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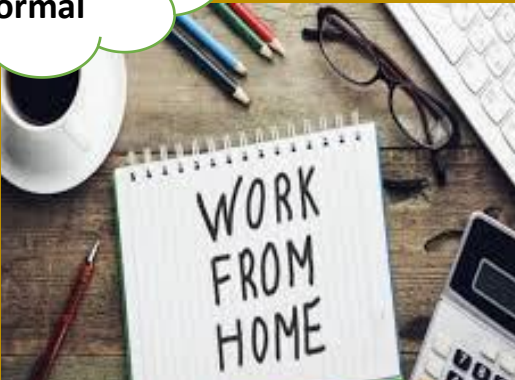
Edition-May 2020

Mangaluru Branch of SIRC of ICAI

Improving
Connectivity



The New
Normal



Staying
professionally
active



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

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Chairman's Message



Greetings of the season

In the past month we have been restricted to the safety of our homes, Not much of our time has been invested in the regular things we do. However, we have had a lot of opportunities to learn, discuss and share information through various webinars, net meetings and other social media. I will not delve much into the aspect of the economic situation and the state of business enterprises or the health of banks as a result of all the turmoil that has happened in the international economic situation. It is being deliberated upon in various platforms. I wish to mention some other aspects that should be brought into our work culture, our travel routines and our communication methods so that the good things we learned during this period of lockdown continues as a standard operating procedure for sometime to come.

The use of technology has helped many business entities and professionals to continue work from the comfort of their homes. One may argue that carrying work to home is not a good sign but changing circumstances may make it necessary. Some of our members may have experienced difficulties in this work from home atmosphere due to constraints in infrastructure. The non-availability of files which were stored in office network, poor or bad internet connectivity and absence of sufficient working space. These problems need to be looked upon closely so that we stay prepared for any such situation which may need us to work from home especially during the peak season of audit or during filing of returns. A good initiative would be to save our office work in cloud environment which will then be available at all times. We may also need to provide key staff members with laptops and phones for office use so that the confidential data they work on is not exposed to others. The need for strong internet service is becoming a necessity. Staff training plays a vital role in delivery of quality work. Our team should be equipped to deal with situations that requires them to work from remote locations, being able to interact on conferencing video calls and be able to independently handle the data that needs to be analysed or worked upon.

At this point of time, we do not know when we will return to the normal. Businesses will invariably take a hit on their profits and many of them may find survival to be difficult. Can we be of any help to them is a question that may arise in our minds. Certainly our professional members are having the required knowledge, experience and skillset to help them make informed decisions. Taking such role also raises an important question as to whether we can be involved in the decision making process of an enterprise. The answer is definitely 'no' if we happen to be their auditor as we are being appointed with a clear purpose of expressing an opinion on financial statements and taking any other role would conflict with the professional independence.

We have a responsibility as a citizen of this great nation. Time has come for us to proactively join the think-tank that can put the ideas for revival for economic growth. Our youth needs jobs, our farmers need good prices, industry and commerce needs changes in law that makes doing business easier. A lot of policy changes and action plan is required at every level of governance. We need to participate in this by way of giving our suggestions, action plan and recommendations. Small ideas can make big changes. Our suggestions and recommendations carry a lot of weight in the minds of decision makers. There are some areas where there is perhaps an imminent need to change the law as most of these may need relaxations in the evolving economic scenario. We need to bring back the entrepreneurial energy into business. We have to help the start-up institutions to turn their vision to be a reality. We need to encourage the job-creators and help them resolve the legal and regulatory issues that they need assistance with. There should be free flow of ideas with people from different knowledge background, entrepreneurs, law makers, domain specialists and experts to arrive at a credible solution to economic problems that needs immediate redressal. Many of our members have expertise in varied matters. The potential has to be explored in ways that we can use it as partners in nation's growth.

Moving into other matters of professional interest, I feel that with the sudden disruption that was caused in recent months, there may be a gap in compliance formalities for some of our clientele. We have to assist our clients to detect such things at the earliest and get such matters rectified. The cost of non-compliance including fines, penalties and possible disqualifications or prosecution could be very real if the irregularities persist. There are of course certain relaxations given by the Government but overall compliance requirements have still to be adhered to. Due to the restrictions or difficulties in travel and stay outside, many audits may have to be done off-site in the days to come. This places us under unique situation in as much as things like physical verification of assets, stock or cash may not be possible in all cases. There are problems relating to cut-off period accounting as the national lockdown came in the latter half of March though April. There will be problems of staff attrition, downsizing, voluntary separations and so on with the

people managing important roles at client institutions. This and other factors could have impact on internal controls that will then have influence on our audit techniques and procedures.

Many of our young members may have felt that with the rapid changes in economic environment and business, what will future hold for them. To this I would put a quote by an American writer Mark Caine which says *"The first step toward success is taken when you refuse to be a captive of the environment in which you first find yourself."* As it says, we should refuse to stay down and look for new and emerging opportunities. The young members have familiarity in areas like technology, use of internet and can create virtual workspace and through use of professional networks take up work which falls within the permissible activities for the members. Non conventional areas of practice can be lucrative and interesting and provide a new breakthrough into the future.

Our professional members in the industry have also been giving invaluable service and are often being recognised widely for their work. I urge the members in Industry to take active participation in taking up sessions for the students where they can share their experience, talk about the working environment, sensitize them on important issues in corporate work culture, train them on the matters of communication and presentation which will go a long way to help the students to get a head start when they begin their career.

