

रौखि

continuous progress



The GST collection surged to Rs 1.30 lakh crore in October, the second highest since its implementation in July 2017, indicating economic recovery from the COVID-19 pandemic and impact of festive demand.



CBDT enables Tax Audit Utility for filing of Tax Audit Reports for AY 21-22



IPO rush continues; Paytm, 2 other public issues to open



**MANGALURU BRANCH OF
SOUTHERN INDIA REGIONAL COUNCIL OF
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

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CHAIRMAN'S MESSAGE

Greetings to all my affiliates.

At the outset, let me begin by wishing all my fellow members and students of Mangalore branch, on the occasion of Karnataka Rajyotsava which marked the unity of Kannada speaking regions. Kannada is a very beautiful language which we all learn at schools and colleges and we are all aware of how beautiful this language is. In this growing world, where English has taken a prominent place, let this occasion be a reminder that our mother tongue is as beautiful as any other language and that we should not forget our roots. We should be duty-bound to speak and write in Kannada on a daily basis, if not, at least at our home or work space. We now have one month towards the end of the calendar year and in this month we are filled with festivals, mainly Deepawali. I would like to sincerely wish that God bless us all with happiness, health and wealth on this illuminating festival of lights.



Further, we are left with two months for completion of filing returns and paying all the due taxes. We have to work hard now, so that we don't tighten ourselves towards the end of December. At the same time, after lockdown, businesses have now been coming back to track and I know that all our clients are busy with their commerce, yet, during this time we still have to request them and get their audit done, which would otherwise put us in lot of pressure in the last month.

I would like to notify the members that as decided, due to busy schedules, the committee has decided to postpone the international tour to February 2022. I hope this month will be convenient to all the members and please take time and interest in the same so that we can learn and enjoy this international tour.

Members, there will be an election on December 04th, 2021. I request all of you to kindly make yourself available and be at the station on time so that you can cast your vote. Every vote is of utmost importance because in this time we usually select the leaders who can lead our institute efficiently. The able leaders will always make a difference in the profession and to the economy as well. Therefore, please cast your valuable votes and do not waste the same.

To all my dear students, exams are declared which will start on the first week of December and shall last for the next 16 days. I hope students have made good preparations for the exam and are studying well. My best wishes to all of you and I hope God bless you with courage and help you to make through the exams well.

Thank you.

CA K S Kamath

Chairman

Mangaluru Branch of SIRC of ICAI

BRANCH ACTIVITIES FOR THE MONTH OF OCTOBER 2021

No.	Date	Activities
1	30.10.2021	<p>Study Circle Meeting On Topic: Pros, Cons, Procedures & The way ahead for limited liability Partnership</p> <p>Resourse Persons:</p> <ul style="list-style-type: none"> CA. Ananthanarayana Pai K Past Chairman, Udupi Branch of SIRC of ICAI CS. Ulhas Bhat Company Secretary Mangaluru <p>Moderator: CA. Prashanth Pai K Mangaluru</p>
2	03.10.2021	<p>“Azadi Ka Amrit Mahotsav”</p> <ul style="list-style-type: none"> ❖ Walkathon from Mahendra Arcade to ICAI Bhawan, Padil <p>Resourse Persons:</p> <ul style="list-style-type: none"> Brigadier I. N. Rai <ul style="list-style-type: none"> ❖ Blood donation camp Organized by ICAI Mangalore in association with Indian Red Cross Society, D. K. District.

BRANCH ACTIVITY GALLERY FOR THE MONTH OF OCTOBER 2021



Study Circle Meeting on Pros, Cons, Procedures & The way ahead for limited liability Partnership Resuourse Persons - CA. Ananthanarayana Pai K Past Chairman, Udupi Branch of SIRC of ICAI, CS. Ulhas Bhat Company Secretary, Mangaluru



Walkathon & Blood donation camp on 3rd October, 2021, organized on the occasion of Azadi Ka Amrit Mahotsav

TDS ON SALE AND PURCHASE OF IMMOVEABLE PROPERTY BY NON-RESIDENTS (NRIs)

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INTRODUCTION TO THE TDS PROVISIONS:

Owing to an increase in the transactions of purchase and sale of immovable properties, going unreported and undervalued, the Government felt the need to bring a regulation to improve the reporting of such transactions, with the PAN card number and details of the buyer and seller. The result of the same is Section 194IA. Vide the Union Budget 2013-14, Section 194IA was introduced directing a TDS on Property @ 1% on all Immovable Property Transactions of Rs. 50 Lakhs or more under Section 194IA.

Summary of TDS on Sale of Immovable Property

Particulars	%
Where Seller is a RESIDENT Any immovable property (other than agricultural land) provided consideration is Rs.50 lakhs or more – Sec 194IA	1% of the Sale Consideration
Where Seller is a NON-RESIDENT and certificate of Capital Gains is obtained from ITO (Sec 195) - Any immovable property	20% of Capital Gains
Where Seller is a NON-RESIDENT and no certificate obtained from ITO (Sec 195) - Any immovable property	20% of the Sale Consideration

TDS on Sale of Immovable Property by Non-Residents (Sec 195)

Introduction

The TDS to be deducted on sale of immovable property by a Non-Resident is vastly different from the case of a sale of property by a Resident.

