

KSCAA

Karnataka State Chartered Accountants Association ®

NEWS BULLETIN

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English Monthly
for Private Circulation only

Alternative Investment Funds | Financial Reporting | GST - Impact, Transition, Composition, Job Work | Equalisation Levy

TIME *for* CHANGE

GST
Goods & Services Tax
from
July 1, 2017

?

AGM
Annual General Meeting

&
Cultural Meet

on Saturday, 15th July 2017
Vasavi Auditorium, Bengaluru

44th Annual Report Inside



Dear Professional Friends,

It is with great pleasure and humility that I assumed the 2016-2017 presidency of our wonderful organization, now in its 60th year of being the voice of the Chartered Accountants. Each KSCAA President has endeavoured to take to the forefront right from Late Shri S. Kaleeswaran to my

immediate predecessor, Shri Dileep Kumar TM and have worked relentlessly for KSCAA on the vision and mission of the Organization and implementing them. Hope our theme vision "Jnanam Sa-Vijnanam- Creating Knowledge Consciousness" is implemented and accomplished to your satisfaction.

"Every new beginning comes from some other beginning's end."

As I write this last "President's Message" with my term as your President winding down, I wish to begin my final message by wishing the new incoming team all the best in their endeavours. I have no doubt that the new committee will strive hard towards scaling the KSCAA further in many positive ways. This momentous occasion merits review and scrutiny of our actions in light of our vision, mission and goals. I therefore take this opportunity to reflect on some of the accomplishments of our Association over the past one year.

*"Cherish your visions and your dreams
as they are the children of your soul;
the blue prints of your ultimate accomplishments."*

So – it is! When I was installed as President of the Association, I followed the footsteps of my predecessors, each of whom, in their special way had shaped our Association. I hope that I too will have left my mark as well. As I look back at the past one year, several initiatives were put into action, directed at providing better services and to further enhance the value of the KSCAA to you, our members. These were achieved through the relentless efforts and teamwork of Executive Committee and Senior members as well as many other dedicated volunteers. While the value of some of these initiatives is yet to be demonstrated, I believe it is appropriate to present a few of our most important achievements (from my perspective) of the last one year:

- **Technology Initiatives:** Dynamic website and social media activities, Email and SMS services to members and News Bulletin circulation through emails to keep the members abreast with the activities of the Association.
- **Programs initiatives:** More than 50 programs, comprising of Conference, Seminars, Workshops and Interactive Sessions with authorities, have been conducted to enlighten members across the state.
- **Endowment Lecture:** Revived tradition of endowment lecture after gap of couple of years.
- **Student Welfare:** Conducted Career Orientation program in Rural and Semi Urban areas to help disadvantaged students realize opportunities available for their potential.
- **Representations:** Several representations to authorities independently and jointly with other organisations of national repute.
- **Citizen Service Initiatives :** Organised GST Awareness events; also mooted campaign procession with authorities and set up GST Migration Help Desk
- **Professional support Initiatives :** Set up and furnished dedicated Professional Lounge at Income Tax office and sought dedicated space for professional in other offices.

The detailed report on activities are annexed in the Annual report, kindly read through. This month News Bulletin carries our performance report in the form of Annual Report. I hope, you feel, the Team KSCAA has accomplished the work entrusted.

The month ahead carries full of activities, most sought Seminar on GST How to Structure "The Profession" in GST Regime for professionals, Cultural Program and much more is awaiting for you. The details are published in News Bulletin. Kindly support us by participating in big numbers and further motivate us. I also invite you to attend 44th Annual General Meeting to be held on 15th July, 2017 to elect a new team to lead KSCAA in next term.

*"Regrets, I've had a few; But then again, too few to mention.
I did what I had to do, And saw it through without exemption"*

It is said that "Man proposes, the Lord disposes". At the start of my term I had many more plans than I was able to accomplish in such a relatively short term. I envisioned conducting more Endowment Lectures, Start up conference with BCAS, clear off old pending administrative legacies, so to name a few amongst the target work. But, as the saying goes: "You can't bite off more than you can chew". KSCAA being a self-sustained body, budgets and time resources are limited. The legacy lingers a bit to my successors and hope they deliver on these areas.

A wise person once said "when your dreams include service to others - accomplishing something that contributes to others - it also accelerates the accomplishment of that goal." People want to be part of something that contributes and makes a difference. I am happy to see this through my tenure as President. The support I received from my Committee, Past Presidents, Senior Members, Mentors, Well Wishers last but not the least my family, were tremendous without which I couldn't have achieved this fate. One thing I realised, when you have noble intentions, rest all fall in place. Also my thought on tough times is "the bad days make you realize what a good day is. If you never had any bad days, you would never have that sense of accomplishment!"

I am in this Association because I am a Chartered Accountant; it's where I belong. It's the place where the people I respect and admire most, who do what I do, are recognized and understood in the framework of 'the what' we do for a living. It's the place where I've made the best friends, had my self-worth reinforced by those in similar circumstances, and I've learned that I am not alone in the things I encounter in my day-to-day practice. It's a place where all of the people speak my language, share common values, and for the most part, similar goals and aspirations. It's a place where everyone around me knows and understands what I do and admire (or envy's or despises) how I do it. In many ways it's my professional and spiritual home.

I would add that, I feel that it is, simply, my obligation to the mission of The Organization. I have felt this obligation since my introduction to KSCAA, as a member. I hope that you will feel the same obligation long enough to help shape KSCAA into the organization that is should become. I thank each of you for the trust that you have placed in me. Please know that it is my honor and privilege to do my part, in the service of KSCAA.

I wish to end my message with a thought:

"What you do in this world is a matter of no consequence. The question is what can you make people believe you have done."

Always at your service,

CA. Raghavendra Puranik
President

KSCAA

News Bulletin

June 2017

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email: kscaabl@gmail.com

Website: www.kscaa.com

Karnataka State Chartered Accountants Association ®

Organises Jointly with

Shri Umiya Patidar Samaj

Seminar on

General Understanding of GST

By CA. Narendra K.V

CA. Raghavendra T.N

On Sunday, 18th June, 2017 | Time: 9:00 AM to 1.00 PM

Venue : Shri Umiya Patidar Samaj

Laxminarayana Bhavan, Devasandra Main Road, Old Madras Road, Battarahalli, Bengaluru 560 049

You are all cordially welcome

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CA. Raghavendra Puranik

Purushottam Velani

President - KSCAA

President - SUPSS

For details visit: www.kscaa.com

Karnataka State Chartered Accountants Association ®

organizes

Seminar on GST

How to structure "The Profession" in GST Regime

By CA. Madhukar Hiregange

CA. Annapurna Kabra

CA. Chandrashekar B D

On Saturday, 24th June, 2017 | Time: 10:00 AM to 2.00 PM

Venue : Vasavi Vidyanikethan Trust (VVN)

No.3, Vani Vilas Road, V.V. Puram, Basavanagudi, Bengaluru – 560 004

Fee: **Rs.500/-**

Online Registration available at www.kscaa.com

Contact: CA. Nagappa Nesur, Secretary, KSCAA, +91 98867 11611 / secretary@kscaa.com

CA. Raghavendra Puranik

CA. Raghavendra T N

President

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15% rebate if booked for minimum of 3 issues.



INVESTING IN ALTERNATIVE INVESTMENT FUNDS (AIF)

CA. S. Krishnaswamy

Alternative investment funds as the name itself suggests are alternate to traditional form of investments. The AIF regulations is an attempt to extend the perimeter of regulation to hitherto unregulated funds, so as to ensure systemic stability ,increase market efficiency, encourage formation of new capital and provide investor protection.

2 includes those that are not included in category 1 and 3 and includes real estate funds, private equity funds and distressed funds. Category 3 includes hedge funds, PIPE funds (Private Investment in Public Equity). Angel fund is a sub category of venture capital funds.

Cumulative net figures as at the end of 30th June 2016

(All figures in Rs. Crores)

Category	Commitments raised	Funds raised	Investments made
Category I			
Infrastructure Fund	6787.81	2317.14	1692.99
Social Venture Fund	747.52	444.02	270.79
Venture Capital Fund	3803.45	1528.45	1092.73
SME Fund	161.44	124.4	17.62
Category I Total	11500.22	4414.01	3074.13
Category II	32696.27	16734.99	13776.49
Category III	6245	4854.48	3816.58
Grand Total	50441.49	26003.48	20667.2

Note : The above report is compiled on the basis of quarterly/monthly information submitted to SEBI by registered Alternative Investment Funds.

Increasingly, affluent, high-net-worth and family office investors in India are using alternative investments in their portfolios over and above their existing stocks, bonds, and cash investments .

Start ups, because of huge cash requirement and risks involved are generally funded by venture capitalist – Angel Investors – Private Equity investors – Crowd Funding and these lending institutions which mentor and handhold start ups are regulated by SEBI (Alternative investment Funds (AIF)) Regulations, 2012 and these regulations also control the type and source of funds that these lending institutions can receive. These institutions invest in a large portfolio of startups and spread their risks. They have over the years acquired sufficient competence to assess ventures by startups set up by newly minted young technical graduates from prestigious institutions. Many investors would like to invest in these lending institutions and have the monetary benefit of participating in early stage companies and receive more than normal returns.

The SEBI regulations categorizes these lending institutions into 3 Categories .Category 1 includes Venture capital (VC) funds, SME funds, Social Venture Funds, Infrastructure Funds and such other funds as may be prescribed. Category

Regulation prescribes disclosure of investment strategy by AIF, investment in AIF by raising of funds through private placement, launching schemes to attract investors etc. This regulation ensures safety for investors who are tempted or attracted to investments in start ups. It may also be noted that government and other agencies in the startup eco system also support these expert lending institutions.

Investment Strategy.

(1) All Alternative Investment Funds shall state investment strategy, investment purpose and its investment methodology in its placement memorandum to the investors.

(2) Any material alteration to the fund strategy shall be made with the consent of at least two-thirds of unit holders by value of their investment in the Alternative Investment Fund. Investment in Alternative

Investment Fund.

Investment in all categories of Alternative Investment Funds shall be subject to the following conditions:-

- The Alternative Investment Fund may raise funds from any investor whether Indian, foreign or non-resident Indians by way of issue of units;
- Each scheme of the Alternative Investment Fund shall have corpus of at least twenty crore rupees;
- the Alternative Investment Fund shall not accept from an investor, an investment of value less than one crore rupees: Provided that in case of investors who are employees or directors of the Alternative Investment Fund or employees or directors of the Manager, the minimum value of investment shall be twenty five lakh rupees.
- the Manager or Sponsor shall have a continuing interest in the Alternative Investment Fund of not less than two and half percent of the corpus or five crore rupees, whichever is lower, in the form of investment in the Alternative Investment Fund and such interest shall not

be through the waiver of management fees: Provided that for Category III Alternative Investment Fund, the continuing interest shall be not less than five percent of the corpus or ten crore rupees, whichever is lower.

- (e) The Manager or Sponsor shall disclose their investment in the Alternative Investment Fund to the investors of the Alternative Investment Fund;
- (f) No scheme of the Alternative Investment Fund shall have more than one thousand investors;
- (g) The fund shall not solicit or collect funds except by way of private placement.

Placement Memorandum.

- (1) Alternative Investment Fund shall raise funds through private placement by issue of information memorandum or placement memorandum, by whatever name called.
- (2) Such information or placement memorandum as specified in sub-regulation (1) shall contain all material information about the Alternative Investment Fund and the Manager, background of key investment team of the Manager, targeted investors, fees and all other expenses proposed to be charged, tenure of the Alternative Investment Fund or scheme, conditions or limits on redemption, investment strategy, risk management tools and parameters employed, key service providers, conflict of interest and procedures to identify and address them, disciplinary history, the terms and conditions on which the Manager offers investment services, its affiliations with other intermediaries, manner of winding up of the Alternative Investment Fund or the scheme and such other information as may be necessary for the investor to take an informed decision on whether to invest in the Alternative Investment Fund.

Regulation 2(1)(h) defines the fund, in other words the composition of the corpus as – “corpus means the total amount of funds committed by investors to the Alternative Investment Fund by way of a written contract or any such document as on a particular date”.

FAQ's:

- 1. Can an AIF make an invitation to the public for subscription?

Ans: No, Prohibited by Regulation 4(b).

Eligibility Criteria.

4(b) - the applicant is prohibited by its memorandum and articles of association or trust deed or partnership deed from making an invitation to the public to subscribe to its securities;

- 2. Is there any limit on size of a scheme launched by an AIF?

Ans: No, Each scheme of AIF(other than angel fund) shall have corpus of atleast 20 crore rupees.In case of an angel fund,it shall have a corpus of atleast 10 crore rupees.