Lastly, I would also request our members and students to take part in the relief efforts that is being undertaken by various organisations in whichever way possible. It is our responsibility and duty to help fellow citizens in whatever means possible. I have requested in my earlier messages to contribute to the ICAI COVID relief fund and everyone of you have shown generous response by contributing to the fund. Yet many more such contributions are awaited from our members as this is a National Cause by which our Fraternity can stand tall. So, I once again appeal our members to kindly contribute for this Noble cause.

As the month of May is approaching, members will be busy in Bank audits. Hence the committee has decided to conduct webinars/Virtual CPE meetings from June onwards as a part of continuous education programme for members. Humanity and compassion are the two most important virtues that we must all carry at this time.

With best regards

CA S S Nayak

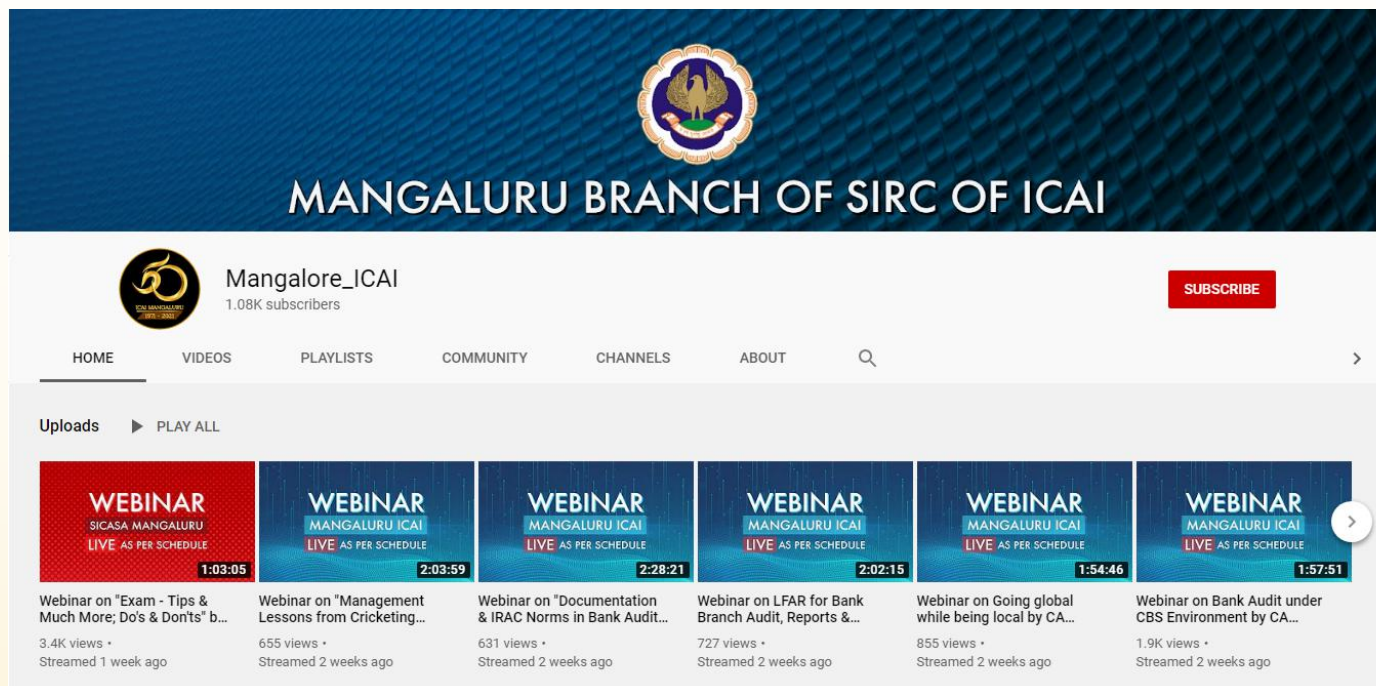
Chairman

Branch Activity Updates of April 2020

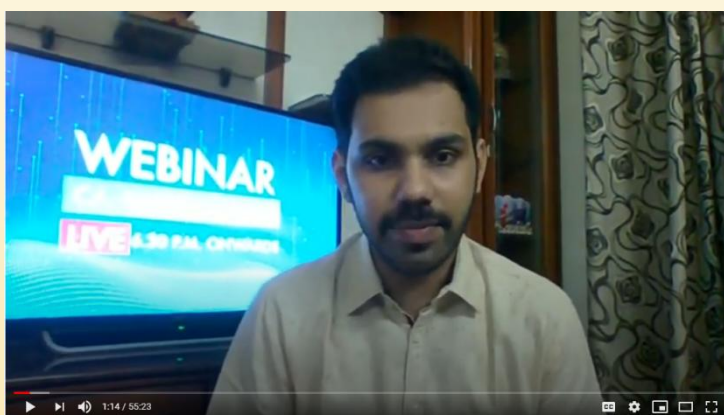
List of webinars conducted

Date	Topic	Resource person
20.04.2020	Open Interaction with CA members & Students of Mangaluru ICAI	CA Gautham Pai
22.04.2020	Presumptive Provisions Under the Income Tax Act -A Critical Review	CA. Ramnath V
23.04.2020	Humour in Communication	CA. Kiran Vasant
24.04.2020	Handling of Different Types of Notices under GST	CA. Rajesh Kumar T.R
25.04.2020	Relief Under Various Laws due to Covid-19	CA. Gururaj Acharya
28.04.2020	Bank Audit Under CBS Environment with Special Reference to COVID	CA. Murali Mohan
29.04.2020	Going Global While being local	CA. Bharath Rao
30.04.2020	LFAR for Bank Branch Audit, Reports & Certificates	CA Ananda Krishna, Bengaluru
01.05.2020	Documentation & IRAC Norms in Bank Audit	CA. Cotha S. Srinivas
02.05.2020	Management Lessons from Cricketing History	Dr. K. Rajesh Nayak, Qatar

