



ICAI MANGALORE

INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

e- Bulletin



Volume V | June 2018

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Thought for the Month:

Pessimism leads to weakness, optimism to power.

-William James



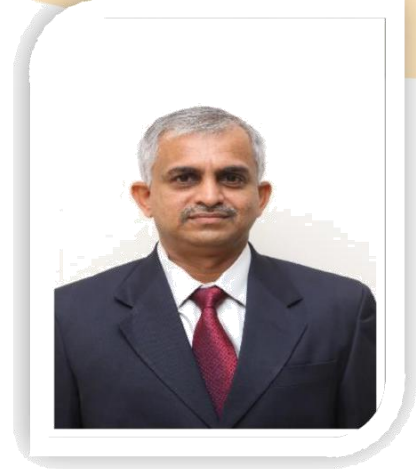
Mangalore Branch of SIRC of ICAI | ICAI Bhawan | Padil |

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Chairman's Message

CA B Shivananda Pai
Chairman
Mangalore Branch of SIRC of ICAI



30.06.2018

Dear Professional Colleagues,

While the south west monsoon has set in, we as professional are also setting our foot firmly for the ensuing professional season. The nature is all in green, and the heavy downpour of the monsoon is disturbing the normal life in the city. We the members are working tirelessly to cope up with the demands of the profession, irrespective of whatever happens outside our offices, which display our commitment to the work.

The two day National Conference '**SWADHYAYA**' under the aegis of The Professional Development Committee of the Institute is scheduled to **6th and 7th July 2018**. The conference will be held at prestigious venue of Mangalore Dr. T.M A Pai International Convention Centre. The organizing committee have selected the topics for the conference, that are relevant to the members in practice as well as in industry. The resource persons are international repute, who are handpicked from various parts of the country to share their knowledge. All preparations are at full phase to ensure a good comfort is being provided to members to enhance their knowledge. Please register yourselves for the conference.

A full day workshop on The Companies Act 2013 was held on 9th June 2018. CS Gaurav Pingle, Pune, and CA Karthikeya K.S Mangalore, were the resource persons. Two Study circle meetings were held on 2nd June and 27th June respectively on Karnataka Co-Operative Law Relating to Accounts, Audit and Taxation, and Measures for Networking of CA forms/ Practitioners. CA B.V Raveendranath, Sagar and CA Vaman Kamath were the resource persons.

With Best regards

CA Shivananda Pai B.

Branch Activities June 2018



Sl No	Date	Activities at Branch for Members	CPE Hours/ Number of Participants
1	02.06.2018	CPE Study Circle Meeting On Co-operative Law Topic: Karnataka Co-operative Law Relating to Accounts, Audit and Taxation. Resource Person: CA B.V Raveendranath, Sagar	Members: 31 Students: 23 CPE Credit: 3 Hours
2	09.06.2018	One Day CPE Workshop On Companies Act 2013 Topic : All about Private Limited Company Speaker: CS Gaurav Pingle, Pune Topic : Accounts, Audit and Reporting Requirements of Companies Speaker: CA Karthikeya K C	Members: 38 Students: 35 Others: 1 CPE Credit: 6 Hours
3	27.06.2018	CPE Study Circle Meeting On Networking Topic : Measures for Networking of CA form/ Practitioner Resource Person: CA Vaman Kamath	Members: 6 Students: 2 CPE Credit: 2 hours



Branch Activities June 2018



Sl No	Date	Activities at Branch for the Students	Number of Participants
1	06.06.2018	02th Batch of AICITSS-Advanced MCS Course	Students: 40
2	07.08.2018	09th Batch of ICITSS - Orientation Course	Students: 42
3	11.06.2018	14th Batch of ITT Course	Students: 28
4	11.06.2018	15th Batch of ITT Course	Students: 27
5	25.06.2018	04th Batch of AICITSS Course	Students: 35
6	27.06.2018	10th Batch of ICITSS - Orientation Course	Students: 41





News and Update

INCOME TAX

Tribunal should pass the order within three months of the hearing

Case Name : **M/s. G. Shoe Exports1 Vs ACIT-25 (ITAT Mumbai)**

Appeal Number : M.A. No. 25/Mum/2017

Date of Judgement/Order : 23/10/2017

Related Assessment Year : 2010-11

Courts : All ITAT (5546) ITAT Mumbai (1726)

Onus on assessee to justify allotment of shares to outsiders at exorbitant premium

Case Name : **M/s. Pratik Syntex Private Ltd Vs. ITO (ITAT Mumbai)**

Appeal Number : I.T.A. No.6690/Mum/2016

Date of Judgement/Order : 11/05/2018

Related Assessment Year : 2012-13

Courts : All ITAT (5546) ITAT Mumbai (1726)