- 3. Can an AIF raise any amount if fund for any investor?

Ans : See Regulation 10(c) above

- 4. What are reporting requirements vis – a –vis an investor?

Ans : Regulation 21,22,23,24 and 25 sets out the obligation of the AIF on -

- a. Conflict of interest
- b. Transparency
- c. Valuation
- d. Obligation of Manager
- e. Dispute Resolution.

Conflict of Interest.

21.(1)The Sponsor and Manager of the Alternative Investment Fund shall act in a fiduciary capacity towards its investors and shall disclose to the investors, all conflicts of interests as and when they arise or seem likely to arise.

- (2) Manager shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business.

- (3) Managers and Sponsors of Alternative Investment Fund shall abide by high level principles on avoidance of conflicts of interest with associated persons, as may be specified by the Board from time to time.

Transparency.

22. All Alternative Investment Funds shall ensure transparency and disclosure of information to investors on the following:

- (a) financial, risk management, operational, portfolio, and transactional information regarding fund investments shall be disclosed periodically to the investors;
- (b) any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by an associate of the Manager or Sponsor shall be disclosed periodically to the investors;
- (c) any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred;
- (d) any material liability arising during the Alternative Investment Fund's tenure shall be disclosed, as and when occurred;

- (e) any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents, if any, as and when occurred;
- (f) Change in control of the Sponsor or Manager or Investee Company.
- (g) Alternative Investment Fund shall provide at least on an annual basis, within 180 days from the year end, reports to investors including the following information, as may be applicable to the Alternative Investment Fund:-
 - A. financial information of investee companies.
 - B. material risks and how they are managed which may include:
 - (i) concentration risk at fund level;
 - (ii) foreign exchange risk at fund level;
 - (iii) leverage risk at fund and investee company levels;
 - (iv) realization risk (i.e. change in exit environment) at fund and investee company levels;
 - (v) strategy risk (i.e. change in or divergence from business strategy) at investee company level;
 - (vi) reputation risk at investee company level;
 - (vii) extra-financial risks, including environmental, social and corporate governance risks, at fund and investee company level.
 - (h) Category III Alternative Investment Fund shall provide quarterly reports to investors in respect of clause (g) within 60 days of end of the quarter;
 - (i) any significant change in the key investment team shall be intimated to all investors;
 - (j) alternative Investment Funds shall provide, when required by the Board, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks).

Valuation.

- 23.(1) The Alternative Investment Fund shall provide to its investors, a description of its valuation procedure and of the methodology for valuing assets.
- (2) Category I and Category II Alternative Investment Funds shall undertake valuation of their investments, at least once in every six months, by an independent valuer appointed by the Alternative Investment Fund: Provided that such period may be enhanced to one year on approval of at least seventy-five percent of the investors by value of their investment in the Alternative Investment Fund.
- (3) Category III Alternative Investment Funds shall ensure that calculation of the net asset value (NAV) is

independent from the fund management function of the Alternative Investment Fund and such NAV shall be disclosed to the investors at intervals not longer than a quarter for close ended Funds and at intervals not longer than a month for open ended funds.

Obligation of Manager.

- 24 The Manager shall be obliged to:
 - (a) address all investor complaints;
 - (b) provide to the Board any information sought by Board;
 - (c) maintain all records as may be specified by the Board;
 - (d) take all steps to address conflict of interest as specified in these regulations;
 - (e) Ensure transparency and disclosure as specified in the regulations.

Dispute Resolution.

- 25. An Alternative Investment Fund, by itself or through the Manager or Sponsor, shall lay down procedure for resolution of disputes between the investors, Alternative Investment Fund, Manager or Sponsor through arbitration or any such mechanism as mutually decided between the investors and the Alternative Investment Fund.

- 5. Can an AIF accept investments from Joint Ventures?
Ans: An AIF may accept the following as joint investors for the purpose of investment of not less than one crore rupees.
 - a. An investor and his/her spouse
 - b. An investor and his/her parent
 - c. An investor and his/her daughter/son

With respect to the above investors, not more than 2 persons shall act as joint – investors in an AIF. In case of any other investors acting as joint investor, for every investor, the minimum investment amount of one crore shall apply.

Joint investors shall mean where each of the investor contributes towards the AIF. [Ref.circular no, CIR/IMD/DF/14/2014 dated June 19, 2014]. This circular also gives guidelines for disclosures, reporting and clarifications under AIF Regulations.

Conclusion:

AIFs offer an excellent opportunity (safety provided) to investors yet another investment vehicle in the sunrise start up sector linked to emerging innovations around the internet. Investment in VCs/Angel Investment is also referred to as moon shot investments because of the high return potential. Eg. Google –Facebook.

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GST IMPACT ON BANKING SECTOR

CA. Madhukar N Hiregange and CA. Mahadev R



GST was recommended in 1978 and could see the light on 1st July 2017. GST which would replace 11 indirect taxes in India has impact on all major business sectors. Banking industry would get impacted significantly. Obtaining separation registration in each State, identifying inter-state transactions, valuation, operational restructuring, reconciliation of branches Statewise, filing of returns on monthly basis are some of the challenges. In this article, we have discussed few issues which could impact the banks.

Banks would be having multiple branches spread across different states and the transactions would also be voluminous. GST levy is on supply concept which is very wide. Banks need to review all the income transactions to assess GST impact. All reports and returns are being automated in GST law. Therefore, compliance plays a key role in GST and it is expected that compliance would substantially increase for the banks due to the numbers.

Complexities in the nature of transactions

The banking industry has come up with many ways of doing business where the transaction trials are very difficult to identify even for the banking employees. All the banking transactions are routed through CBS (Core Banking System) where debits and credits of lakhs of transactions happen on real time basis. Banks deal with number of diversified partners right from the Government till the individual citizens. Further the accounts are maintained at home branch where in the services are received by the customer at any of its branches located anywhere in the world which would be transacting branch.

The GST impact needs to be analysed at each level of operations like cheque / Drafts/ cards/ issue process, ATM operation, credit wing, securities, letter of credit, net banking, cash backs and reward points, loans and advances, deposits, point of sale transactions and it goes on and on. The conditional free services say free cheque books for maintaining minimum balance of certain amount could be subjected to valuation issues unless care taken.

The major challenge for each bank would be to identify and understand its own nature of supplies, the transaction flow and then the place & time of supply of such supplies, the valuation in absence of consideration and majorly identification of the location from where the service is rendered.

Banks have the practice of providing a number of facilities to its officers (staff at various grades) like free /concessional accommodation, food, travel, health kits, vehicles, loans, etc provided over and above the terms of employment. These

benefits are liable to GST. Schedule I covers for the same. Segregation of so many facilities into either gifts, or supply of goods or services would be difficult for the management.

Registration woes

Unlike service tax law, there is no concept of centralised registration in GST. State wise registration needs to be obtained in each state where there is business. Even if ATMs are installed without actual branches, then also registration could be required under GST, though it could be the fixed establishment of the vendor who manages them. More number of registrations lead to more administrative woes. Keeping track of expenditures incurred, ascertaining the type of tax applicable, distribution of credits etc. would pose challenge as these aspects to be taken care at state level rather than at central level.

Normally banks have one Head Office, multiple Zonal Offices and then Regional Office and then comes the branches. Selection of principal place of business in each State itself could be an issue. Adding all the other place of business in the registration would be a practical challenge considering the number of branches in a state.

If there are common expenses incurred at a particular location, then there is also a need for obtaining input service distributor (ISD) registration in GST to distribute input tax credits. If there is inter-unit billing system, this need may not arise.

Increased compliance

State wise registration warrants State wise record keeping, assessment and audit compliances. It also means State wise filing of returns. The common returns to be filed in GST are GSTR-1 (outward supplies), GSTR-2 (inwards supplies) and GST-3 (Consolidated return). If the banks obtain ISD registration, then there is an additional return to be filed in form GSTR-6. There is a matching concept which is being introduced in GST for credits. If the details of outward supplies uploaded by suppliers and disclosed by assessee are not matching, then there is a threat to credits. Therefore, there is a need for reconciliation of inward and outward



supply details on monthly basis. Such reconciliation is needed for each registered state. Considering the number of branches a bank can have in a State, the reconciliation would take substantial time and would need automation.

Cost of compliance could also go up as banks would be filing returns broken into 3 different days every month for each State as against one ST-3 return on half yearly basis at central location.

Further, banks need to keep track and record of services provided to other branches located in other States and the services provided to State/ Central Government which are subject to reverse charge mechanism at registration level.

Even the statements issued by the banks in lieu of invoices need to contain all the mandatory requirements of a tax invoice except the consecutive serial number and the address of the recipient of service. This would certainly increase the compliance work at each transaction level.

Impact on input tax credit

Normally banks do not avail credit of VAT paid on procurements as generally there would not be any sale of goods. In rare cases, there could be sale of repossessed assets from customers on account of payment default. Service tax paid on input services is eligible as credit. However, as the interest income of banks are exempt from service tax, there is an option of availing 50% Cenvat credit of service tax paid on input services. This is under Cenvat credit rules 2004. The excise duties or import duties paid on capital goods are allowed to the extent of 100%.

Section 17(4) of CGST law also allows 50% credit benefit on input services. However, the law requires 50% credit availment even on capital goods which would be disadvantageous for banks as earlier they were eligible for 100% credit. However, there would be increase in credit as banks would get credit of tax paid on purchase of all inputs including security stationeries, debit/ credit cards, printed materials and huge amount of business assets like computer equipment which hitherto was not eligible. Tax paid on all stationery items such as bill books, cheques, challans etc would be eligible for credit of 50%. This 50% restriction is not applicable for inter unit billings. In other words, if there are inter branch billings, full credit of tax charged in invoice would be allowed if such branches have common Permanent Account Number (PAN).

Updating location of customers to identify type of tax payable

In case of banking services, the place of supply of services for levy of GST would be location of service receiver on records of bank. Not updating the locations of customers especially

business customers could result in payment of wrong type of tax and denial of credit to customers. For example, for a customer who is in other state, if local CGST and SGST is charged, the customer would not be able to claim credit. This results in refund scenario and all of us know that getting refund from government department would not be easy. There is a need to update customer profiles to ensure that correct type of taxes are charged with proper registration number of customer.

Where the customer is located outside India, the place of supply would be the location of bank and accordingly local SGST & CGST needs to be discharged on such transactions.

Tax payable on interbranch billings

In case of inter branch billings wherein branches have separate registration numbers, GST would be payable on any supply of goods or services. At each branch level, such transactions to be tracked for payment of GST.

Identification of individual support services rendered among interstate branches itself is practically impossible for any banking company. The representations have been made to the Government to exclude the inter unit transactions from the GST net for the banking and financial institutions which is uncertain till date.

However, the value which is charged by one branch to another in different states would be deemed to be the open market value for the purpose of valuation. This comes as a major relief to the banking industry as valuation method adopted in case of inter branch billings would not be subject to litigation. Still the reasonable mechanism to arrive at the value of inter branch services would have to be identified for better compliance.

The valuation mechanism should be configured in systems as all the banking processes are automated. Till today self-service or self-supply of goods was not subject to tax. In GST regime, this would change. Banks need to prepare well for implementing these changes for better compliance under GST.

Conclusion

The issues discussed above are only illustrative. Banks would for sure face lot of challenges for transition to GST from present indirect taxation system. Professionals have a major role to play in assisting the banking sector for implementation of GST for smoother transition. Chartered accountants with knowledge of IT are more suited for this job.

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THE LATEST IN FINANCIAL REPORTING

CA. Vinayak Pai V

1. INTRODUCTION

Fast paced changes continue in the core IFRS space. The latest addition to the IFRS authoritative literature is IFRS 17 – *Insurance Contracts* that was issued by the International Accounting Standards Board (IASB) a fortnight back.

It may be noted that as per a MCA notification the roadmap for implementation of IND-AS for the insurance sector has been laid down. Indian insurance companies are required to prepare IND-AS compliant financial statements for accounting periods beginning from April 1, 2018 with previous year comparatives. Further, the IRDAI (*Preparation of Financial Statements of Insurers*) Regulations, 2017 that shall be effective from April 01, 2018 has also been issued as an exposure draft. IFRS 17 applies to insurance providers and one needs to watch this space for the Indian insurance sector's tryst with IFRS.

IFRS 17 requires a reporting entity to recognize profits as it delivers insurance services rather than when it receives insurance premiums and to provide information about insurance contract profits that it expects to recognize in future. A reporting entity issuing insurance contracts needs to assess the rights and obligations arising from groups of contracts and needs to reflect them net on its statement of financial position. Such reflection in the balance sheet needs to be on a discounted basis and insurance contracts are initially measured as the total of the fulfillment cash flows and the contractual service margin.