Branch Activity Gallery of April 2020



Mangaluru Branch of ICAI channel on You Tube. Do Subscribe to our Channel



Open Interaction with CA members & Students of Mangaluru ICAI by CA Gautham Pai on 20th April, 2020 @ 06:30 p.m



Webinar on Presumptive Provisions Under the Income Tax Act -A Critical Review By CA Ramnath V, Coimbatore on 22nd April,2020



Webinar on Humour in Communication by CA Kiran Vasanth on 23rd April, 2020



Webinar on Handling of different types of Notices under GST by CA Rajesh Kumar T R, Bengaluru on 24th April 2020



Webinar on Relief Under Various Laws due to Covid-19 by CA Gururaj Acharya, Bengaluru on 25th April, 2020



Webinar on Bank Audit under CBS Environment by CA Murali Mohan, Mangaluru on 28th April 2020



Webinar on Going global while being local by CA Bharath Rao, Bengaluru on 29th April 2020



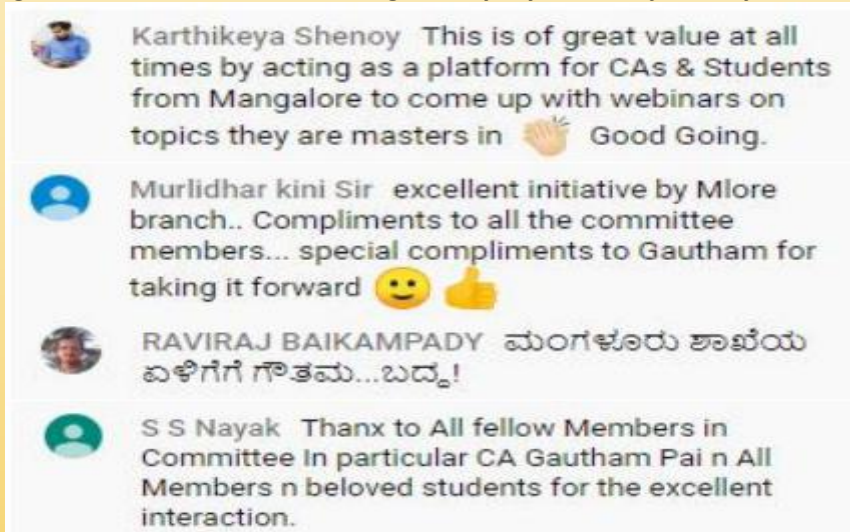
Webinar on LFAR for Bank Branch Audit, Reports & Certificates by CA Ananda Krishna, Bengaluru on 30th April 2020



Webinar on "Documentation & IRAC Norms in Bank Audit" by CA. Cotha S. Srinivas, Bengaluru



Webinar on "Management Lessons from Cricketing History: by Dr. K. Rajesh Nayak, Muscat on 2nd May 2020





MANGALURU BRANCH OF SIRC OF ICAI



Thank You

WEBINAR
LOCKDOWN 2.0



**TO OUR SPEAKERS,
SUBSCRIBERS & VIEWERS**



Mangalore_ICAI Thanks to all the viewers of this interactive session with managing committee and we seek your support for all our forthcoming programs

Even though in April 2020 it was Lockdown, we were not down(conducted series of webinars)

Yoga at our own Institute- Health is wealth



The art of practicing yoga helps in controlling an individual's mind, body and soul. It brings together physical and mental disciplines to achieve a peaceful body and mind; it helps manage stress and anxiety and keeps you relaxing. It also helps in increasing flexibility, muscle strength and body tone. Keeping this in mind, the Mangaluru branch of ICAI has started with Yoga classes for members and students from March 8th, 2020. The Inaugural function of Yoga classes commenced on 8th March @ 6.45am at ICAI Bhawan, Mahendra Arcade. Yoga Guru Jagadeesh Shetty will be the Guru teaching vyayamas for good health, relevant for professionals like us.



Recent Case Laws in GST

This post covers summary of a few recent case laws on GST. Hope these judgement help you to understand the practical issues emerging in the GST regime in a better way.

1. M/S. Refex Industries Limited, M/S. Sherisha Technologies Pvt. Ltd Vs. The Assistant Commissioner Of CGST & Central Excise (Madras High Court)

Case: Interest u/s 50(1) should be levied on belated cash payment

Decision: Writ Petitions are allowed and the impugned notices are set aside.

Comments: As per recently inserted proviso to Section 50(1) as per which interest shall be levied only on that part of the tax which is paid in cash, has been inserted with effect from 01.08.2019, but clearly seeks to correct an anomaly in the provision as it existed prior to such insertion. It should thus be read as clarificatory and operative retrospectively.

2. UNION OF INDIA & ORS Vs. ADFERT TECHNOLOGIES PVT LTD (Supreme Court of India)

Case: Carry forward legitimate claim of CENVAT/ITC on the ground of non-filing of TRAN-1 by 27.12.2017

Decision: In the facts and circumstances of the case, Bench is not inclined to exercise its jurisdiction under Article 136 of the Constitution - SLP is dismissed: Supreme Court – Appeal Dismissed.