Power of AO to change assessee's status while processing Return and issuing intimation U/s. 143(1)

Case Name : **Radharaman Jew Trust Fund Vs ITO (ITAT Kolkata)**

Appeal Number : IT Appeal No. 1632 (Kol.) of 2016

Date of Judgement/Order : 12/04/2017

Related Assessment Year : 2011-12

Notice not become invalid for Mere mention of wrong section i.e. 153A instead of 153C

Case Name : **Dy. CIT Vs K.M. Nagaraj (ITAT Bangalore)**

Appeal Number : IT Appeal Nos. 1259

Date of Judgement/Order : 19/05/2017

Related Assessment Year : 2005-06

Courts : All ITAT (5546) ITAT Bangalore (270)

ITAT dismisses appeal on failure to file revised Form No. 36 post amalgamation

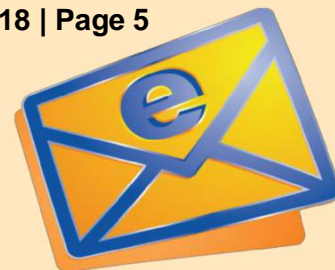
Case Name : **EADS India (P) Ltd. Vs Dy. CIT (ITAT Bangalore)**

Appeal Number : ITA Nos. 764/Del/2015, 1856 & 2638/Del/2014, IT(TP)ANo. 95/Bang/2016

Date of Judgement/Order : 7/10/2015

Related Assessment Year : 2008-09

Courts : All ITAT (5546) ITAT Bangalore (270)



News and Update

UPS is Integral part of Computer and eligible for 60% Depreciation

Case Name : **ACIT Vs M/s. Caparo Engineering India Pvt. Ltd. (ITAT Delhi)**

Appeal Number : I.T.A. No. 6838/DEL/2014

Date of Judgement/Order : 22/02/2018

Related Assessment Year : 2007-08

Courts : All ITAT (5546) ITAT Delhi (1258)

ITAT on Genuineness of Gift of Shares by A Company to other Group Company

Case Name : **Gagan Infraenergy Ltd. Vs DCIT (ITAT Delhi)**

Appeal Number : ITA No. 1031/Del/2018

Date of Judgement/Order : 15/05/2018

Related Assessment Year : 2014-15

Courts : All ITAT (5546) ITAT Delhi (1258)

Claim though ineligible in law but based on CA certificate does not amounts to making false claim

Case Name : **Naturence Cosmetic Pvt. Ltd. Vs. ITO (ITAT Delhi)**

Appeal Number : ITA No.:- 4454/Del/2015

Date of Judgement/Order : 25/06/2018

Related Assessment Year : 2009-10

Courts : All ITAT (5546) ITAT Delhi (1258)

TDS not deductible on Reimbursement of conversion expenses without profit element

Case Name : **ACIT Vs Veera Associates (ITAT Visakhapatnam)**

Appeal Number : ITA No. 332/Vizag/2016

Date of Judgement/Order : 21/02/2018

Related Assessment Year : 2007-08

Courts : All ITAT (5546) ITAT Visakhapatnam (55)

Disallowance U/s. 14A not applicable on investment on which dividend received is chargeable to tax but allowed Rebate under DTAA

Case Name : **ACIT Vs M/s. Indian Farmers Fertiliser Cooperative Ltd (ITAT Delhi)**

Appeal Number : ITA No. 5157/Del/2015

Date of Judgement/Order : 07/06/2018

Related Assessment Year : 2006-07

Courts : All ITAT (5546) ITAT Delhi (1258)



News and Update

GST

Notifications and Circulars

Notifications issued by the Central Government

1. CGST Rules, 2017 have been amended. The major amendments are as under:
 - Any amount incurred by recipient towards supply which the supplier was liable to incur, would be deemed to have been paid for determining reversal of ITC due to non-payment within 180 days.
 - Formula prescribed for refund of ITC on account of inverted duty structure has been amended with retrospective effect from 01st July 2017.
 - No e-way bill will be required where empty cylinders for packing of LPG are being moved for reasons other than supply.

(Notification No.26/2018 - Central Tax dated 13 June, 2018)

2. CGST Rules, 2017 have been further amended. The major amendments are as under:
 - Transporter registered in multiple states can obtain a unique common enrolment number using any one of his GSTINs. Once he obtains such number then he is not eligible to use any of the GSTINs to generate e-way bills.

(Notification No.28/2018- Central Tax dated 19 June, 2018)

3. Exemption on GST under reverse charge basis on procurements from unregistered persons has been extended till 30 September, 2018.

(Notification No.12/2018 - Central Tax(Rate), 13/2018- Integrated Tax(Rate), dated 29 June 2018)

Circulars issued by the Central Government

1. It is clarified that Renewable Energy Certificate and Priority Sector Lending Certificates are classifiable under heading 4907 and would attract GST at 12%. Previous clarification on this issue under circular no. 34 is modified to that extent.