2. FINANCIAL REPORTING UPDATES

a) INTER-COMPANY DIVIDEND DISTRIBUTION TAX (DDT) IN CONSOLIDATED IND-AS FINANCIAL STATEMENTS

The Indian Accounting Standards (IND-AS) Implementation Committee of our Institute has recently issued a clarification bulletin on treatment of **dividend distribution tax (DDT)** arising from **inter-company dividends** within a group in the **consolidated IND-AS** statement of financial position. The salient aspects of the clarifications are provided herein below.

- In the consolidated financial statements that include a parent and its subsidiary/(subsidiaries), the inter-

company dividends will get eliminated and **any DDT paid by a distributing entity** will bear the characterization of payment outside the group and accordingly, **such DDT** will be have to be **charged to the consolidated Statement of Profit and Loss**.

- In case the DDT paid on distribution of profits by a member of the group is eligible to be set off against the DDT liability of another entity within the group, then in such circumstances, the **net DDT liability** should be **recognized in the consolidated statement of changes in shareholders equity**.
 - The basis for the above is that the transaction of distributing dividend to shareholders and the related DDT set-off under the provisions of the Income Tax Act is effectively a tax on distribution of dividend to the shareholders of the reporting entity.

b) TREATMENT OF PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS UNDER ICDS (REVISED)

Revised Income Computation and Disclosure Standards (ICDS) are **applicable from Assessment Year 2017-18** and the salient aspects of treatment of **provisions** addressed in **ICDS X- Provisions, Contingent Liabilities and Contingent Assets** are provided herein below.

- Provisions (a liability that can be measured only by using a substantial degree of estimation) shall **not be recognized unless**:
 - There is a **present obligation** as a result of past events,
 - There is a **reasonable certainty** that an **outflow** of resources embodying economic benefits will be required to settle the obligation, and
 - A **reliable estimate** of the amount of the obligation can be made.
- The recognition of a provision should be **based on a best estimate** of the expenditure required to settle the obligation. In arriving at the best estimate, the amount to be factored is the **undiscounted amount**.
- Where the **settlement of the liability** is based on the **expectation of a reimbursement** by a third party, the

reimbursement shall be recognized when it is **reasonably certain** that such reimbursement will be received. The reimbursement amount recognized **should not exceed the amount of the corresponding provision**.

- Provisions **should not be recognized** in the computation of income chargeable under the heads “profits and gains of business or profession” and “income from other sources” **for costs that need to be incurred to operate in the future**.
- **Contingent liabilities and contingent assets should not be recognized in the financials**.

c) CLARIFICATION RELATED TO AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Our Institute has issued an amendment to Para 17 of the *Guidance Note on Audit of Consolidated Financial Statements* in order to clarify that the intent of the Guidance Note was also to ensure compliance of SA 600.

Para 17 of the Guidance Note on Audit of Consolidated Financial Statements (Revised 2016)

- With regard to determination of materiality during the audit of consolidated financial statements (CFS), the auditor should consider the following:
 - While considering the observations (for instance modification and /or emphasis of matter in accordance with SA 705/706) of the component auditor in his report on the standalone financial statements, the concept of materiality would not be considered. Thus, **the component auditor's observations**, if any, on the component's financial statements, irrespective of whether the auditors of the component are also the auditors of the Consolidated Financial Statements (CFS) or not, **are required to be included in the parent auditor's report** on the CFS, regardless of materiality.
- Relevant Para 46 of the Guidance Note
 - Where, the auditor uses the work of other auditors in the audit of consolidated financial statements, the requirements of Standard on Auditing (SA) 600 - *Using the Work of Another Auditor* should also be considered. Reference may also be made to paragraph 16 for using the work of another auditor.

Amendment now issued

- While considering the observations (for instance modification and /or emphasis of matter/other matter in accordance with SA 705/706) of the component auditor in his report on the standalone financial statements, the **parent auditor should comply with the requirements of SA 600, “Using the Work of Another Auditor”**.

d) INCOME TAX RECONCILIATION STATEMENT IN IND-AS FINANCIALS

In the second phase of convergence with the Indian version of International Financial Reporting Standards (IFRS) viz. Indian Accounting Standards (IND-AS), unlisted companies with a net worth in the range of Rs. 250-500 crores (reckoned as of the specified date) will migrate to the new accounting framework with an opening IND-AS balance sheet required to be prepared as of April 1, 2016.

IND-AS has broader and **incremental disclosure requirements** in contrast with the current AS accounting framework. One such disclosure is the **tax reconciliation statement**. The related IND-AS standard provides a **choice** on such presentation as detailed herein below.

- a numerical reconciliation between **tax expense (income)** and **the product of accounting profit** multiplied by the **applicable tax rate**, disclosing also the basis on which the applicable tax rate is computed, or
- a numerical reconciliation between the **average effective tax rate** and **the applicable tax rate**, disclosing also the basis on which the applicable tax rate is computed.

A **template** for illustrative purposes is provided herein below.

Reconciliation of Income Tax:

Particulars	Current Period (Rs.)	Comparative Period (Rs.)
Expected tax expense at applicable tax rate	xxx	xxx
Tax effect of non-deductible items	xxx	xxx
Tax effect of non-taxable items	xxx	xxx
Prior period taxes	xxx	xxx
Transfers to unrecognized deferred tax assets	xxx	xxx
Transfers from unrecognized deferred tax assets	xxx	xxx
Changes in income tax rates	xxx	xxx
Total taxes	xxx	xxx

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KSCAA

Karnataka State Chartered Accountants Association ®



Creating Knowledge Consciousness



44th Annual Report 2016-2017

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INTRODUCTION

Karnataka State Chartered Accountants Association, formed in 1957 by beloved fore fathers of our profession with a benevolent intention to bring our members together with a spirit of cohesiveness, has thrived over six decades in spearheading knowledge dissemination, addressing member issues, welfare of Chartered Accountants across Karnataka in an unprecedented manner.

“Knowledge is strength” is the core principle and belief of KSCAA in its journey of 60 years. KSCAA, a self-sustaining body with members’ contribution, has proactively contributed humongously to the profession through its knowledge sharing activities so far and has been marching ahead on the path laid by its forefathers.

Knowledge sharing is an activity through which information, skills, expertise are exchanged among people, friends, communities, or organizations. We believe that knowledge when shared, betters the quality of the profession. As we share, knowledge proliferates and thereby improves our service and reputation in the society. The Chartered Accountant service in fact is perceived by society as services from a collective bunch as opposed to an individual and is interpreted and granted status of an intellectual de-facto and thereby creating an onerous task on the Chartered Accountants of the upkeep of professional knowledge to match with the global standards. In this light, KSCAA acts as a blazing torch that not only spreads light but also kindles the flame in many more touched by KSCAA. At KSCAA, the experienced members freely share what has worked for them in practice.

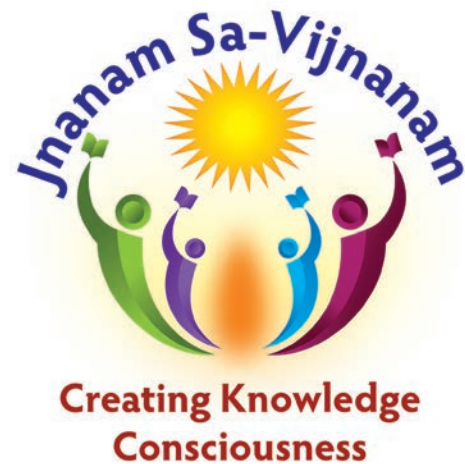
KSCAA has created numerous platform to speakers, professionals and public to share and exchange their knowledge for better life and profession. The activities of KSCAA create a bonding between members and families and instigate to believe in oneness. The organisation reached 60 year milestone this year. We take this opportunity to provide you our activity report and thank you for your love and support.

Hence, taking a leaf out of the vedic adage:

Om Purnamadah Purnamidam Purnat Purnamudachyate
Purnasya Purnamadaya Purnamevavashisyate II
Om, shanti, shanti, shanti II

Hope we have lived up to your expectations!





THEME

Theme is derived from lines of Holy Book, where in jñānam Sa-Vijnanam refers to complete knowledge includes knowledge of the phenomenal world and the spirit behind it. Theoretical knowledge is jñānam. But sa-vijñānam, when we actually perceive, when we actually understand what is the position of this knowledge in practical application or realisation, that is called vijñānam. Hence this is all about knowing theoretical knowledge along with its practical understanding. When the cause of all causes becomes known, then everything knowable becomes known, and nothing remains unknown.

Jñāna does not refer to ordinary research work. Jñāna entails receiving knowledge from the scriptures through the spiritual master by disciplic succession. In the modern age there is a tendency to do research by mental speculation and concoction. But the man who speculates forgets that he himself is subject to the four defects of nature: he is sure to commit mistakes. Unless one has perfect knowledge from disciplic succession, he simply puts forth some theories of his own creation which may not be true. Hence Jñāna means knowledge received through disciplic succession from the scriptures, and vijñāna means practical application of such knowledge.

With this theme, we want to initiate complete Knowledge discourses which is inspired by mentors, delivered by Gurus and ignites the professionals to apply in their professional work.

**“I shall now
declare unto you
in full this
knowledge,
both phenomenal
and numinous.
This being known,
nothing further
shall remain
for you to know**

- Bhagavad-Gita”



ABOUT KSCAA

Karnataka State Chartered Accountants Association, formed in 1957, is an association of the Chartered Accountants, by the Chartered Accountants, working solely for the welfare of Chartered Accountants ever since. KSCAA is actively involved in identifying, ideating, imparting, upgrading knowledge to the Chartered Accountants through study circles, publication of books and news articles, regular seminars and conferences.

KSCAA proactively addresses the areas and issues which are of concern to the Chartered Accountancy profession and fights for the member causes. KSCAA at the behest of the members and/or on its volition represents before various regulatory authorities to resolve the professional problems faced by the chartered accountants.

KSCAA provides opportunities for networking of Chartered Accountants, promotes new speakers and writers auguring their personal and professional development. Also, KSCAA publishes news bulletin in an easy to comprehend form with crisp articles on current changes in law, economy and matters of professional interest to keep the members updated. KSCAA also conducts annual sports, cultural and talents meet for the CA fraternity and their family members to promote parallel talents of members.

KSCAA INITIATIVES



News Bulletin



Publications



Conferences/Seminars



Study Circles/Workshops



Sports & Cultural



Professional Support



EXECUTIVE COMMITTEE 2016-17



CA. Raghavendra Puranik
President



CA. Raghavendra T.N.
Vice-President



CA. Nagappa B. Nesur
Secretary



CA. Raghavendra Shetty
Joint Secretary



CA. Kumar S Jigajinni, Bagalkot
Treasurer



CA. Chandan Kumar
Chairman - Membership
Development Committee



CA. Chandrashekhara Shetty
Chairman - Sports &
Public Relations Committee



CA. Pramod Srihari
Chairman - Library &
Publications Committee



CA. Sateesha Kalkur
Chairman -
Taxation Committee



CA. Shriram S. S, Sagar
Chairman - Mofussil
Programme Committee



CA. Subrahmanya Hegde
Chairman - Corporate &
Allied Laws Committee



CA. Sujata Raghuraman
Chairman - Women Wing



CA. Vijay Sagar Shenoy
Chairman -
Representation Committee



CA Anant Nyamannavar, Dharwad
Co-opted Member



CA C.D. Mudalgi, Vijaypur
Co-opted Member



CA. Dileep Kumar T.M
Immediate Past President

INVITATION

Dear Member,

*We have great pleasure in
inviting you and your family for the*

Cultural Meet

on occasion of our 60th year celebration.