Comments: In the facts and circumstances of the present case, we are not inclined to exercise our jurisdiction under Article 136 of the Constitution. We accordingly dismiss the Special Leave Petition. Pending application(s), if any, stand disposed of.

3. ADFERT TECHNOLOGIES PVT LTD Vs. UNION OF INDIA & ORS (PUNJAB AND HARYANA High Court)

Case: Carry forward legitimate claim of CENVAT/ITC on the ground of non-filing of TRAN-1 by 27.12.2017

Decision: -Bench directs the Respondents to permit the Petitioners to file or revise where already filed incorrect TRAN-1 either electronically or manually statutory Form(s) TRAN-1 on or before 30th November 2019 - Respondents are at liberty to verify genuineness of claim of Petitioners but nobody shall be denied to carry forward legitimate claim of CENVAT/ITC on the ground of non-filing of TRAN-1 by 27.12.2017.

Comments: Bench is full agreement with findings of Hon'ble Gujarat in the case of Siddharth Enterprises - 2019-TIOL-2068-HC-AHM-GST and Delhi High Court in a series of cases Krish Authomotors Pvt. Ltd. Vs UOI and others - 2019-TIOL-2153-HC-DEL-GST and finds no reason to take any contrary view.

4. M. R. Traders Vs. Assistant State Tax Officer (Kerala High Court)

Case: Detention of the vehicle on the ground that the address shown in the invoice was different from the address shown in the E-way Bill.

Decision: The goods and vehicle detained shall be immediately released by the Competent Authority to the assessee on its furnishing bank guarantee for the amount shown in the notice. Thereafter the Competent Authority will duly take up the matter for finalization of adjudication proceedings pursuant to the notice issued

under section 129(3) and shall afford adequate opportunity of being heard to the assessee and then will pass order finalizing such adjudication proceedings.

Comments: The vital contention urged by the petitioner that the so called error pointed out by the respondent for issuing Ext.P4 order, that the address shown in the invoice is different from the address shown in the E Way bill etc. is only a clerical mistake and is not a serious mistake which should justify the detention and penalty proceedings and also the contentions raised by the petitioner on the basis of Ext.P2, etc.

5. Jecintha Pillai Vs. The State of Telangana (Telangana High Court)

Case: Grant of anticipatory bail for providing taxable services i.e., consultation services without raising invoices for the services rendered.

Decision: This is not a fit case to grant anticipatory bail to the petitioners and that the prayer for grant of anticipatory bail is rejected.

Comments: In view of the fact that the Department is still conducting further investigation with regard to the offence committed by TEPL, in which the petitioners are Directors and that there is specific allegation that TEPL is providing taxable services without raising invoices for the services rendered by them to the various service recipients and is not paying appropriate GST on the consideration received towards provision of taxable services, resulting in loss of Rs.11,80,95,716/- to the Government exchequer.

6. Bharat Raj Punj Vs Commissioner of Central Goods And Service Tax (Rajasthan High Court)

Case: Input tax credit availed fraudulently by issue of fake or fictitious sale invoices.

Decision: Arrested senior officials of the company after recording their statements. Also, Rajasthan High Court dismissed the Writ petition of the petitioner and imposed a cost of Rs. 1,00,000/- only.

Comments: It is an offence committed under Section 132 of the Act. It specifically covers cases leading to wrongful availment of Input tax credit. The Department has the power to issue summons or arrest the offender on reasonable grounds, without first determining the tax.

7. Optival Health Solutions Pvt Ltd Vs UOI (Calcutta High Court)

Case: Rectification or Revision of GST TRAN-2 form should be allowed or not.

Decision: Allowed petitioner to file a revised Form GST TRAN-2 either electronically or manually.

Comments: Law permits a person to rectify or revise the Form, who voluntarily admits to have made a mistake in the form or admits to have submitted detail that is not true. The tax authorities have the right to retain original Form GST TRAN-2 for assessment purpose and they may ask the petitioner to provide proper explanation for such revision/rectification.

8. Vikas Goel and another Vs Central Goods and Services Tax Commissionerate (Punjab and Haryana High Court)

Case: Bogus billing under GST.

Decision: Arrested the petitioner and denied their bail in GST fraud.

Comments: Petitioners made bogus bills and adjusted the amount without any actual transportation or sale of goods. Transactions appeared only on paper. On search, it was found that premises were closed for a period of 5 years and there was tax evasion.

So, the Department has the power to arrest under Section 69 of the Act.

9. Tvl. R K Motors Vs State Tax Officer (Madras High Court)

Case: Powers conferred on a statutory authority should be exercised in a reasonable manner.

Decision: Directed the authority to release the vehicle and goods detained.

Comments: Authority detained the vehicle, seized the goods when driver enroute the vehicle to some other place instead of the place of delivery. Also, asked for a huge penalty for release of vehicle.

Since the tax in respect of goods had already been paid and transportation was duly covered by proper documentation, authority is wrong in taking such harsh steps. Instead, authority should have asked the driver to reroute the vehicle to the place of delivery.

10. M/s. Jeyyam Global Foods (P) Ltd. Vs Union of India (Madras High Court)

Case: Detention of goods cannot extend beyond a reasonable period of time.

Decision: It is not open to the inspecting squad officers to detain goods beyond a reasonable period of time and take action against it.

