nausea for the next 10 y in asymptomatic, wild-caught clove-smoked tobacco smokers, is likely due to the severely functioning to be considered good enough to be of cause, in which where 10-200 cases are found to be up.



## News and Updates: Income Tax

### **TDS on Salary for the Financial Year 2016-17 Assessment Year 2017-18**

#### **Circular No. 01/2017 dated 2<sup>nd</sup> January, 2017**

The above Circular deals with TDS on Salary for the Financial Year 2016-2017 (AY 2017-18) and explains how much TDS is to be deducted and valuation of perquisites, Allowances etc.

### **Apex Court asks details of cases where validity of Search and Seizure questioned.**

#### **Instruction F. No. ADG-II/ Supreme Court Cell/1711/2011 dated 5<sup>th</sup> January 2017**

The Honorable Supreme Court has desired that it be informed regarding the number and details of such cases pending before High Courts and Tribunals wherein the courts and tribunals have questioned the validity of Search and Seizure operations, and where the Courts/ Tribunals have directed the Dept. to produce satisfaction note and other documents gathered on the basis of which search was conducted. The Court had directed that the information be furnished on or before 17/01/2017.

### **CBDT fixes collection target- January to March dedicated quarter for recovery**

#### **F. No. 385/17/2016- IT (B)**

The Central Action Plan 2016-17 has fixed the target of cash collection out of current demand as 20% of the current demand raised during the year. Current demand of Rs. 97,033 crore has been raised till November, 2016. At the rate of 20% of the net current demand, an amount of Rs. 19,407 crore needs to be recovered collectively from demand raised till November 2016. At the beginning of Feb 2017, the current demand raised in the month of December, 2016 will also fall due and recoveries therefrom would also have to be made as per the Central Action Plan target so as to meet the overall annual target of 20%. The time barring date of scrutiny assessment was advanced to 31<sup>st</sup> December with the objective to provide the assessment units with a dedicated quarter for recovery of demands raised.



## News and Updates: Income Tax

### **Report Cash deposits in Bank and Post Office A/cs. between 01.04.2016 and 09.11.2016**

#### **Notification No. 2/2017 dated 6<sup>th</sup> January 2017**

All bank account holders who have not submitted PAN or Form 60 are advised to submit PAN or Form No. 60 to their bank by 28<sup>th</sup> February 2017.

The IT rules have been amended to provide that bank shall obtain and link PAN or Form No. 60 in existing bank accounts by 28<sup>th</sup> February.

Banks and Post Offices to submit info about cash deposits from 1<sup>st</sup> April 2016 to 8<sup>th</sup> November 2016 in accounts where cash deposits between 9 November and 30<sup>th</sup> December 16 exceeds specified limits.

Government has mandated the specified class of persons under Rule 114E to report cash deposits made during the period 01/04/2016 and 09/11/2016 aggregating to an amount exceeding the limits as specified in Sl. No. 12 of Rule 114E.

### **New design of PAN card with effect from January 1, 2017**

#### **Circular No. : NSDL/TIN/12017/001 dated 10<sup>th</sup> January, 2017**

The Income Tax Department has prescribed certain changes in the existing design of the PAN Card. Accordingly, with effect from January 1, 2017, PAN cards are being printed as per the new design specifications approved by ITD.

### **Post Assessment- Revision u/s. 263 / 264 proceedings module of ITBA**

#### **ITBA- Revision Instruction No. 1**

The functionality for passing revision order is now available in the Revision module of Income Tax Business Application. This can be accessed by entering the URL

<https://itba.incometax.gov.in>

PCIT/ CIT can initiate action u/s. 263 or 264 since the module provides the functionality to initiate the action. The aforesaid Instruction provides the complete details of the same.

### **Income Tax Department negligent in sending Inspection Reports to DIT (IT)**

In accordance with CBDT's Instruction 16 of 2008, inspections have to be carried out in various charges and the reports of such inspection have to be sent to the Directorate of Income Tax (IT) by the stipulated date. Status of the various reports due were reviewed and it was found that prescribed number of inspections are not being carried out by the authorities.





## News and Updates: Income Tax

### **IDS 2016 not invalid if tax payment made before due date but credited late**

#### **Instruction No. 2 of 2017**

As per Section 187 (3) of the IDS 2016, non-payment of tax etc. on or before the notified dates shall render the declaration invalid and the assessee shall be liable for consequences in accordance with the provisions of section 197(b) of the scheme.