Celebrating
60
years
1957-2016

Day & Date : **Saturday, 15th July 2017**

Venue : **Vasavi Auditorium**
3rd Floor, Vasavi Vidya Niketan,
Vani Vilas Road, V V Puram,
Bengaluru 560004, Karnataka

Programme

- 3.30 p.m. : Fellowship over tea and snacks
- 3.45 p.m. : Annual General Meeting
- 4.45 p.m. : Recongnising Contributors
- 5.30 p.m. : Cultural Programs
- 9.00 p.m. : Family Dinner



ROLL OF HONOUR

YEAR/S	PRESIDENT	SECRETARY
1957-61	CA. S Kaleeswaran (Late)	CA. MR Rangarathnam (Late)
1961-62	CA. BK Ramadhyani (Late)	CA. MR Rangarathnam (Late)
1962-68	CA. A Ramaswamy Iyengar	CA. J Gopalakrishnan
1968-69	CA. MR Rangarathnam (Late)	CA. P Shivaramakrishnan
1969-71	CA. J Gopalakrishnan	CA. AR Vishwanathan (Late)
1971-75	CA. KY Shreshty (Late)	CA. JJ Madan
1975-78	CA. OR Pandurang (Late)	CA. K Rahaman Khan
1978-79	CA. Premraj Singhvi (Late)	CA. DL Suresh Babu
1979-80	CA. KV Shanmukhaiah (Late)	CA. MR Krishnamurthy
1980-82	CA. AR Vishwanathan (Late)	CA. AK Subramaniam
1982-84	CA. MS Ranganath	CA. AK Subramaniam
1984-85	CA. JG Ostwal	CA. AK Subramaniam
1985-86	CA. KR Kumar (Late)	CA. NP Shivashankar
1986-87	CA. S Amarlal (Late)	CA. N Nityananda
1987-88	CA. NP Shivashankar	CA. R Ananda
1988-89	CA. MC Ramakrishna	CA. K Ramanath
1989-90	CA. R Ananda	CA. SA Narayana Setty
1990-91	CA. NCS Raghavan	CA. S Gowthamchand
1991-92	CA. SA Narayana Setty	CA. C Ganapathraj
1992-93	CA. R Subramanian	CA. Ravindra Raj Bhandari
1993-94	CA. A S Vishnu Bharath	CA. KY Ningoji Rao
1994-95	CA. M Goutham Prakash Khariwal	CA. K Ravi
1995-96	CA. K Y Ningoji Rao	CA. DC Chhajer
1996-97	CA. C Ganapathraj	CA. DR Venkatesh
1997-98	CA. S Prakash Chand	CA. IS Prasad
1998-99	CA. DR Venkatesh	CA. Lalit M Sharma
1999-00	CA. K Ravi	CA. R Venkatakrishna
2000-01	CA. IS Prasad	CA. V Dwarakanath
2001-02	CA. Lalit M Sharma	CA. Ravi Prasad
2002-03	CA. HBM Muruges	CA. PR Suresh
2003-04	CA. TR Anjanappa	CA. HC Gulecha (Late)
2004-05	CA. PR Suresh	CA. AB Shivasubramanyam
2005-06	CA. S Krishnaswamy	CA. MV Lakshmikantha
2006-07	CA. Mallinath S Nainegli	CA. G Nataraj
2007-08	CA. M V Lakshmikantha	CA. K S Sreedhara Murthy
2008-09	CA. A.B.Shivasubramanyam	CA. Ravindra Beleyur
2009-10	CA. M. Marulasiddaiah	CA. Manoj Kumar G.
2010-11	CA. Allama Prabhu M.S.	CA. Maddanaswamy B.V.
2011-12	CA. Anant H. Mutalik	CA. Basavaraja H.M.
2012-13	CA. Maddanaswamy B V	CA. Raveendra S. Kore
2013-14	CA. C.R. Dhavalagi	CA. Virupakshappa M. Tuppad
2014-15	CA. Raveendra S. Kore	CA. Raghavendra Puranik
2015-16	CA. Dileep Kumar T.M	CA. Raghavendra T.N
2016-17	CA. Raghavendra Puranik	CA. Nagappa B Nesur



NOTICE

Notice is hereby given to the members of the **Karnataka State Chartered Accountants Association** that the Forty fourth Annual General Meeting of the Association will be held at 3.45 PM on Saturday, the 15th of July, 2017, at Vasavi Auditorium, 3rd Floor, Vasavi Vidya Niketan, Vani Vilas Road, V V Puram, Bengaluru 560004, Karnataka to transact the following business:

AGENDA:

1. To confirm the proceedings of the Forty Third Annual General Meeting held on 9th July, 2016.
2. To consider & adopt the Annual Report of the Executive Committee.
3. To consider & approve the audited accounts for the year ended 31st March 2017
4. To Appoint the Auditors for the year 2017-2018 & fix their remuneration.
5. To elect Thirteen Members to the Executive Committee for the year 2017-2018.
6. To transact any other business for which a special notice is given under Rule 16 (e) of the Rules & Regulations of the Association.

By order of the Executive Committee

Sd/-

CA. Nagappa B Nesur
Secretary

Place : Bengaluru
Date : 14th June 2017

NOTES:

- Members who wish to send their nominations for the Executive Committee are required to submit the Nomination Form, duly filled in, at the Association Office. Nomination Form is provided at the end of this Annual Report.
- Last date for submission of nomination: **Before 5.00 pm on Friday, 30th June, 2017**
- Last date of withdrawal of the nominations: **Before 5.00 pm on Wednesday, 5th July, 2017**
- Announcement of final list of candidates contesting for election: **At 6.00 pm on Wednesday, 5th July, 2017**
- The Final list of the Candidates shall also be uploaded at our website www.kscAA.com
- Members are requested to bring their copy of Annual Report to the AGM; Extra copies will not be provided at the Meeting.

44TH ANNUAL REPORT



Dear Members,

The economic ecosystem of India has undergone extreme overhaul at all levels during the year. The reforms commonly known as economic reforms has completely changed the way Indian economy is now being perceived by other nations. Demonetization and Goods and Services Tax implementation has driven us to different directions. The world of professionals and tax advisors is not spared from the accelerating changes and is also subjected to the barrage of newer and complex tax laws and daunting regulations. These disruptions, now aptly looked upon as game-changers has made our profession even more exhilarating, lucrative and also challenging. As a responsible organisation, KSCAA is committed to deliver on the expectations of the fraternity in these changing times.

The team began with the theme “Jnanam Sa-Vijnanam” in its reach towards creating knowledge consciousness, to initiate complete knowledge discourses inspired by the mentors, Gurus and further igniting the professionals to apply in their professional areas of work. In the changing landscape under demonetization, GST, Standards and Laws, KSCAA has acted as a catalyst in disseminating knowledge and unlocking the intricacies. Pages in this report stand witness to the learning events and publications that emerged out of this theme.

The team has relentlessly worked towards the spirit of organisation, its vision and theme with enthusiasm to fulfil the thirst for knowledge amongst the professionals and across industries.

Against this backdrop, the TEAM KSCAA presents before you all the 44th Annual Report of the Association along with its Audited Financial Statements for the year ended 31st March 2017.

MEETINGS

To give you a brief synopsis, the Executive Committee members were elected in 43rd Annual General Meeting. The elected Committee co-opted 2 members into the Committee and formed sub committees to have a better road map to the association activities. Till the date of this report, the

Committee has met Twelve times in reasonable intervals to discuss, approve and update the matters of importance and activities of the association in the interest of members and profession. The Team has actively participated in presence and has shown perseverance in all the activities of association.

Mentors Meet was held to seek guidance from past presidents, mentors and senior members of the profession in the month of September and was highly thought provoking. The Executive Committee presented before them the plans of action for the term. The suggestions at the meeting were igniting, inspiring the minds of Committee members and eventually resulted in to one of the highly successful term of the association.

TECHNOLOGY INITIATIVES

The Association continues to invest and upgrade its technology platform for providing better access to its members, thereby ensuring that it shares knowledge more effectively. From this year, association initiated measures to send news bulletin through mails to all the subscribers along with the physical form. The website also showcases all the issues of News Bulletin and provides seamless access to News Bulletin without any restriction.

Initiative to make association website more dynamic and vibrant have been fruitful. All the activities of the association are updated on real time basis. The hits to website were 1.9 Lakhs which is evidence to prove the level of activity. Further website was made more informative by enabling video upload. The programs conducted by the association can now be known from the website. The Association made possible efforts to make website more informative, dynamic and attractive.

The Association also hit another milestone this year with the introduction of Online Payment System. All programs of the association can be registered online with digital payment system. Along these initiatives, a full-fledged message service (SMS) was initiated to reach our programs to members.

In our perseverance to engross a connection to the members at large, we have also revamped and activated the Facebook

page under the name of KSCAA with frequent updates about association, programs and activities. We believe, this would allow us to explore and connect to the stakeholders on a real-time basis.

NEWS BULLETIN & PUBLICATIONS

The flagship publication of the association, **KSCAA News Bulletin** was revamped to have a new avatar in look and content. The contents of the bulletin were made more relevant in time and have been article driven. The mix of articles, features and columns on varied subjects has made the KSCAA News Bulletin an important tool for any professional and is adored by the readers as it has helped them to pursue work excellence. KSCAA News Bulletin increased its reader base on introduction of digital media mailers by reaching to more number of readers. Heritage of introducing new columnists were continued this year too. These Articles proved to be rich in knowledge and content.

This year the Association continued to share knowledge through its publications in technical and non-technical areas. Association has published following 4 books of professional importance:

- Model Law of Goods and Service Tax;
- Transfer Pricing- A Practitioner's Guide;
- Handbook on Audit Report of Charitable/Religious Trusts or Institutions, NGOs and NPOs; and
- Data Analytics –An Empowering Tool for Chartered Accountants.

CONFERENCES & SEMINARS

The KSCAA Annual Conference redefined the professional's perception of the value and importance of knowledge and learning in developing and maintaining a healthy profession, while tapping into the expertise of speakers and resource persons across the country to help the building of profession. The 29th KSCAA Annual Conference "**UDBODHA**" was seen as another huge success by attendance of 780 delegates from across the state. The Conference was inaugurated by Karnataka Lokayukta Justice P. Vishwanatha Shetty and senior member of profession CA. S Krishnaswamy. The Conference witnessed another glorious moment by conferring formally "**Jnanasagara**" to Past President CA. S Krishnaswamy, reflective of his intellect, excellence and acumen, being conferred in recognition of his outstanding contribution, support and exemplary achievement in the CA profession.

The Federation of Karnataka Chambers of Commerce and Industry (FKCCI) and the KSCAA jointly organised a Discussion on Recent Changes in Income Tax Law through Union Budget 2017-18, Discussion on new section 269ST on restriction on cash transactions, Changes in Assessment Procedures, Survey & Search Procedures and Important amendments in Finance Act 2017 at Bengaluru. Such joint programmes help the KSCAA to showcase its brand across trade bodies and industries.

WORKSHOPS & STUDY CIRCLES

Goods and Services Tax, a paradigm tax reform of the decade was most sought after topic by the members. With this increased demand for practical approach to GST, Association has conducted 4 GST workshops in South, North Bengaluru and Shivamogga.

Association has conducted more than 20 study circles covering Income Tax, Audit, IFC, Ethics, NPO/NGO, FEMA, Finance, VAT, GST, Valuation, Budget, Real Estate. The topics for study circles have augmented members and we were happy to quench their thirst of knowledge.

MOFUSIL PROGRAMS

The Association has always been in the forefront of disseminating knowledge to the mofussil members. To fulfil this objective, the KSCAA continues to associate with other sister and trade organisations in the said effort. During this year, various programs have been organised with district CA Associations and trade bodies in different parts of the state. The Association provided resources and guidance to mofussil organisations to spread the knowledge to members in better ways.

Various Seminars have been conducted across the state to update the knowledge base of the members. One day seminar on **GST AND TDS Provisions under Income Tax Act** organised jointly with Bagalkot District CA Association has seen unprecedented attendance and success. More than 400 delegates participated in the event and were enlightened by the experts' deliberations.

ENDOWMENT, SPORTS & CULTURAL ACTIVITIES

The Association takes pleasure in reviving the tradition of endowment lecture after a gap of couple of years. Sri P R Singhvi Memorial Endowment lecture was organised with most debated and hot topic "Intellectual Terrorism" and Guest Speaker CA. M R Venkatesh from Chennai had presented the topic.



Annual Sports & Cultural Events were organised jointly with the Bangalore Branch of SIRC. The events unearthed the hidden talents of members and their families. These events provided opportunity to the members to take a break from their routine professional work and these events created a bonding between association, members and their family.

A feather in the crown, the KSCAA Cricket Team created history by winning **Yes Bank Premier League** Cricket Trophy with thunderous margins. The unmatched performance of Team KSCAA helped it to lift the title of the tournament among the talented teams that participated.

STUDENT WELFARE & CAREER ORIENTATION

As part of the Association's commitment to raise the level of education and training in rural area and help disadvantaged students realize their full potential, conducted career orientation programs across the State. The Association has joined hands with SICASA of Bangalore branch of SIRC while reaching to rural colleges at Harugeri and Nipani to create awareness of CA Course. Further, the Association conducted Career Orientation Programs in Government Colleges of Dharwad, Hubballi, Alnavar and Haliyal.