Comments: Inspecting Squad officer raised the issue of wrong classification of goods, issued a detention notice and levied tax and penalty. Squad officer can detain the goods only for the purpose of preparing relevant papers regarding any issue involved like wrong classification of goods, and handover the papers to the jurisdictional assessing officer. But, final action can be taken only by the jurisdictional assessing officer.



CA. Shabana

M/s. Ballakuraya & Associates

Disclaimer: The opinions expressed within this article are the personal opinions of the author. The facts and opinions appearing in the article do not reflect the views of the Managing Committee and ICAI does not assume any responsibility or liability for the same.

Following our ikigai

The lock down season, which ended up in becoming a season of online meetings and webinars, was a revelation to me. Never was I more grateful to the blessings of the internet.

The topic of one of the webinars aroused my curiosity.

'Ikigai,' it said.

I did what all of us would do when accosted with an unknown word. I googled for ikigai and a reason for being popped up on my screen. It did look a bit nebulous but I persisted. I understood ikigai as being a motivating factor of every one's life and when each of us know what our ikigai is, the journey forward will be a smoother and more rewarding one.

I did not need more prodding to register for this webinar. It was conducted by Dr Sheetal Nair, a life coach from Vadodara. I must say it was a rewarding experience and I present here my takeaways from the webinar and a gist of the subsequent reading up that I did on the topic.

Not surprisingly, Ikigai is not a new concept; it has been around for centuries though it is only now that it is gaining traction in management circles. Each one of us has a purpose of life and this concept leads us to the very the reason for our being. In Japan, millions of people have ikigai (pronounced Ick-ee-guy)— a reason to jump out of bed each morning.

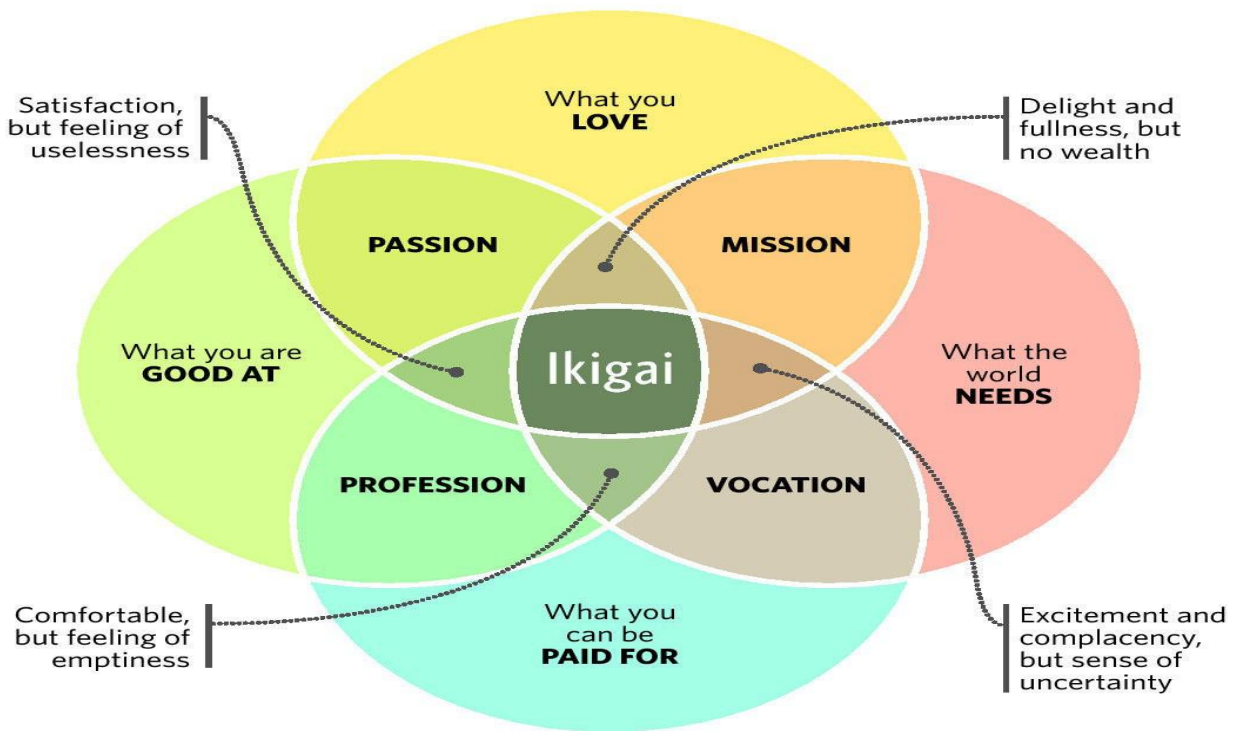
What's your reason for getting up in the morning?

The Japanese island of Okinawa, where ikigai has its origins, is said to be home to the largest population of centenarians in the world. Could the concept of ikigai contribute to longevity? A researcher on Ikigai, Dan Buettner suggests making three lists - your values, things you like to do and things you are good at. The cross section of the three lists is your ikigai.

"Your ikigai is at the intersection of what you are good at and what you love doing," says Hector Garcia, the co-author of Ikigai: The Japanese Secret to a Long and Happy Life. He writes, "Just as humans have lusted after objects and money since the dawn of time, other humans have felt dissatisfaction at the relentless pursuit of money and fame and have instead focused on something bigger than their own material wealth. This has over the years been described using many different words and practices, but always harking back to the central core of meaningfulness in life."