CBDT, in exercise of the powers under Section 195 of the Scheme read with Section 119 of the Income Tax Act, 1961 hereby directs the Jurisdictional CITs/ PCITs to accept the request for condonation of delay in payment of tax in cases where payment has been made through cheque, RTGS, electronic transfer etc. on or before the date of 30<sup>th</sup> November 2016 but the same was credited by banks after the due date of 30<sup>th</sup> November but on or before the 5<sup>th</sup> of December 2016.

Analysis of discrepancy in reports on No. of assesses, filing of returns etc.

On finding serious discrepancies in the CAP-11 reports regarding the Number of assesses and the total number of returns file, Ministry of Finance has requested Principal CITs to issue necessary directions to all the AOs and other concerned officers to accurately file the data on the number of assesses and filing of returns (e-filed and paper returns).

### **CBDT's clarification on filing of SLPs/ appeals**

#### **Circular No. 5/2017**

Circular No. 21/2015 which had the instructions to be followed by the department for filing an appeal provided on contesting of certain adverse judgments relating to certain important issues on merit and not mechanically even if the tax effect entailed was less than the monetary limits specified for the appeals. However, CBDT observed that the same was not being followed by the Department since the aforesaid Circular 21/2015 was being erroneously interpreted and appeals were being filed without proper examination of the case on merits. Hence this circular provides for filing appeals without violating the instructions provided in Circular No. 21/2015 and Circular 8/2016 and to withdraw the ones filed in violation of these circulars.

### **Principals for determination of Place of Effective Management (POEM) of a Company**

#### **Circular No. 6/2017**

The concept of POEM for deciding the residential status of a company was introduced by Finance Act, 2015. The guidelines for determining the POEM has been issued vide the above circular of CBDT. These guidelines of POEM have been finalized, after placing draft guidelines in public domain for seeking comments from stakeholders and general public, and with extensive consultation thereafter.



## News and Updates: Income Tax

### **FAQs on implementation of GAAR Provision**

#### **Circular No. 7/2017**

The provisions of Chapter X-A of the Income Tax Act, 1961 relating to General Anti Avoidance Rule will come into force from 1<sup>st</sup> of April, 2017. On receipt of Certain queries on its implementation, the Board has constituted a working group in June of 2016 for this purpose and on considering the comments of this working group, laid down the clarifications by way of FAQs vide the above circular.

### **ITD launches Operation Clean Money to e-verify cash deposits**

The Operation Clean Money initiated by the Income Tax Department involves e-verification of large cash deposits made during 9<sup>th</sup> of November 2016 to 30<sup>th</sup> of December 2016. Data analytics have been used for comparing the demonetization data with information in ITD Database. Around 18 lakh persons in the first batch have been identified in whose case, cash transactions do not appear to be in line with the tax payers profile.

Data analytics will be used to select cases for verification, based on approved risk criteria. If the case is selected for verification, request for additional information and its response will also be communicated electronically.

The response of taxpayer will be assessed against available information. In case explanation of source of cash is found justified, the verification will be closed without any need to visit the Income Tax Office. The verification will also be closed if the cash deposit is declared under Pradhan Mantri Garib Kalyan Yojna (PMGKY).



## Income Tax Case Laws

### **High Court- Writ Petition**

#### **Charanjith Singh v. CBDT and Ors. (2017) (P&H- HC)**

AO sought explanation of credit entries in Assessee's bank account which the assessee failed to provide. Additions were made but assessee filed revision petition u/s. 264 before CIT who upheld the addition since assessee had been provided proper opportunity for explaining the credit but failed to provide the same.

Held: Assessee failed to produce sufficient material evidence either before AO or the CIT and therefore could not be allowed de novo trial. Therefore, in absence of sufficient evidence and reason for the same, the writ petition could not be admitted.

### **Income- Assessability- Whether the contract involved is a joint venture or a sub contract for diversion of income by overriding title**

#### **CIT v. G. Balraj (2017)(Karn- HC)**

Assessee a contractor, entered into an agreement with another contractor B whereby a particular percentage of contract income was to be shared in different proportion. Assessee showed his income to the extent of the amount received by him. AO assessed rest of the contract amount also in assessee's hands as he was of the view that the agreement between the assessee and B was only a sub-contract for diversion of income by overriding title.