Scope of Taxation on Sale of Immovable Property by Non-Resident

In case of purchase of property from NRI, TDS under Section 195 is required to be deducted on the Capital Gains, if conditions are complied, as below. There is no monetary limit for the purpose of applicability of TDS:

Particulars	Rate (%)
Long Term Capital Gains (i.e. Property held for more than 2 years)	20%
Short Term Capital Gains (i.e. Property held for less than 2 years)	Slab Rate of seller

For a resident, TDS is applicable only if the sale value is Rs.50 lakhs or more. However, for a non-resident, there is no monetary limit for the purpose of TDS in case of sale of property. Hence, even if the sale value of the property is Rs.5 lakhs and the property is sold by a non- resident, the TDS of 20% u/s 195 will be applicable.

Hence, this TDS is required to be deducted whenever any payment is made to the NRI for purchase of property. Even if any advance is being paid for purchase of property – TDS is required to be deducted on that advance.

Amount on which TDS is deducted – Sale Consideration or Capital Gains

The initial idea is that the TDS is required to be deducted on the Capital Gains. The perception is that the seller will calculate the amount of Capital Gains arising in their own hands, from sale of this property. Seller shall intimate the same to the buyer, to appropriately deduct the tax on 20% of the amount.

HOWEVER, this computation of Capital Gains cannot be done by the Seller himself and should be done by the Income Tax Officer ONLY. The Income Tax Officer will issue a certificate with the capital gains taxable, which should be provided to the buyer.

Hence, **if the certificate is not obtained** by the Seller, then TDS should be deducted at **20% of the Sale Consideration**.

Particulars	%
Where seller is a NON-RESIDENT and certificate of Capital Gains is obtained from ITO (Sec 195) - Any immovable property	20% of Capital Gains
Where Seller is a NON-RESIDENT and no certificate obtained from ITO (Sec 195) - Any immovable property	20% of the Sale Consideration

TDS Remittance, TDS Return and PAN No.:

TAN No. to be obtained

Buyer should obtain a TAN No. first. TAN No. is not required in case the property is purchased from a Resident Indian but is required in case the property is purchased from a Non-Resident Indian. A TAN No. is different from a PAN No. **Hence, in addition to PAN, a TAN No. must be obtained by the BUYER.**

TDS to be Deposited in 7 Days from end of Month of Sale

The TDS so deducted by the buyer shall be deposited with the Govt within 7 days from the end of the month in which the TDS has been deducted vide Challan No./ ITNS 281.

TDS Return to be Filed

After the deposit of TDS, the buyer is required to furnish a TDS Return. This TDS Return is required to be furnished in Form 27Q and is required to be furnished separately for each quarter in which the TDS has been deducted.

This TDS Return is required to be deposited within 31 days from the end of the quarter in which the TDS has been deducted.

Frequently Asked Questions on TDS on Sale of Property by Non-Resident (FAQs)

1. What details to provide the Tax Officer?

The Officer will go through details like Purchase Price, Date of Purchase, any expenses on Renovation/ Construction etc.

2. What if excess TDS is deducted than actual tax payable?

In such a case, the seller can claim refund of TDS at the time of filing of the Income Tax Return.

3. What certificate should the seller collect from the buyer?

Seller should collect Form 16A from the Buyer when it is available.

4. What if multiple payments are made for the property?

Deduct TDS at the time of each payment and not at the time of Registration of Property

5. What if TDS is Wrongly Deducted or Not Deducted at All?

If the TDS is wrongly deducted or not deducted, the Income Tax Dept will not do anything to the seller but will catch hold of the buyer of property to deposit the TDS. If the buyer forgot to deduct the TDS or deducted less TDS – the Income Tax Dept will recover the TDS from the buyer.

Conclusion

Hence, it is evident that TDS on sale of property is a very important provision for Sellers/Buyer of Immovable Properties. It is even more important to know the nuanced provisions applicable when it is sold by a non-resident.

Hence, it is important to plan the taxes and remittance of the same, with the assistance of your professional, before the property is sold.

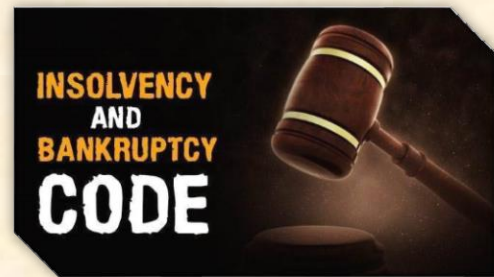
THANK YOU! IF YOU HAVE ANY QUERIES OR DOUBTS, FEEL FREE TO REACH OUT

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**TEST YOUR
KNOWLEDGE!**



What is the applicability of Insolvency and Bankruptcy Code, 2016?