Ikigai

A JAPANESE CONCEPT MEANING "A REASON FOR BEING"



SOURCE: dreamstime

TORONTO STAR GRAPHIC

Image: Toronto Star

As is clear from the image, ikigai is seen as the convergence of four primary elements - what you love (your passion), what the world needs (your mission), what you are good at (your vocation) and what you can get paid for (your profession). Ask yourself these questions: What do I love? What am I good at? What can I be paid for now — or something that could transform into my future line of work? What does the world need?

Discovering your own ikigai is said to bring fulfillment and make you live longer. Want to find your Ikigai? My own reading brought out these tips.

- *Stay active and don't retire*
- *Adopt a slower pace of life*
- *Surround yourself with good friends*
- *Get in shape through daily, gentle exercise*
- *Smile and acknowledge people around you*
- *Reconnect with nature*
- *Cultivate gratitude as a value*
- *Live in the moment*

Something that is an integral aspect of finding your ikigai is following your curiosity. Can we deny that we stop being curious about new experiences as we assume responsibilities and build routines? Our sense of wonder gets diminished. It's important to hold on to that curiosity and earnestness. A classic example is Steve Jobs' curiosity for typefaces which led him to attend a seemingly useless class on typography and to develop his

design sensibility. It is now legend that it was that very sensibility that became an essential part of Apple computers and Apple's core differentiator in the market.

We are born curious. We need to respect the urge within us to explore and pursue new knowledge. What excites us? What makes us lose the sense of time? What brings out the best in us? "Our intuition and curiosity are very powerful internal compasses to help us connect with our ikigai," Hector Garcia and Francesc Miralles write.

What is the one simple thing you could do or be today that would be an expression of your ikigai? If we are able to find it and pursue it with all we have, we would be somewhere close to finding our individual ikigais.



**- CA. M. N. PAI,
M/s M. N. Pai & Associates,
Chartered Accountants.**

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Import Export Code

Globalisation has given businesses an opportunity to go beyond national boundaries and explore and take benefit of the size and potential of international markets. From Movies to Software, Products to Services, businesses that have taken things global have achieved phenomenal success and developed their presence in global market.

Business may take advantage of cost either by exporting products that are produced at efficient costs locally or may import components and parts from abroad and use them in their products made in India. While export business take advantage of the lower cost of production, import businesses take advantage of lower cost of inputs and substitutes. The Trade Policy allows such free business flows subject to certain parameters and restrictions.

There are some mandatory rules and regulations that have to be followed for imports and exports. Import Export Code is one such pre-requisite for importing or exporting from India. IEC is a 10-digit code linked to PAN with life-time validity issued by the office of Director General of Foreign Trade. IEC must be quoted in custom documentation and bank papers when money has to be remitted abroad or received for exports. However, from 1st July 2017, the PAN under Income Tax would be IEC number under DGFT. However, it is required to apply for IEC with DGFT, which would be same as PAN. The IEC before 1st July 2017 would be a 10 digit code. IEC can be verified at <http://dgft.delhi.nic.in:8100/dgft/IecPrint>

The application for IEC code has to be submitted online at DGFT website <http://dava.gov.in:8080/dgftiec/panSearch.jsp> An application for grant of IEC number shall be made by the Registered/Head Office of the applicant and apply to the nearest Regional Authority of Directorate General Foreign Trade in and shall be accompanied by documents prescribed therein. In case of STPI/ EHTP/ BTP units, the Regional Offices of the DGFT having jurisdiction over the district in which the Registered/ Head Office of the STPI unit is located shall issue or amend the IECs. Documents with regard to identity, legal status, address proof and bank account are to be given. Prescribed application fee has also to be paid. IEC will be issued after documents are processed.

Only one IEC would be issued against a single PAN number. Any proprietor can have only one IEC number and in case there are more than one IEC allotted to a proprietor, the same may be surrendered to the Regional Office for cancellation.

Key features of IEC are

- There is no need to file any return
- It can be obtained without having done any export or import in the past
- No need to renew the code and is valid for life time

Relaxation from obtaining IEC

- It is not required for goods exported or imported for personal purposes
- It is not required for Government ministries and departments
- Notified charitable institutions do not require IEC

Service Exports

IEC is not required for import or export of services except when service provider is dealing with specified services or specified technologies or when DGFT benefits is being availed like Service Export Incentive Scheme (SEIS). For software or consultancy services it would not be required. One of the prime advantages of getting IEC is Service Exports from India Scheme (SEIS). In the scheme, service providers, situated in India, would be provided incentives under the SEIS scheme, for all eligible export of services from India. Incentive would be in the form of Duty Credit Scrip. To claim the incentive, service provider is required to have active IEC at the time of rendering services.

ANF-1 contains the profile of the importer/exporter. IEC Holder shall be responsible for updating the same as and when a change takes place immediately or in any case at least once in a year.



Services Sector



The Indian Economy for long was reliant on agriculture. Later it grew with Industries producing a variety of goods. The real push came from the third wing which is the service sector often called as the Tertiary Sector. There can be wide interpretation of what comes under service sector. Service sector encompasses a lot of activities within it – transportation, logistics, warehousing, information services, investment services, professional services, health care, waste management, travel and tourism, hospitality, arts, entertainment and even production of intangible goods. The list is only illustrative. In the Indian context the real growth came in service sector when the IT industry grew providing jobs to hundreds of thousands of people and becoming the back office of some of the most complex business models around the world.