(Circular No. 46/20/2018-GST dated 6 June, 2018)

2. The CBIC has issued a circular clarifying various issues. The major clarifications are mentioned below:

Provision of moulds and dies on free of cost basis to component manufacturer by the original equipment manufacturer does not constitute a supply as there is

- No consideration involved. Further, the value of supply by the component manufacturer would not include the value of moulds and dies provided by



News and Update

- OEM as cost of moulds and dies are not required to be incurred by the component manufacturer. This will also depend on the contractual terms.
- With respect to servicing of cars involving both supply of goods (spare parts) and services (labour), where the value of goods and services are shown separately, it is clarified that where a supply involves supply of both goods and services and the value of such goods and services supplied are shown separately, the goods and services would be liable to tax at the rates as applicable to such goods and services separately.
- If goods, while moving from one place in a State to another place in the same State, transit through a second State, an e-Way bill is required to be generated.

(Circular No. 47/21/2018-GST dated 8 June 2018)

3. The CBIC has issued a circular classifying various issues.

The major clarifications are mentioned below:

- Services of short term accommodation, conferencing, banqueting etc. provided to SEZ developers/unit will be treated as inter-state supply.
- Subject to the provision of section 17(5) of the CGST act, 2017 if even management services, consumables etc. are received by a SEZ developer/unit for authorized operations, as endorsed by the specified officer of the zone, the benefit of zero rated supply shall be available in such cases to the supplier.
- Fabric processors (i.e. job-worker) are eligible for refund of unutilized input tax credit on account of inverted duty structure even if the goods(fabric) supplied to them are covered under notification No. 5/2017-Central Tax (Rate) dated 28 June 2017.

(Circular No. 48/22/2018-GST dated 14 June, 2018)

GST

AAR Rulings

- In *2018-TIOL-64-HC-KERALA-GST*, the petitioner approached the HC as it was unable to file Form GST TRAN-1 within the stipulated time frame due to a system error. Accordingly, the HC directed the concerned nodal officer to enable the petitioner to avail input tax credit if failure to upload Form GST TRAN-1 is not for reasons attributable to the petitioner.



News and Updates

- In *2018-TIOL-95-AAR-GST*, Rajasthan AAR ruled that bio fertilizer or organic manure, other than those put up in unit container and bearing a brand name, would be covered under Schedule I of rate of GST on goods and attract nil rate of duty.
- In *2018-TIOL-97-AAR-GST*, Rajasthan AAR held the reimbursement of expenses and salary paid by the foreign company to the Indian liaison office will not attract GST if the India liaison office India does not render any services directly or indirectly, with or without any consideration and the liaison office does not have significant commitment powers, except those required for normal functioning on behalf of the head office.
- In *2018-TIOL-54-AAR-GST*, Uttarakhand AAR held that (i) an importer is required to pay IGST on ocean freight even if the importer has already paid IGST on CIF value of imported goods, (ii) credit of input tax charged on the supply of fixtures and furniture and AC plant is admissible under the GST law where the registered person has not claimed depreciation on the tax component of cost of the capital goods under the Income Tax Act, 1961 and (iii) since sanitary fittings are integral part of building or any other civil structure, credit of GST paid shall not be available.
- In *2018-TIOL-50-AAR-GST*, Gujarat AAR, where the applicants provided warehouse/space on rent to their customers who store imported commodities and have sought classification of their services, held that once the storage premises is rented by the applicant to its customers, the services provided will be classifiable as 'rental or leasing services involving own or leased non-residential property' leviable to GST @ 18% as the use customers makes of such premises does not have any bearing on the nature of the service provided by the Applicant.
- In *2018-TIOL-84-AAR-GST*, Maharashtra AAR held that act of vacating premises for facilitating construction by a developer implies that the Applicant has agreed to an act and such act of vacating the premises by the applicant squarely falls under clause 5(e) of the Schedule II of the CGST Act, 2017. Accordingly, the amounts received by the applicant for such act will attract GST.
- In *2018-TIOL-82-AAR-GST*, Maharashtra AAR held that i) no IGST is payable where the Applicant purchases goods from overseas related party and the sells the same to customers while the goods are in transit and before they are entered for customs clearance in India and ii) input tax credit to the extent of inputs, input services and common input services used for the above transaction will have to be reversed.



Managing Committee 2018-19



Managing Committee

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CA Ananthapadmanabha, Vice-chairman
CA Raviraj B, Secretary
CA K Subramanya Kamath, Treasurer
CA Abdur Rehman Musba, Chairman
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CA Aravinda Krishna, Member
CA EdyllD;silva, Member
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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. EdyllD'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

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