Held: Agreement between assessee and B was entered into even before the contract was awarded and contract receipts could be appropriated by the second party even without any further approval from the assessee. Respective shares received by the assessee and B were offered by them as their income. Therefore, the agreement between the assessee and B was in the nature of a joint venture and there was no diversion of income by overriding title.

### **Exemption under Section 10(10D)- Maturity value of Life Insurance Policy in case of policy taken from an American Life Insurance Company**

#### **Taragauri T Doshi v. ITO (2017) (Mum Trib.)**

Assessee received certain amount from a Foreign Bank which represented amount received on account of maturity of insurance policy taken by husband of assessee. AO taxed the said amount without granting exemption u/s. 10(10D) stating that exemption was not available since policy was not taken from Indian Life Insurance Company as per Section 2(28BB).

Held: As per provisions of Section 10(10D) any sum received under a Life Insurance Policy, including the benefit on such policy is eligible for exemption. Therefore, it is apparent that there is no intention of the legislature to restrict the benefit of exemptions under section 10(10D) only on the insurance policy taken from Indian Insurance Company.



## Income Tax Case Laws

### **Exemption u/s. 10(23C)- Educational Institution not receiving Government Aid**

#### **ADIT v. Shushrutha Educational Trust (2017)(Bang Trib)**

Assessee is a trust running 2 colleges. AO proposed to initiate proceedings u/s. 147 on the ground that the assessee was neither registered under 12A nor was notified u/s. 10(23C) as the gross receipts exceeded Rupees two crores. However, according to assessee its receipt from an individual institute did not exceed rupees one crore and each institute was to be considered separately.

Held: The words aggregate annual receipt, of other educational institution mean, total annual receipt of each educational institution individually and not aggregate of all institutes taken together. This is in cases where assessee was not receiving any aid from the Govt. Therefore, the total receipts of assessee was lower than Rupees 1 crore from each institute taken separately.

### **Charitable purpose- Exemption under section 11- Assessee's motive whether profit making**

#### **Shree Kamdar Education Trust v. ITO (2017)(Guj HC)**

Assessee was engaged in running school. AO compared fee structure of the school so run with another school in the vicinity and found that the fee in assessee's school was many times higher than that of the other schools and denied exemption u/s. 11.

Held: It is a well settled matter that the trust, in the course of running an educational institution, is entitled to make a reasonable surplus and setting apart a surplus after expenditure from the receipts, such a thing, by itself, would not mean that the purpose was profit motive.

### **Charitable purpose- Forfeiture of exemption under section 13(1)(c)**

#### **Shree Kamdar Education Trust v. ITO (2017)(Guj HC)**

AO noticed that substantial payments were made by the trust to the settler and trustees and treated them as income applied for the benefit of those persons and denied exemption due to violation of Section 13(1)(c).

Held: Section 13(1)(c) does not prohibit normal transactions between the trust and the persons referred to in section 13(3). What is relevant is the use or application of any part of the income of the trust directly or indirectly for the benefits of any such person referred to in section 13(3). Mere payment of lease rent or interest on money borrowed, without there being any element of such payments being excessive or unreasonable to the normal rates prevailing, would not fall within the mischief of Section 13(1)(c).



## Income Tax Case Laws

### **Exemption u/s. 10(23C)- Educational Institution not receiving Government Aid**

#### **ADIT v. Shushrutha Educational Trust (2017)(Bang Trib)**

Assessee is a trust running 2 colleges. AO proposed to initiate proceedings u/s. 147 on the ground that the assessee was neither registered under 12A nor was notified u/s. 10(23C) as the gross receipts exceeded Rupees two crores. However, according to assessee its receipt from an individual institute did not exceed rupees one crore and each institute was to be considered separately.

Held: The words aggregate annual receipt, of other educational institution mean, total annual receipt of each educational institution individually and not aggregate of all institutes taken together. This is in cases where assessee was not receiving any aid from the Govt. Therefore, the total receipts of assessee was lower than Rupees 1 crore from each institute taken separately.