The liberalisation of economy really helped the service sector to grow. The availability of talented young workers with required skills and competence helped industry to grow rapidly and India as a nation started to see service sector as a real driver behind the economic engine. Across the world, countries with economies centred on the services sector are generally considered to be ahead of those which are more depended on agricultural and/or industrial activities. However, it is not to say that industrially advanced countries are behind in any comparable terms.

Service Sector's share in GDP

As per economic survey 2019-20, roughly 50% to 60% of GDP is contributed by Services sector. This share has increased at a phenomenal rate since the early 1990's. Undoubtedly, the export sector is also actively supported by service exports (38 per cent of total exports). Services exports have outperformed goods exports in the recent years, due to which India's share in world's commercial services exports has risen steadily over the past decade to reach 3.5 per cent in 2018, twice the share in world's merchandise exports at 1.7 per cent. The services sector now accounts for more than 50 per cent of Gross State Value Added in 15 out of the 33 states and UTs.

Service Sectors contribution to taxation

The prominence of service sector by way of contribution to taxes first gained importance only in the early 1990's when the Central Government levied Service Tax on select services. From a modest beginning, service tax went on to become a main source of revenue in Indirect Taxes. When GST was introduced, it brought in virtually the entire spectrum of service sector to taxation as the Government considered it to be a significant contributor to the exchequer.

Employment generation in service sector

Compared to the share of this sector in GDP, the relative employment in this sector is lower. Estimates indicate that only 25% of the country's workforce is employed in service sector as compared to 53% in agriculture. In comparison, in the United States of America service sector employs nearly 70% to 80% of workforce and less than 5% of workforce is engaged in agriculture. Of course, the level of mechanisation, urban-rural divide and other factors would also play a role in this. The trend that emerges is though clearly indicating that the service sector has the potential to provide employment to our large population in the coming years.

Service Sector's contribution in FDI

In the year 2017-18 and 2018-19, service sector accounted for more than 60% of FDI's flowing into India. Areas like Outsourcing, Research and development, Tech Testing and Analysis, Computer Software and Hardware and telecommunication along with E-Commerce platforms are the major beneficiaries.

How are Government Policies helping service sector

Some of the steps taken by Government over a period of time have started to bring in large benefits to service sector. The visa on arrival program has helped tourism and hospitality sector, the development of STPI has helped software and ITES Companies, digitization of records and linking of public benefit schemes under JAM (Jan Dhan, Aadhaar, Mobile) has vastly helped the banking and institutional entities for direct transfer of cash, inclusion of service sector under MSMED Act, 2006 has given them enterprise status under the Law, availing of tax credits and introducing a single tax return form for goods and services etc have indeed helped the service sector in different ways. One of the schemes introduced by Government for promotion of exports of services is Service Exports from India Scheme (SEIS)

SEIS

Under the scheme eligible exports of services will be entitled for duty credit scrip. The service provider should have an active Import Export Code. The service provider (Company/ LLP/ Partnership Firm) should have net minimum foreign exchange earnings of USD 15,000 in the preceding financial year to be eligible for duty credit scrips. For individuals and proprietary enterprises, the net minimum foreign exchange earnings should be USD 10,000

Net foreign exchange earnings = Gross Foreign exchange earnings (-) total payments in foreign exchange.

The scrips are issued at notified rates on the net foreign exchange earned by the service providers. The scrips are valid for 18 months. They can be used for payment of customs duty but cannot be used for payment of IGST and GST compensation cess on imports. It cannot be used for payment of GST on local procurement. If the scrip holder is not able to self utilize the scrip, it can be transferred to any other person. Duty credit slips are treated as goods and classified under HSN 4907. However, GST rate for the same is mentioned to be Nil.

Services eligible to claim benefit under SEIS

Business Services

- Professional services – legal, accounting etc
- Research and development services
- Rental and leasing services
- Advertising, market research etc

Communication Services – Audio Visual Services

Construction and Related Engineering Services

Educational Services

Environmental Services

Health Related and Social Services

Tourism and Travel related Services

Recreational, Cultural and Sporting Services

Transport Services

It is important to note that only cross border trade of eligible services and consumption of services abroad are eligible.

How to apply for SEIS:

An Online Application needs to be filed on the DGFT Server and the relevant fields of information need to be entered in the SEIS ECOM Module. All the relevant forms which are ANF3B and Annexure to ANF3B are available online



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Disclaimer: The opinions expressed within this article are the personal opinions of the author. The facts and opinions appearing in the article do not reflect the views of the Managing Committee and ICAI does not assume any responsibility or liability for the same.

RBI Governor Announcements - Post COVID 19

RBI Announcement dated 17 April 2020 to support economy and Financial sector.