REPRESENTATIONS & INTERACTION WITH AUTHORITIES

During the year, the Association has submitted numerous representations. Representations on Co-operative Audit, Demonetisation, Non validation of CA PAN for IT Filing and Penalty imposed u/s 271J on professionals were submitted to authorities. Association joined hands with BCAS, Mumbai, CA Association Ahmedabad, The Chamber of Tax Consultants, Mumbai & Lucknow CA Society to provide Joint Representations on Direct Tax Dispute Resolution Scheme, 2016, Income Declaration Scheme, 2016.

Interactive meetings were held on GST and GST migration with Service Tax Commissionerate and Commercial Taxes Department. Shri M. Vinod Kumar, Principal Commissioner, Commissioners Shri R Shriram, Shri G Narayanaswamy, of Service Tax, Shri K S Basavaraj and Sri Jagannath Sagar, Joint Commissioners of Commercial Taxes were present and addressed the grievances of public and professionals.

The KSCAA team also held interactive meeting with Members of Central Board of Direct Taxes and stressed upon resolution of the difficulties faced by taxpayers and practicing Chartered Accountants. KSCAA further seeks members to write to it on areas where the members see representation is necessary

and participate proactively in order to further strengthen the reach of the Association.

CITIZEN SERVICES ACTIVITIES

In discharge of its duties as responsible Association towards citizen centric activity, KSCAA organised **GST Awareness Procession** jointly with Commercial Taxes Department to create awareness of GST Migration among traders. Also a help desk was set up to facilitate GST migration at the Association premises to provide facility free of cost to traders and general public.

OTHER INITIATIVES

Numerous activities to help members kept association buoyant through the year. The waiting time at the offices of authorities prompted us to seek for a space for Professional Lounge at Bengaluru, Koramangala Income Tax Department Office. The Professional Lounge was inaugurated by Principal Chief Commissioner of Income Tax, Ms. Nutan Wodeyar. Association fondly remembers and deeply acknowledges the support and time of senior member and former Regional Council Member, CA. Nityananda, in this endeavour.

The Copies of Union Budget 2017-18 published by BCAS were distributed free of cost to members who attended our Conference, Seminars and Study Circles as part of our knowledge dissemination process.

Looking out into the world today, it's easy to see why brands are more important now than at any time in the past years. Brands are psychology and science brought together as a promise mark as opposed to a trademark. A new KSCAA brand was unveiled in our news bulletin as part of Brand Building activity. This logo carries short form of Association and is embedded with full name of Association. We hope new brand is vibrant, appealing and eye-catching.

To unearth the hidden talents of our members, we have initiated "You Know" Series in our News Bulletin. This series introduces parallel talents of our members engaged in serious hobbies apart from routine professional work. So far we have introduced, wild life photographers, Classical singers and dancers, Cartoonists etc through our News Bulletins in this series.

OBITUARY

With profound grief and sorrow, we regret the sad demise of our beloved Past President Shri O R Pandurang, an

amazingly active member who passed away in March 2017. As an ardent supporter of Association, he had touched upon the organisation, infusing enormous energy and left the Association richer with a legacy of ceaseless enduring humility. In his death, the association has lost a torchbearer and a spirited volunteer.

FINANCIAL RESULTS

We have pleasure in informing you that our Association has earned surplus of Rs. 9,32,199/- (after charging depreciation of Rs. 79,607/- and prior period net expense of Rs. 5,819/-) for the financial year 2016-17. Thus we have earned cash surplus of Rs. 10,17,625/- during the year.

The surplus of the association during the year is arrived after charging net expenses of Rs.1,28,396/- is a legacy of previous years which is written off during this period, Had this been ignored, the Association surplus would have been Rs. 11,46,021/-.

The liquid investments of our Association stood at Rs. 160,60,501/- as on 31st March 2017, as against the figure of Rs. 150,11,241/- as on 31st March 2016. Total funds of our Association stands at Rs.1,97,38,513/- as on 31st March 2017 as against Rs. 184,04,949/- of previous year.

Major contributors of the surplus were the 29th Annual Conference and the GST workshops. We append herewith the audited accounts and the Auditor's Report for the year ended 31st March 2017.

LIFE MEMBERS

During the year, we continued to add new members to the Association, the Life members of the Association have crossed 2600 mark. As on the date of this report, the total number of life members stood at 2622. We recognise that increasing of the membership base is very essential and helps realising the objective of collective growth, hence we are hopeful to add more numbers in the coming days in our effort towards strengthening of the roots and see more shoots in the days to come.

AUDITORS

The present auditors - M/s. Patil Kabbur & Associates, Chartered Accountants, Bengaluru, retire at the ensuing Annual General Meeting and have expressed their willingness to continue as auditors for the ensuing year.

IN TO THE FUTURE

The newly elected team of the Office Bearers, the Executive Committee and the Core Group of the Association will endeavour to improve the existing programmes and activities as well as conduct new programmes and activities in line with the changing times and needs of the members.

Despite our best efforts, there are following unfinished works which legacy will be handed over to the incoming team:

- Reviving the Endowment Lectures
- Khata transfer in the name of Association relating to the Association premises at SJP Road, Bengaluru.
- Execution of Sale cum Lease agreement from KIADB, in relation to land allotted in Harohalli Industrial Area.
- Follow up on Legal case against Co-Operative Department with Advocate and taking it to its logical conclusion.

On behalf of KSCAA, we thank all the speakers, authors, compilers, convenors, course coordinators, donors and numerous well-wishers for their continued goodwill towards and support to the organization, and wish to place on record our special appreciation to Immediate Past President CA. Dileep Kumar T M and Past president CA. Maddanaswamy B V for their timely guidance, solidarity and support to what has been accomplished, without which it would not have been possible. We extend our thanks to contribution made by the staff at all levels.

As we pass through the era of accelerating and all pervasive changes, we need to continue to bond together to face the challenges by caring and sharing through fellowship and networking. The challenges of changes also bring about new and exciting opportunities. We remain confident that you will continue to participate and support various activities of the KSCAA in the spirit of "Knowledge is Strength".

With Warm Wishes,

For and on behalf of Executive Committee of
Karnataka State Chartered Accountants Association

Sd/-
CA. Raghavendra Puranik
President

Sd/-
CA. Nagappa B. Nesur
Secretary

Date: 14th June 2017

Place: Bengaluru



ACKNOWLEDGEMENTS

We sincerely thank and acknowledge with gratitude, the following people and organisations for their valuable contribution, help and support in our activities.

Speakers, Faculties and Contributors

- Contributors to KSCAA News Bulletin
- Contributors to publications
- Dignitaries for inaugurating conference, seminars and delivering keynote address.
- Speakers at various seminars, workshops, lecture meetings, conference and study circles

Organisations for activities organised jointly with us

- Bangalore Branch of SIRC of ICAI
- Shimoga District Chartered Accountants Association
- Tumkur District Chartered Accountants Association
- Davanagere District Chartered Accountants Association
- Shree Vrushabhendra Education Society, Harugeri, Belgaum District
- Bagalkot District Chartered Accountants Association
- KLE Society's GI Bagewadi Arts, Science and Commerce College, Nipani
- Government First Grade College, Dharwad
- Government First Grade College, Hubli
- Government First Grade College, Alnavar
- Government First Grade College, Haliyal
- Bagalkot District Co-operative Union, Bagalkot
- Department of Commerce, Bangalore University
- Federation of Karnataka Chamber of Commerce and Industry

- Commercial Taxes Department, Karnataka
- Service Tax Commissionerate-II, Bengaluru
- Tumkur District Chamber of Commerce & Industry
- Tumkur District Tax Practitioners Association
- Vijayapur District Chartered Accountants Association
- Shri Umiya Patidar Samaj

Donors and Sponsors for supporting activities of the KSCAA

- Donors to Legal Fund
- Donors to Professional Lounge
- Sponsors & Advertisers to 29th KSCAA Annual Conference
- Sponsors to Seminars and Study Circles
- Advertisers to KSCAA News Bulletin

Other Contributors

- Jwalamukhi Mudranalaya for printing News Bulletin & Publications
- KLJ Publication for printing publication
- Vasavi Vidya Niketan Trust for providing auditorium
- Bangalore International Academy for providing auditorium
- BVC & Co., Chartered Accountants for providing auditorium
- Staff of KSCAA for their sincere and hard work



ACTIVITIES OF 2016-17

29TH KSCAA ANNUAL CONFERENCE

Friday, 3rd March, 2017

Chief Guest:
Jnanasagara CA. S. Krishnaswamy
Past President, KSCAA
Guest of Honour:
Shri Justice Perody Vishwanatha Shetty
Karnataka Lokayukta

Choosing the Right Entity for NPOs/NGOs

Dr. CA. N Suresh

Impact of Benami Transactions Act

Sri Uday Holla, Sr. Advocate

Big Bang Economic Reforms

- Redefining Roles of CAs

CA. S Gurumurthy

Panel Discussion:

 Budgetary Amendments
and Issues in Direct Taxes

Panelists:
CA. A. Shankar
Sri K P Kumar, Sr. Advocate
CA. B P Sachin Kumar
CA. Prashanth G S
Moderator: CA. S Ramasubramanian

How to Deal with Your Children

Dr. Ali Kwaja

Entertainment Activities

Saturday, 4th March, 2017

Spiritual Session

Swami Nirbhayananda Saraswathi
*President, Ramakrihna Vivekananda Ashrama,
Gadag-Vijayapur*
Session Chairman: CA. K S Madhava Murthy

Recent Developments in Companies Act

CA. K. Gururaj Acharya

Valuation - Overview and Critical Issues

CA. Sujal Shah, Mumbai

The Insolvency and Bankruptcy Code

- Professional Opportunities for CAs

CA. Sripriya Kumar, Chennai

Management Lessons from Unusual Examples

CA. V. Pattabhi Ram, Chennai

The Profession of the Future

CA. P R Ramesh, Hyderabad

Panel Discussion:

"Devil's Advocacy on GST

- Transitional & Other Issues"

Panelists:
CA. Madhukar N. Hiregange
CA. Venkataramani S.
Sri Shivadass G, Advocate,
CA. A. Jatin Christopher
Moderator: CA. Sanjay M Dhariwal

Total Attendance: 780 Delegates

SEMINARS

Date/Day	Programme	Speakers	Venue	Attendance
18-Jun-17 Sunday	Seminar on General Understanding of GST	CA. Narendra K.V CA. Raghavendra T.N	Shri Umiya Patidar Samaj Laxminarayan Bhavan, Battarahalli, Bengaluru	Scheduled
24-Jun-17 Saturday	Seminar on GST - How to Structure "The Profession" in GST Regime	CA. Madhukar Hiregange CA. Roopa Nayak CA. Annapurna Kabra CA. B.D. Chandrashekar	Vasavi Auditorium, Basavanagudi, Bengaluru	Scheduled

ACTIVITIES OF 2016-17

INTERACTIVE SESSIONS

Date/Day	Programme	Guests & Speakers	Venue	Attendance
4-Jan-17 Monday	Interactive Session on Migration of Existing Taxpayers Under GST	Sri. K S Basavaraj, JCCT (e-Audit) CA. Annapurna Kabra	Bangalore International Academy, Jayanagar, Bengaluru	150
6-Jan-17 Friday	Opening GST Help Desk and GST Awareness Procession (Jatha)	Sri Jagannath Sagar, JCCT (Admin)	Association Premises, Bengaluru	80
14-Mar-17 Tuesday	Interactive Session on Migration of Existing Taxpayers Under GST	Sri. M. Vinod Kumar Chief Commissioner, Bengaluru Zone Sri. R. Sriram Commissioner, Service Tax - II Sri. Narayanaswamy G Commissioner, Service Tax - I	Auditorium, Service Tax Department, Domlur, Bengaluru	60
17-May-17 Wednesday	Returns under GST - Filing of GSTR-1, 2 & 3	Sri. K S Basavaraj, JCCT (e-Audit) CA. Annapurna Kabra	Bangalore International Academy, Jayanagar, Bengaluru	150

CAREER ORIENTATIONS

Date/Day	Programme	Speakers	Venue	Attendance
16-Sep-16 Friday	Career Counselling with SICASA, Bangalore	CA. Shivaprakash Viraktamath CA. Nagappa B. Nesur CA. Raghavendra Puranik	Shree Vrushabhendra Education Society College auditorium, Harugeri, Rayabag Tq, Belgaum Dist	159
18-Jan-17 Wednesday	Career Orientation Program	CA. Shivaprakash Viraktamath, CA. Nagappa B. Nesur	KLE Society's GI Bagewadi Arts, Science and Commerce College, Nippani	320
16-Feb-17 Thursday	Career Orientation Program	CA. Shivaprakash Viraktamath CA. Anant Nyamannavar	Government First Grade College, Dharwad	168
16-Feb-17 Thursday	Career Orientation Program	CA. Chetan Padaki	Government First Grade College, Hubli	160
17-Feb-17 Friday	Career Orientation Program		Government First Grade College, Alnavar	175
17-Feb-17 Friday	Career Orientation Program		Government First Grade College, Haliyal	165