- A. Companies incorporated under the Companies Act, 2013 or under any previous company law, Limited Liability Partnerships incorporated under Limited Liability Partnership Act, 2008, Partnership firms and Individuals.
- B. Companies incorporated under the Companies Act, 2013 or under any previous company law, Hindu Undivided Family, Partnership firms and Individuals.
- C. Companies incorporated under the Companies Act, 2013 or under any previous company law, Limited Liability Partnerships incorporated under Limited Liability Partnership Act, 2008 and Co-operative Societies registered under Co-operative Societies Act, 1972.
- D. Companies incorporated under the Companies Act, 2013 or under any previous company law, Trusts under the Indian Trusts Act, 1882, Co-operative Societies registered under Co-operative Societies Act, 1972, Individuals.

What is the impact of IBC on other legislation?

- A. IBC does not have any effect on other legislations.
- B. Other legislations shall have an overriding effect on IBC.
- C. IBC has an overriding effect on other legislations.
- D. IBC is an independent code

Which Legislations are getting repealed on enforcement of IBC:

- A. The Presidency Towns Insolvency Act 1909, Provincial Insolvency Act 1920 and Sick Industrial Companies (Special Provisions) Act 1985.
- B. Sick Industrial Companies (Special Provisions) Act 1985, The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and The Payment and Settlement Systems Act 2007.
- C. Provincial Insolvency Act 1920, The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Recovery of Debts due to Banks and Financial Institutions Act, 1993.
- D. Sick Industrial Companies (Special Provisions) Act 1985 and some provisions of Negotiable Instruments Act, 1881.

What is debt under IBC?

- A. Any amount of money that is owed or due to any party.
- B. A liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt.
- C. Any liability arising in respect of money advanced by a creditor to the debtor.
- D. Debts arising out of loans advanced by a financial institution.

Does a financial creditor include a secured creditor?

- A. No, a financial creditor does not include a secured creditor.
- B. Yes, a financial creditor includes a secured creditor.
- C. Yes, a financial creditor includes a secured creditor but he shall not exercise the rights of a secured creditor.
- D. No, a financial creditor does not include a secured creditor but he is entrusted with the rights of a secured creditor.



FOR THE PREVIOUS EDITION

- 1. (C) It is a category of hardware technology
- 2. (C) Registered office
- 3. (C) Listing for Sweat equity shares
- 4. (A) 180 days after such seizure
- 5. (B) 5 types

Answers may be sent to icaiebulletin@gmail.com

Correct answers will be out in the next edition.

The names of the first five persons who give correct answers to all the questions, will also be published.

WORDS OF WISDOM

Anyone
WHO HAS EVER
— made anything —
OF IMPORTANCE WAS
Disciplined

— ANDREW HENDRIXSON —

“Don't spend
time beating
on a wall, hoping
to transform
it into a door.”

Coco Chanel

“Creativity
is intelligence
having fun.”

—Albert Einstein—

if
THE PLAN
DOESN'T WORK,
Change
THE PLAN
BUT NEVER
The Goal

**HOLDING ONTO
ANGER IS LIKE
DRINKING POISON
AND EXPECTING
THE OTHER
PERSON TO DIE**

—BUDDHA—



WORDS FROM THE HOLY BOOK

“

Whatever happened was good,
what's happening its going well,
whatever will happen, will also be good.
You need not have any regards
from the past.
Do not worry for the future.
Live in the present.

“

It is better to live your
own destiny imperfectly
than to live an imitation
of somebody else's life
with perfection.

Humility is the word, forgiveness is the virtue,
and sweet speech is the magic mantra.

- Guru Granth Sahib Ji



“

A gift is pure when it is given
from the heart to the right person
at the right time and at the right place,
and when we expect nothing in return.

“

No one should abandon duties because
he sees defects in them.
Every action, every activity,
is surrounded by defects
as fire is surrounded by smoke.





HISTORY OF KARNATAKA RAJYOTSAVA DAY

With different cultures, religions and sects, what is truly remarkable about Karnataka Rajyotsava Day is its celebration of unity and solidarity. Initially starting off as a movement, Aluru Venkata Rao dreamt of the creation of the state of Karnataka in 1905.

In 1950, when provinces were being divided in India on the basis of language spoken in the respective regions, the state of Mysore was born in Southern India. On 1 November 1956, surrounding areas of Madras, Bombay and Hyderabad with Kannada speakers were merged with Mysore to create a singular Kannada dominant territory.

Even with new areas as part of its boundary, the unified state was still under the core name of Mysore. However, the people of North Karnataka were not in favour of retention of this original name and so, on 1 November 1973, the state was renamed to 'Karnataka.' At the time of this historical decision, Devaraj Arasu was the state Chief Minister.

Every year, this day is acknowledged with great zeal and exuberance – with community events, concerts and citizens donning the colours of the flag of Karnataka, red and yellow. Kannadigas are famous for their culture, dances, music, and prose and they go all out on this day to cherish their uniqueness and celebrate their unity.

Priding on their contributions, the prestigious Rajyotsava Awards are hosted by the Government of Karnataka annually on this day, followed by the state flag hoisting ceremony. Karnataka Rajyotsava is essentially an opportunity to pay tribute to the state, rejoice at its progress over the years and work towards its continued excellence.



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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 2000-4000 words typed. Soft copy of the article, along with the author's photograph may be sent to icaiebulletin@gmail.com.

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

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