1. **(TLTRO 2.0) for Rs 50,000 crore** in tranches of appropriate sizes. This amount must be invested (within a month) in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized NBFCs and MFIs.
2. Special **refinance facilities** for a total amount of `50,000 crore to **NABARD, SIDBI and NHB** to meet sectoral credit needs. Advances will be charged at the RBI's policy repo rate at the time of availment.
25000 CR- NABARD(FOR RRB'S, CO-OP BANK & MFI'S)
15000 CR- SIDBI
10000 CR - NHB
3. **Reduction** in the fixed rate reverse repo rate under the liquidity adjustment facility (LAF) **by 25 basis points from 4.0 per cent to 3.75 per cent.**
4. Increase in the WMA (Ways and Means Advances) limit of **states by 60 per cent** over and above the level as on March 31, 2020. This is available till September 30, 2020.
5. All accounts for which lending institutions decide to grant moratorium or deferment, and which were standard as on March 1, 2020, the 90-day NPA norm **shall exclude the moratorium period**, i.e., there would be an asset classification standstill for all such accounts from March 1, 2020 to May 31, 2020
6. **NBFCs have flexibility under the prescribed accounting standards** to consider such relief to their borrowers.
7. Banks will have to **maintain higher provision of 10 per cent on all such accounts under the standstill**, spread over two quarters, i.e., March, 2020 and June, 2020
8. The period for resolution plan of stressed assets **shall be extended by 90 days.**
9. Scheduled commercial banks and cooperative banks **shall not make any further dividend payouts** from profits pertaining to the financial year ended March 31, 2020.
10. The LCR(Liquidity Coverage Ratio) requirement for Scheduled Commercial Banks is being brought down from **100 per cent to 80 per cent.**
11. The above requirement shall be **gradually restored back in two phases** – 90 per cent by October 1, 2020 and 100 per cent by April 1, 2021.
12. The date for commencement for commercial operations (DCCO) in respect of loans to commercial real estate projects delayed for reasons beyond the control of promoters can be extended **by an additional one year**, over and above the one-year extension permitted in normal course, without treating it as restructuring.

“
GDP growth in 2020-21
expected to remain in
negative category with
some pick up in the 2nd
half

Shaktikanta Das,
RBI Governor



Words of the wise

- ✧ *Do not tell a person how to do things, tell him what to do and you will be surprised with the results.*
- ✧ *Sun rises everywhere but the crop grows only where the farmer has worked hard*
- ✧ *Do not think that time will change our life, time only changes the expiry date of life's opportunities.*
- ✧ *Making a million friends is not an achievement, the real achievement is to make at least one friend who will stand by you when a million are against you.*
- ✧ *Success is not measured by the number of years added to your life but the amount of life added to your years.*

- Compiled by CA S S Nayak
Chairman,
Mangaluru Branch of ICAI

Shukhashikha

ಸ್ವಗೃಹೇ ಪೂಜ್ಯತೇ ಮೂರ್ಖಃ ಸ್ವಗ್ರಾಮೇ ಪೂಜ್ಯತೇ ಪ್ರಭುಃ |

ಸ್ವರಾಷ್ಟ್ರೇ ಪೂಜ್ಯತೇ ರಾಜಾ ವಿದ್ವಾನ್ ಸರ್ವತ್ರ ಪೂಜ್ಯತೇ ||

ಮೂರ್ಖನಿಗೆ ತನ್ನ ಮನೆಯಲ್ಲಿ ಗೌರವ, ಅಧಿಕಾರಿಗೆ ತನ್ನ ಊರಿನಲ್ಲಿ ಮಾತ್ರ ಗೌರವ, ರಾಜನಿಗೆ ತನ್ನ ರಾಷ್ಟ್ರದಲ್ಲಿ ಗೌರವವು. ಆದರೆ ವಿದ್ವಾಂಸನಿಗೆ ಮಾತ್ರ ಎಲ್ಲೆಲ್ಲಿಯೂ ಗೌರವ, ಸನ್ಮಾನಗಳು.

ನರಸ್ಯಾಭರಣಂ ರೂಪಂ ರೂಪಸ್ಯಾಭರಣಂ ಗುಣಾಃ |

ಗುಣಸ್ಯಾಭರಣಂ ಜ್ಞಾನಂ ಜ್ಞಾನಸ್ಯಾಭರಣಂ ಕ್ಷಮಾ ||

ಮನುಷ್ಯನಿಗೆ ರೂಪವೇ ಅಭರಣ, ರೂಪಕ್ಕೆ ಗುಣಗಳೇ ಅಭರಣ, ಗುಣಗಳಿಗೆ ಜ್ಞಾನವೇ ಅಭರಣ, ಜ್ಞಾನಕ್ಕೆ ಕ್ಷಮಾಗುಣವೇ ಅಭರಣ.

ಕ್ಷಣಶಃ ಕಣಶಶ್ಚೈವ ವಿದ್ಯಾಮರ್ಥಂ ಚ ಸಾಧಯೇತ್ |

ಕ್ಷಣತ್ಯಾಗೇ ಕುತೋ ವಿದ್ಯಾ? ಕಣತ್ಯಾಗೇ ಕುತೋ ಧನಮ್? ||

ಕ್ಷಣಕ್ಷಣದಲ್ಲಿ ವಿದ್ಯೆಯನ್ನೂ ಕಣಕಣವಾಗಿ ಧನವನ್ನೂ ಸಂಪಾದಿಸಬೇಕು. ಕ್ಷಣವನ್ನು ಬಿಟ್ಟರೆ ವಿದ್ಯೆಯಾಗಲೀ ಕಣವನ್ನು ಬಿಟ್ಟರೆ ಧನವಾಗಲೀ ಹೇಗೆ ತಾನೆ ದೊರಕಿತು?

-Compiled by CA S S Nayak, Chairman, Mangaluru Branch of ICAI

CA Shivanand Pai, Past Chairman, Mangaluru Branch of ICAI

**ICAI Chairman CA S S Nayak and Vice Chairman CA K S Kamath and young member CA Sachin S Nayak
with Sri B C Patil, Honourable Agriculture Minister, Karnataka**



Meeting with Sri B C Patil, Honourable Agriculture Minister, Karnataka to present a 12 point memorandum for Revival of Agri-Economy in Karnataka Post COVID 19

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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 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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