ACTIVITIES OF 2016-17

WORKSHOPS

Date/Day	Programme	Speakers	Venue	Attendance
28-01-2017 to 25-02-2017 Fridays & Saturday	GST Workshop - Batch-1 South	Adv. V. Raghuraman CA. Jatin Christopher CA. Madhukar N. Hiregange Adv. Sai Prasad A Adv. C R Raghavendra CA. Deepak Jain CA. Naveen Rajpurohit CA. Hanish CA. Bhanu Murthy J.S. CA. B.D. Chandrashekar CA. T.R. Rajesh Kumar CA. Annapoorna Kabra CA. Mahadev R	Bangalore International Academy, Jayanagar, Bengaluru	82
24-04-2017 & 29-04-2017 Monday to Saturday	GST Workshop - Batch-2 North	CA. Jatin Christopher Adv. K.S. Naveen Kumar CA. Madhukar Hiregange CA. Annapurna Kabra CA. Rajesh Kumar T R CA. Deepak Jain CA. Pavan Kumar R S Adv. Bhanumurthy J S CA. Raghavendra T N Adv. Saiprasad A CA. Hanish S CA. Chandrahasa CA. Siddeshwara Yalamali	Auditorium of BVC & Co., Sadashivanagar Bengaluru	42
22-05-2017 & 27-05-2017 Monday to Saturday	GST Workshop - Batch-3 South	CA. Annapurna Kabra CA. B.D. Chandrashekar CA. Rajesh Kumar T R CA. T.N. Raghavendra Adv. Sai Prasad A CA. Hanish S CA. Pavan Kumar R S CA. Yeshwanth CA. Kuber Hundekar CA. Akbar Basha CA. Naveen Rajpurohit CA. Jatin Christopher CA. Siddeshwar Yalamali	Bangalore International Academy, Jayanagar, Bengaluru	84

ACTIVITIES OF 2016-17

STUDY CIRCLES

Date/Day	Programme	Speakers	Venue	Attendance
22-Jul-16 Friday	Discussion on Practical Aspects of Section 195, Form 15CA & CB	CA. Sudheendra B R	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	80
26-Aug-16 Friday	Lecture Meeting on Tax Audit Issues & Reporting Changes	CA. P R Suresh	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	75
9-Sep-16 Friday	Lecture Meeting : How Well you are prepared to deal with IFC?	CA. Amit Agrawal CA. Madhavi D K	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	50
7-Oct-16 Friday	Know Your Professional Ethics	CA. Nityananda	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	30
21-Oct-16 Friday	Choosing Right entity for NPO/NGO, Documentation, Registration & other requirements	CA. Dr. N Suresh	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	35
26-Oct-16 Wednesday	Lecture Meeting on Transfer Pricing Documentation	CA. Prashanth K.L	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	35
18-Nov-16 Friday	Discussion on FEMA – Recent developments and emerging issues	CA. Sandeep Jhunjunwala	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	75
25-Nov-16 Friday	Alternate financing options - ECB and Trade Credits	Mr. Maneesh Kalra CA. Vijayashree Mr. Anand	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	85
1-Dec-16 Thursday	Reassessment & Search Assessments under the Income Tax Act, 1961	CA. G S Prashanth	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	45
9-Dec-16 Friday	CPE Discussion on VAT Audit & Recent Case Laws under KVAT	CA. Annapurna Kabra	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	75
16-Dec-16 Friday	CPE Discussion on Works Contract under KVAT	CA. Haneesh S	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	80
23-Dec-16 Friday	CPE Discussion on Demonetization and Balck Money	CA. Naveen Khariwal	Bangalore International Academy, Jayanagar, Bengaluru	103
20-Jan-17 Friday	Valuation of Shares / Business - Overview	CA. Shivaprakash Viraktamath	Bangalore International Academy, Jayanagar, Bengaluru	120
3-Feb-17 Friday	Discussion on Budget Amendments	CA. Prashanth G S CA. Naveen Khariwal	Bangalore International Academy, Jayanagar, Bengaluru	40
24-Mar-17 Friday	Bank Audit	CA. P R Suresh	Bangalore International Academy, Jayanagar, Bengaluru	78
28-Apr-17 Friday	Decoding Real Estate Regulation	CA. Sandeep Jhunjunwala	Bangalore International Academy, Jayanagar, Bengaluru	30
9-Jun-17 Friday	Assessments under Income Tax Act & Stay on disputed demands	CA. Channappa Nulvi CA. K S Sridhar	Bangalore International Academy, Jayanagar, Bengaluru	50
16-Jun-17 Friday	Changes in Income Tax Returns for AY 2017-18	CA. Naveen Khariwal CA. Nitin Kumar P	Bangalore International Academy, Jayanagar, Bengaluru	110

ACTIVITIES OF 2016-17

MOFUSIL PROGRAMS

Date/Day	Programme	Guests & Speakers	Venue	Attendance
20-Aug-16 Saturday	Discussion on Tax Audit & Taxation of Joint Development	CA. Naveen Khariwal CA. Prashanth G S	Star Cruise, Shivamogga	75
27-Aug-16 Saturday	Tax Audit u/s 44AB of IT Act 1961	CA. Deepak Chopra	TDCAA Premises, Tumkur	50
3-Sep-16 Saturday	Taxation of Charitable Trusts	CA. Dr. N Suresh	Bapuji MBA College, Davanagere	125
16-Dec-16 Friday	One Day Seminar on GST & TDS Provisions & Income Tax Act	CA. Annapurna Kabra CA. C R Nulvi	Sri Seetha Ram Bhavan, Bagalkot	450
21-Jan-17 Saturday	Seminar on GST	Adv. Bhanumurthy J S CA. Siddeshwar Yalamali	Bapuji MBA College, Davanagere	125
18-Feb-17 Saturday	Practical Workshop on Spreadsheet Accounting	CA. Shivakumaar H	Bagalkot	25
19-Feb-17 Sunday	Seminar on Income Tax, Audit & Regulatory Provisions applicable to Co-operative Banks	CA. Prakash Hegde CA. Shivakumaar H	BDCC Bank Auditorium, Navanagar, Bagalkot	120
22-Mar-17 Wednesday	Interactive Session on Migration of Existing Taxpayers Under GST	Sri. M. Vinod Kumar, Chief Commissioner, Service Tax Sri. Narayanaswamy G., Commissioner, Service Tax-I	TDCCI building, Tumkur	150
21-04-2017 & 22-04-2017 Friday & Saturday	Workshop on Goods and Services Tax	CA. Annapurna Kabra CA. Rajesh Kumar T R Adv. Bhanumurthy J S CA. Raghavendra T N CA. Siddeshwara Yalamali	Jai Maata Grandeur, Vidyanagara, Shivamogga	80
26-May-17 Friday	Seminar on Co-Operative Taxation & Recent Changes in Tax Audit Report	CA. D R Venkatesh	Shri Gurudatta Mangal Karyalaya, Vijayapur	80

SPORTS & CULTURAL ACTIVITIES

Date/Day	Programme	Venue
13-Nov-16 Sunday	Sports Meet - Cricket & Volley Ball League	HMT Grounds, Jalahalli, Bengaluru
20-Nov-16 Sunday	Talent Meet	KGS Club, Bengaluru
20-May-17 Saturday	YES BANK Premier Cricket League (Team KSCAA won the Trophy)	Magnum Arena, Chikkakannalli, Bengaluru

ACTIVITIES OF 2016-17

OTHER PROGRAMS

Endowment Lecture

Date/Day	Programme	Speaker	Venue	Attendance
2-Dec-16 Friday	P R Singhvi Endowment Lecture on Intellectual Terrorism	CA. M R Venkatesh	S Narayanan Hall, Bangalore Branch of ICAI, Bengaluru	50

Joint Program with FKCCI

Date/Day	Programme	Speaker	Venue	Attendance
15-Apr-17 Saturday	<ul style="list-style-type: none"> Recent Changes in Income Tax Law through Union Budget 2017-18 Discussion on a new section 269ST on restriction on cash transactions Changes in Assessment Procedures Survey & Search Procedures Important amendments in Finance Act 2017 	CA A. Shankar, Tax Advocate	FKCCI Cabinet Hall, Bengaluru	50

Motivational Session

Date/Day	Programme	Speaker	Venue	Attendance
29-Apr-17 Saturday	Sure steps to Success	Sadhu Gnanavatsala from Aksharadam	Auditorium of BVC & Co., Sadashivanagar Bengaluru	42

REPRESENTATIONS

Representations submitted by the Association in 2016-17

- Memorandum on Co-operative Audit.
- Memorandum on Demonetisation to Honourable Prime Minister
- Memorandum on Non validation of Chartered Accountants Permanent Account Number for Income Tax Return Filing
- Memorandum on Penalty imposed on professionals under section 271J of Income Tax Act.

Joint Representations by the Association along with BCAS, Mumbai; CA Association, Ahmedabad; The Chamber of Tax Consultants, Mumbai and Lucknow CA Society in 2016-17:

- On Direct Tax Dispute Resolution Scheme, 2016.
- On Income Declaration Scheme, 2016.

NEWS BULLETIN - ARTICLES AND COLUMNISTS

CA S Krishnaswamy

- Contingencies and Events occurring after Balance Sheet Date AS 29 and ICDS
- Indian Accounting Standards (Ind AS) 10 Events after the Reporting Period
- Related Party Disclosures
- Ind AS 103 – Business Combinations
- Indian Accounting Standard (Ind AS) 113 - Fair Value Measurement
- Start-up Valuation
- Income Tax Incentives for Start – UPS
- Funding Of Start-Ups
- A Start up – Planning the Structure
- Investing in Alternative investment Funds (AIF)

CA Madhukar N Hiregange & CA Mahadev R

- Service tax audits - Are not valid?
- Getting Ready for GST for Professionals
- GST – Impact on Sales for Manufacturers
- GST – Impact on Procurements for Manufacturers
- GST – Impact on Accounting Function
- GST – Impact on Inventory Management Function
- Impact of GST on Textile Industry
- Reversal of Credit on Exempted Services before 30th June
- New Service Tax Levy on Ocean Freight
- Anti-Profiteering Clause in GST Law
- Reverse Charge Compliance in GST
- GST Impact on Banking Sector

CA B.G. Srikanth Acharya & CA Annapurna Kabra

- Composition Dealer- Works Contractor
- Karnataka Entertainment Tax
- Existing Taxpayers Migrating to GST
- Updates under the Karnataka Commercial Taxes Laws
- Recap of Recent Discussion in GST Council Meetings
- Amendments Under Commercial Taxes of Karnataka

CA. Sanjay Dhariwal & CA. Annapurna Kabra

- Transitional Provisions under Model GST Law 2016 for Karnataka VAT Dealers
- Comparison of Draft GST Rules 2016 with Procedures under KVAT Law
- Comparison of Composition Scheme under Model GST Law with Karnataka VAT Law
- Audit Aspects under the Karnataka VAT law - VAT 240
- GST Impact for Works Contractors
- Can the Composition Dealer under the Karnataka VAT Law Applies for Composition Scheme in GST Law

CA Vinayak Pai V

- Financial Reporting – Practitioners Update - 10 Issues
- The Latest in Financial Reporting - 2 Issues

CA C.R. Raghavendra & CA Bhanu Murthy J.S.

- Indirect Taxes Update – 5 Issues
- GST Transitional Provisions - Series 1 (Input Tax Credit Provisions)
- GST Transitional Provisions - Series 2

CA Prakash Hegde & CA Raghavendra N

- A Much Awaited Relief to Non-residents on Non-furnishing of PAN
- Additional Deduction for Interest on Housing Loan
- Cost indexation while computing capital gain from transfer of assets received as gift etc.
- Foreign Tax Credit Rules – A Welcome Effort (Part 1 of 2)
- Foreign Tax Credit Rules – a welcome effort (Part 2 of 2)
- Validity of notices under the Income Tax Act in certain circumstances
- Penalty for Cash Transactions of Rs 3 Lakh or More
- Important Transfer Pricing Proposals in the Finance Bill 2017
- Stay of Disputed Demand of Income-Tax While the First Appeal is Pending
- BEPS and India's Actions
- Equalisation Levy and Compliance

CA. Vijay Sagar Shenoy

- Brief Practical Aspects of Equalisation Levy
- All Weather Investment Portfolio

CA. Ganesh V. Shandage

- Finance Bill 2017 Capital Gain Tax Relief on Joint Development Agreements
- E-Commerce Transactions Under Gst Bill 2017

CA. S. Ramasubramanian & CA. Prateek Marlecha

- Input Tax Deduction Under Karnataka Value Added Tax Act 2003– Judicial Conundrum

Adv. Vikram A. Huilgol

- GST - When is a Supply in the Course of Interstate Trade

CA. Teertha G R R

- Will Only Skilling India Reap Demographic Dividend?