### **Charitable purpose- Exemption under section 11- Assessee's motive whether profit making**

#### **Shree Kamdar Education Trust v. ITO (2017)(Guj HC)**

Assessee was engaged in running school. AO compared fee structure of the school so run with another school in the vicinity and found that the fee in assessee's school was many times higher than that of the other schools and denied exemption u/s. 11.

Held: It is a well settled matter that the trust, in the course of running an educational institution, is entitled to make a reasonable surplus and setting apart a surplus after expenditure from the receipts, such a thing, by itself, would not mean that the purpose was profit motive.

### **Charitable purpose- Forfeiture of exemption under section 13(1)(c)**

#### **Shree Kamdar Education Trust v. ITO (2017)(Guj HC)**

AO noticed that substantial payments were made by the trust to the settler and trustees and treated them as income applied for the benefit of those persons and denied exemption due to violation of Section 13(1)(c).

Held: Section 13(1)(c) does not prohibit normal transactions between the trust and the persons referred to in section 13(3). What is relevant is the use or application of any part of the income of the trust directly or indirectly for the benefits of any such person referred to in section 13(3). Mere payment of lease rent or interest on money borrowed, without there being any element of such payments being excessive or unreasonable to the normal rates prevailing, would not fall within the mischief of Section 13(1)(c).



## Income Tax Case Laws

### **Business Loss- Advancing of Loan by guarantor to principal debtor to avoid filing of suit by banker**

#### **CIT v. Cable Corporation of India Ltd. (2017)(Bom HC)**

Assessee company sold its right to recover a sum of Rs. 103 Lakhs from V to P for Rs. 45 Lakhs. Deduction was claimed as business loss. AO however disallowed the same on the ground that the assessee was not in the business of advancing loans, therefore, granting of advance was to be considered as investment program. Assessee submitted that granting of loan was to avoid filing of suit by SBI since assessee was a guarantor to a loan given to V and the guarantee was being enforced. Held: Merely because normally the assessee did not grant loans, it did not follow that grant of advance to V could not be considered as a loan but had to be considered as an investment. Treatment of interest on the amount advanced to V was taken as business income which established that AO had accepted the advance to be a part of assessee's business activity. Therefore, loss on account of reduced recovery of the loan advanced to V was to be considered as business loss.

### **Income from undisclosed sources- Addition under section 68**

#### **ITO v. Chitravali Sales (P) Ltd. (2017)(Kol Trib)**

Assessee had advanced huge sum to mining authorities for extracting sand from a river. This was as per a work order of State Govt. Sources of the advances given were explained to be advances received from various customers against supply of sand. AO treated the entire receipt of advance as bogus and made additions u/s. 68. Assessee furnished identity and credit worthiness of the customers and most of the customers had submitted affidavit affixing their photo, confirming advance payment. Held: Assessee had duly discharged its onus of explaining the nature and source of advances by giving identity of the parties. Further, such advances received were duly adjusted against supply of sand on a later date and sale book showing these sales which happened in the succeeding year was duly accepted by the department. In such circumstances, by the order of AO holding that the receipt of money in the form of advance was a mere colorable device was devoid of any merit and invocation of 68 in respect of trade deposits received from customers was not justified.

## Service Tax Updates

### **Monitoring of Non- Filers/ Stop-Filers**

The Directorate General of Systems has been regularly taking several initiatives to enable the field formation to closely monitor the compliance levels in the Service Tax. The Directorate General of Systems has taken steps to send bulk mails to Non filers and Stop filers of ST 3 so that they actively participate in the filing. As many as 6,80,000 emails have already been sent to such non filers and stop filers.





## Managing Committee 2016-17



Managing Committee

**CA Keshava N Ballakuraya, Chairman**  
**CA Bhargava Tantri, Vice -Chairman**  
**CA Shivananda Pai B, Secretary**  
**CA Raviraj B, Treasurer**  
**CA Anantha Padmanabha K, SICASA Chairman**  
**CA Aravinda Krishna B, Member**  
**CA K Subramanya Kamath, Member**  
**CA Abdur Rahman Musba, Member**

*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](mailto:icaiebulletin@gmail.com).*

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

**[icaiebulletin@gmail.com](mailto:icaiebulletin@gmail.com)**

**Editorial Team:**

**CA Prasanna Shenoy M | CA Gautham Nayak M | CA Madhav Shenoy S |  
 CA Shravan Dota | CA Vignesh M | CA Akshay Shet | Committee Members**