CA. Adithya Bharadwaj S P

- Procedural Aspects of Establishment a Liaison Office (LO) Branch Office (BO)/Project Office (PO) in India by Foreign Entities

CA. Anand R Bhat

- Buy-back of shares – Key income-tax implications

CA. R S Pavan Kumar & CA. Nithin Kamath

- Benefits for Service Exporters

KSCAA GST Study Group

- Goods and Services Tax - Constitutional Amendment [101st Constitutional Amendment Act, 2016]

INDEPENDENT AUDITOR'S REPORT

To

**The Members of
Karnataka State Chartered Accountants of Association ®**

We have audited the Balance Sheet of **M/s Karnataka State Chartered Accountants of Association ® (KSCAA)**, #7/8, 2nd Floor, Shoukath Building, S.J.P Road, Bangalore – 560002 as at 31 March.2017 and the Income and Expenditure Account for the year ended on that date, and a summary of significant accounting policies and other explanatory information annexed thereto.

Management's Responsibility for the Financial Statements:

The Executive Committee of Members of **Karnataka State Chartered Accountants of Association ®** is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the association in accordance with the Accounting Standards applicable to non-corporate entities issued by Institute of Chartered Accountants of India in accordance with the accounting principles generally accepted in India and also in accordance with the requirements of Karnataka Societies Registration Act, 1960. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Associations preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, An audit also includes evaluating the appropriateness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information, and according to the explanation given to us, the said accounts read with the schedules and notes thereto, are prepared, in all material respects, in accordance with the Karnataka Societies Registration Act, 1960 and give a true and fair view :

- a. In case of Balance Sheet, of the State of Affairs of the above named Association as at 31st March 2017.
- b. In case of the Income and Expenditure Account, of the surplus, being the Excess of Income over Expenditure of its accounting year ended 31st March 2017.

We report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Association so far as appears from our examination of those books;
- c. the Balance Sheet and Statement of Income and Expenditure dealt with by this Report are in agreement with the books of account;

As per our report of even date.

Patil Kabbur & Associates

Chartered Accountants

CA. Sukesh S Patil

Partner

MN. 219878

FRN 015281S

Date: 08 June 2017

Place: Bengaluru

BALANCE SHEET

AS AT 31 MARCH 2017

PARTICULARS	SCHEDULE NUMBERS	AS AT 31 MARCH 2017 RUPEES	AS AT 31 MARCH 2016 RUPEES
SOURCES OF FUNDS			
Corpus Fund	1	3,044,672	2,864,672
General Fund	2	13,317,126	12,384,927
Restricted and Other Funds	3	3,376,715	3,155,350
		19,738,513	18,404,949
APPLICATION OF FUNDS			
Fixed Assets	4	2,248,834	2,328,441
Investments	5	16,060,501	15,011,241
Current Assets, Loans and Advances			
(a) Inventories	6	267,200	188,911
(b) Receivables	7	139,200	130,000
(c) Cash and Bank Balances	8	958,404	484,334
(d) Loans and Advances	9	620,356	548,092
		1,985,160	1,351,337
Less: Current Liabilities and Provisions	10	555,982	286,070
Net Current Assets		1,429,178	1,065,267
		19,738,513	18,404,949

Significant Accounting Policies and Notes to Accounts 18

Schedules 1 to 18 form an integral part of the Accounts

As per our report of even date
Patil Kabbur and Associates
Chartered Accountants

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association®

Sd/-
CA. Sukesh S Patil
Partner
MN. 219878
FRN 0152815

Sd/-
CA. Raghavendra Puranik
President

Sd/-
CA. Nagappa B Nesur
Secretary

Date: 08 June 2017
Place: Bengaluru

Sd/-
CA. Kumar S. Jigajinni
Treasurer

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

PARTICULARS	SCHEDULE NUMBERS	YEAR ENDED 31 MARCH 2017 RUPEES	YEAR ENDED 31 MARCH 2016 RUPEES
A. INCOME			
Conference, Seminars and Meetings	11	3,964,784	2,829,618
Interest Income	12	1,182,283	1,201,354
Other Income	13	105,589	139,303
	A	5,252,656	4,170,275
B. EXPENDITURE			
Conference, Seminars and Meetings	14	2,623,275	2,162,905
Bulletins and Publications	15	588,576	562,775
Administrative Expenses	16	705,388	722,360
Other Expenses	17	317,792	113,416
Depreciation	4	79,607	84,087
	B	4,314,638	3,645,543
C. SURPLUS FOR THE YEAR BEFORE EXTRA ORDINARY AND PRIOR PERIOD ITEMS (A-B)		938,018	524,733
D. EXTRA ORDINARY ITEMS		-	-
E. PRIOR PERIOD ITEM- EXPENSE		5,819	-
F. NET SURPLUS TRANSFER TO GENERAL FUND (C-D-E)		932,199	524,733
Significant Accounting Policies and Notes to Accounts	18		

Schedules 1 to 18 form an integral part of the Accounts

As per our report of even date
Patil Kabbur and Associates
Chartered Accountants

Sd/-
CA. Sukesh S Patil
Partner
MN. 219878
FRN 015281S

Date: 08 June 2017
Place: Bengaluru

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association®

Sd/-
CA. Raghavendra Puranik
President

Sd/-
CA. Kumar S. Jigajinni
Treasurer

Sd/-
CA. Nagappa B Nesur
Secretary

SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2017

PARTICULARS	AS AT 31 MARCH 2017 RUPEES	AS AT 31 MARCH 2016 RUPEES
1 CORPUS FUND		
Opening Balance	2,864,672	2,698,835
Add: Life Membership Fee received during the year	180,000	165,837
	3,044,672	2,864,672
2 GENERAL FUND		
Opening Balance	12,384,927	11,860,194
Add : Surplus for the year	932,199	524,733
	13,317,126	12,384,927
5 INVESTMENTS		
<i>TERM DEPOSITS WITH</i>		
Andhra Bank	2,883,330	2,870,753
Lakshmi Vilas Bank	11,600,000	10,600,000
Saraswat Bank	1,532,556	1,532,556
<i>ACCRUED INTEREST ON TERM DEPOSITS WITH</i>		
Andhra Bank	-	6,593
Lakshmi Vilas Bank	44,615	1,339
	16,060,501	15,011,241
6 INVENTORY OF PUBLICATION AND OTHERS		
(Valued at lower of cost or net realisable value)		
KSCAA Publications	94,235	5,625
Other Materials	172,965	183,286
	267,200	188,911
7 RECEIVABLES		
Receivables - KSCAA Summit 2013, Hubli	80,000	80,000
Receivables - Advertisement in News Bulletins	-	20,000
Receivables - 28th SLC	-	30,000
Receivables - 29th SLC	59,200	-
	139,200	130,000
8 CASH AND BANK BALANCES		
Cash on hand	26,421	7,401
Andhra Bank SB Account-6886	370,417	83,222
Canara Bank SB Account	4,348	4,015
Andhra Bank SB Account-6887	172,527	266,663
Laxmi Vilas Bank Current Account	384,691	123,033
	958,404	484,334

SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2017

PARTICULARS	AS AT 31 MARCH 2017 RUPEES	AS AT 31 MARCH 2016 RUPEES
9 LOANS AND ADVANCES		
<i>DEPOSITS</i>		
Telephone Deposit	2,000	2,000
Electricity Deposit	26,110	26,110
Postal Department	100	100
Rental Deposit	65,000	65,000
Service Tax input	-	14,000
A	93,210	107,210
<i>OTHERS</i>		
TDS 05-06	-	22,256
TDS 07-08	-	9,711
TDS 08-09	-	22,558
TDS 10-11	-	7,862
TDS 12-13	57,351	57,351
TDS 13-14	43,004	43,004
TDS 14-15	138,579	138,579
TDS 15-16	139,561	139,561
TDS 16-17	138,651	-
B	517,146	440,882
Other Advance	10,000	-
C	10,000	-
A+B+C	620,356	548,092
10 CURRENT LIABILITIES AND PROVISIONS		
<i>CURRENT LIABILITIES</i>		
Audit Fees Payable	25,000	25,000
Outstanding Liabilities	302,639	157,470
Income Received in Advance	48,000	-
NTC Delegate fee to be refunded	-	18,100
A	375,639	200,570
<i>PROVISIONS</i>		
Miscellaneous Provisions	180,343	85,500
B	180,343	85,500
A+B	555,982	286,070

SCHEDULES FORMING PART OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

PARTICULARS	YEAR ENDED 31 MARCH 2017 RUPEES	YEAR ENDED 31 MARCH 2016 RUPEES
11 INCOME FROM CONFERENCE, SEMINARS AND MEETINGS		
Annual Conference	3,353,821	2,650,410
Meetings, Seminars and Workshops	610,963	179,208
	3,964,784	2,829,618
12 INTEREST AND DIVIDEND INCOME		
Interest on Bank Term Deposits	1,222,816	1,251,553
Less: Transferred to Restricted fund	57,245	57,245
	1,165,571	1,194,308
Add: Interest on Saving Bank Accounts	16,712	7,046
	1,182,283	1,201,354
13 OTHER INCOME		
Admission Fee	18,100	16,685
Annual Membership Fees	500	500
Miscellaneous Income	961	8,658
Sale of Publications	18,800	5,760
Advertisement in News Bulletins	48,678	107,700
Sundry Balances Written Back	18,550	-
	105,589	139,303
14 CONFERENCE, SEMINARS AND MEETINGS EXPENSES		
Annual Conference Expenses	2,412,983	1,862,422
Add: Decrease in Consumable Stock	10,321	13,469
Less: (Increase) in Publications	(88,610)	(46)
A	2,334,694	1,875,845
Meetings, Seminars and Workshop Expenses	288,581	287,060
A+B	2,623,275	2,162,905
15 BULLETINS AND PUBLICATIONS		
Printing Charges of News Bulletins	588,576	562,775
	588,576	562,775

SCHEDULES FORMING PART OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

PARTICULARS	YEAR ENDED 31 MARCH 2017 RUPEES	YEAR ENDED 31 MARCH 2016 RUPEES
16 ADMINISTRATIVE EXPENSES		
Salaries and Bonus	351,000	333,000
Staff Welfare Expenses	15,098	14,811
Electricity Charges	21,736	19,913
Water Charges	1,600	1,280
Building Maintenance Charges	-	12,500
Telephone and Internet Charges	25,295	33,337
Conveyance Expenses	26,451	26,940
Postage and Courier Charges	29,554	31,979
Printing and Stationery Expenses	101,842	104,706
Audit Fees	25,125	25,000
Annual General Meeting Expenses	107,687	118,894
	705,388	722,360
17 OTHER EXPENSES		
Subscription and Membership Expenses	4,000	4,861
Ayudha Pooja Expenses	3,998	2,450
Office Maintenance Expenses	16,690	14,650
Repairs and Maintenance Expenses	17,156	11,100
Bank Charges	5,072	2,832
Website Charges	8,094	58,269
Miscellaneous Expenses	11,288	8,488
Filing Fees with Registrar of Societies	5,525	6,000
Locker Rent	2,070	342
Rates and Taxes	16,362	-
Property Tax	94,843	-
Email and SMS Charges	47,235	-
Commission on Online Payment Services	17,250	-
Executive Committee Meeting Expenses	5,822	4,424
TDS Receivables of Earlier Years Written off	62,387	-
	317,792	113,416

SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2017

SCHEDULE - 3 RESTRICTED AND OTHER FUNDS

(IN RUPEES)

PARTICULARS	BALANCES AS ON 1 APRIL 2016	RECEIPTS DURING THE YEAR	ADD TRANSFERRED DURING THE YEAR	LESS UTILISED/ TRANSFERRED	BALANCES AS ON 31 MARCH 2017
A RESTRICTED FUNDS					
Endowment Fund	70,000	-	-	-	70,000
Late S. Narayanan's Memorial Prize Award Account	100,000	-	-	-	100,000
Professional Development Fund	506,488	-	-	-	506,488
Student Welfare Fund	113,102	-	-	-	113,102
A	789,590	-	-	-	789,590
B ACTIVITY FUNDS					
Endowment Fund	23,848	-	5,075	8,998	19,925
Late S. Narayanan's Memorial Prize Award Account	77,302	-	7,250	-	84,552
Professional Development Fund	9,023	-	36,720	45,743	-
Student Welfare Fund	6,461	-	8,200	1,141	13,520
Legal Fund	57,266	220,002	-	-	277,268
B	173,900	220,002	57,245	55,882	395,265
C UTILISED FUNDS					
Library Fund	144,360	-	-	-	144,360
Permanent Project	247,500	-	-	-	247,500
Buidling Fund	50,000	-	-	-	50,000
S. Amaralal Golden Jubilee Hall Fund	250,000	-	-	-	250,000
Golden Jubilee Project Fund	1,500,000	-	-	-	1,500,000
C	2,191,860	-	-	-	2,191,860
GRAND TOTAL (A+B+C)	3,155,350	220,002	57,245	55,882	3,376,715
PREVIOUS YEAR	3,274,205	3,000	57,245	179,100	3,155,350

SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2017

SCHEDULE - 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 1 APRIL 2016 Rs.	ADDITIONS MORE THAN 180 DAYS Rs.	ADDITIONS LESS THAN 180 DAYS Rs.	DELETIONS Rs.	GROSS BLOCK AS ON 31 MARCH 2017 Rs.	ACCUMULATED DEPRECIATION AS ON 1 APRIL 2016 Rs.	RATE % Rs.	DEPRECIATION FOR THE YEAR Rs.	ACCUMULATED DEPRECIATION AS ON 31 MARCH 2017 Rs.	WDV AS ON 31 MARCH 2017 * Rs.	WDV AS ON 1 APRIL 2016 Rs.
IMMOVABLE PROPERTIES											
Land at Harohally Industrial Area	1,694,630	-	-	-	1,694,630		-	-		1,694,630	1,694,630
Office Building	780,288	-	-	-	780,288	551,316	10%	22,897	574,213	206,075	228,972
Office Building on Leasehold Premises **	293,940	-	-	-	293,940	160,379	10%	-	160,379	133,561	133,561
Less: Provision for Impairment Loss	(293,940)				(293,940)	(160,379)		-	(160,379)	(133,561)	(133,561)
Carrying amount after impairment loss	-	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS											
Furniture and Fixtures	780,433	-	-	-	780,433	493,212	10%	28,722	521,934	258,499	287,221
Library Books	94,018	-	-	-	94,018	93,864	60%	92	93,956	62	154
Computer, Printers & Software	143,254	-	-	-	143,254	120,418	60%	13,702	134,120	9,134	22,836
Office Equipments	361,591	-	-	-	361,591	266,966	15%	14,194	281,160	80,431	94,625
Assets not in use	759	-	-	-	759	756		-	756	3	3
TOTAL	3,854,973	-	-	-	3,854,973	1,526,532		79,607	1,606,139	2,248,834	2,328,441
PREVIOUS YEAR	3,822,373	-	32,600	-	3,854,973	1,442,445		84,087	1,526,532	2,328,441	2,379,928

* Total WDV before adjusting provision for impairment loss of leasehold premise is Rs.23,82,395.

** The lease hold office premise is not being used, hence depreciation is not claimed. The negotiations to continue or vacate are in process.

SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2017

SCHEDULE-18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

Overview

Karnataka State Chartered Accountants Association is registered in the year 1957 under the Karnataka Societies Registration Act No. III of 1904 vide No.1710/57-58 dated 07.12.1957 and subsequently amendments were made under the Karnataka Societies Registration Act 1960.

It is registered under Section 12A (a) of the Income Tax Act, 1961, vide no. Trust/718/10A Vol.AII/K.503/90-91/ CIT II dated 10.12.1990.

The main objects, inter alia, are to encourage friendly feeling and unanimity among the members and to provide for opportunities for interaction among the members, the acquisition and dissemination of knowledge connected with the profession and also to promote and protect the mutual interests of the members.

Governance

The Executive Committee has the overall responsibility for the general control, administration and management of the activities of the association. The responsibility is joint and several. The internal control system in operation provides reasonable assurance against errors and frauds.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated elsewhere.

1. Revenue Recognition

- a. Life Membership Fees received is credited to Corpus Fund. This practice has been followed by the Association consistently from the past.
- b. Income from conferences, seminars and workshops are recognized as income as and

when conferences, seminars and workshops are organized and held.

- c. Admission Fee charged is recognized as income in the year of receipt.
- d. Ordinary Membership fee received is recognized as income in the year of receipt.
- e. Interest on Term Deposits held as investments is recognized on accrual basis.
- f. Income from Sale of publications is recognized as income as and when the publications are sold.
- g. Income from advertisement in bulletins is recognized as income as and when the advertisements are published in the bulletins.
- h. Interest on tax refunds is accounted on receipt basis.

2. Expenses

All expenses are accounted on accrual basis to the extent they are ascertained for the period.

3. Allocation/Transfers to Restricted Funds

- a. The Association has a policy to allocate/transfer interest to Restricted Fund Accounts to recognize the interest attributable to those Funds.
- b. Allocation/Transfer of interest to Restricted Fund is made on the basis of proportionate interest attributable to the balance standing in the respective Fund account as at the end of the year.
- c. On such allocation/ transfer of interest to the Funds, specific expenses related to such Funds are appropriated to the extent of balance available in that respective activity fund.
- d. The practice to allocate/ transfer interest and expenses to the Restricted Funds has been consistently followed by the Association from the past.

4. Prior Period Items

Prior period items, being any income or expense, which has arisen in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods, are recognized as and when they are noticed and are shown separately.

5. Fixed Assets

The fixed assets which are held for use for administrative purposes and which are expected to be used for more than a period of twelve months have been capitalized at acquisition cost, with all identifiable expenditure incurred to make the asset fit for use. These assets are stated at cost less depreciation to date.

And also, the cost of an item of fixed asset is recognized as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the enterprise; and
- (b) the cost of the item can be measured reliably.

6. Depreciation

Depreciation has been provided on the fixed assets except land on Written Down Value basis in accordance with the rates prescribed under Income Tax Act, 1961.

7. Inventory

The Association has a policy to value the stock of publications and other materials at lower of cost or net realizable value.

8. Investments

The current investments are valued at lower of the cost or fair value, whereas the long-term investments are carried at cost unless and otherwise there is permanent diminution in the value of the investment.

9. Income Tax

The Association is registered under Section 12A (a) of the Income Tax Act, 1961. The provision for Income Tax is recognized according to the provisions of section 11 and 12 of the Income Tax Act, 1961.

10. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication

of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

11. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Association has present obligation as a result of past event; it is probable that an outflow of resources will be required to settle obligations, in respect of which a reliable estimate can be made.

Contingent Liabilities, if any, not provided for are disclosed by way of Notes. Contingent Assets are neither recognized nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

NOTES FORMING PART OF ACCOUNTS AS ON 31 MARCH 2017

1. The balances as reflected in the Balance Sheet as at 31st March, 2017 of Receivables, Payables, Loans and Advances and Deposits, are subject to confirmation and subject to any adjustments and reconciliation after confirmation.
2. In the opinion of the Executive Committee, the amounts shown in the Balance Sheet are reflected at their realizable values, unless stated otherwise.
3. The Karnataka Industrial Areas Development Board (KIADB) has allotted Plot No.32-C, measuring 2703 sq.mts at Harohalli Industrial Area, 1st Phase, Kanakapura Taluk, Bengaluru. KIADB has issued the Possession Certificate vide No.IADB/16904/DO-I/812/2009-10, dated 22.08.2009. Registration of Lease cum Sale Deed is pending due to ongoing dispute between the original land owners and KIADB. The Land allotted has been treated as a fixed asset.

The gross block and accumulated depreciation as on 1 April 2016 are compiled by considering WDV

as on 1 April 2000 and additions / deletions made thereafter based on records and information available.

4. Depreciation on leasehold premises is not provided as full provision for impairment was made in earlier year.
5. Investments includes investment of Restricted Funds amounting to Rs.7,89,590/-
6. TDS receivable pertaining to 2005-06, 2007-08, 2008-09 and 2010-11, is written off during the year amounting to Rs. 62,387/-, on account of reconciliation with income tax intimations and books of account to the extent identified as not realizable.
7. Miscellaneous Provisions:
Property Tax Payable

Particulars	Amount
Opening Balance of Property Tax Payable	85,500
Add: Provision Made During the Year 16-17 (including for the earlier years)	94,843
Closing Balance of Property Tax Payable	1,80,343

The provision for Property Tax has been created based on the Show Cause Notice issued by the BBMP for pending taxes from the period 2000-01 to 2016-17.

8. The Association is registered under Section 12A (a) of the Income Tax Act, 1961. During the year the Association's accumulated income is in excess of 15%, has been deposited as per the provisions of section 11(2) of the Income Tax Act, 1961 and to be informed to the Income Tax Authorities by the Association in the prescribed format; hence no provision has been made towards income tax.

As per our report of even date
Patil Kabbur and Associates
Chartered Accountants

Sd/-
CA. Sukesh S Patil
Partner
MN. 219878
FRN 0152815

Date: 08 June 2017
Place: Bengaluru

9. Impairment of Assets

The Executive Committee has assessed the fixed assets for any impairment as on 31 March 2017 and has concluded that there has been no significant impairment in any of the fixed assets that needs to be recognized in the books of accounts except as stated below -

The association had given notice to the owner of leased portion of premise regarding vacating the premise during 2013-14. Therefore, provision for impairment loss of Rs. 1, 33,561 was made which is to the extent of carrying amount of leasehold building. However, as per the advice of Building Committee negotiation has been initiated with the owner of the said premise and association is yet to get the final response to the proposal made to the owner.

10. Audit Fees for the year is Rs. 25,000/- (Previous Year Rs. 25,000/-).
11. The receivable includes an amount of Rs.80,000/- receivable from CA. G. V. Hegde Rs.50,000/-, N. S. Infotech Rs.20,000/- and Kanakadas Education Rs.10,000/- towards advertisements of KSCAA SUMMIT 2013 held at Hubli in November 2013. The association has not received the confirmation from above said parties and it was resolved in 41st adjourned AGM to hold CA. C. R. Dhavalagi, the then President responsible for the recovery of the said amount.
12. Figures have been rounded off to nearest rupee value.
13. Previous year figures have been regrouped / rearranged to be in conformity with the current year's presentation.

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association®

Sd/-
CA. Raghavendra Puranik
President

Sd/-
CA. Nagappa B Nesur
Secretary

Sd/-
CA. Kumar S. Jigajinni
Treasurer

ATTENDANCE OF EXECUTIVE COMMITTEE

12 Executive Committee Meetings were held from 9th July 2016 to 12th June 2017

Sl. No.	Name of Executive Committee Members	Designation	Dates of Executive Committee meeting held												Total number of meetings attended
			1	2	3	4	5	6	7	8	9	10	11	12	
			09.07.2016	10.07.2016	06.08.2016	10.09.2016	07.10.2016	14.11.2016	10.12.2016	12.01.2017	23.02.2017	30.03.2017	28.04.2017	12.06.2017	
1	CA. Raghavendra Puranik	President	P	P	P	P	P	P	P	P	P	P	P	P	12(12)
2	CA. Raghavendra T.N.	Vice President	P	P	P	A	P	P	P	P	P	P	P	P	11(12)
3	CA. Nagappa B. Nesur	Secretary	P	P	P	P	P	P	P	P	P	P	P	P	12(12)
4	CA. Raghavendra Shetty	Jt. Secretary	P	P	P	P	P	A	P	P	P	P	P	P	11(12)
5	CA. Jigajinni Kumar Shivalingappa	Treasurer	P	P	P	P	P	P	P	P	P	A	P	P	11(12)
6	CA. Chandrashekara Shetty	Member	P	P	P	A	P	P	A	P	P	P	P	P	10(12)
7	CA Chandan Kumar Hegde	Member	P	P	P	P	P	P	P	A	P	P	P	P	11(12)
8	CA. Pramod Srihari	Member	P	P	P	P	P	P	A	A	P	P	P	P	10(12)
9	CA Sateesha Kalkur	Member	P	P	P	A	P	P	P	A	P	P	P	P	10(12)
10	CA Subrahmanya Hegde	Member	P	P	P	P	P	P	A	P	P	P	P	P	11(12)
11	CA. Shriram S.S.	Member	P	P	A	A	P	A	P	P	P	A	A	A	6(12)
12	CA. Sujatha Raghuraman	Member	P	A	P	P	A	P	A	P	P	A	P	A	7(12)
13	CA. Vijay Sagar Shenoy	Member	P	P	P	P	P	P	P	P	P	P	P	P	12(12)
14	CA. Ananth Nyamannavar	Member	N.A.	N.A.	P	P	A	P	A	P	P	A	A	A	5(10)
15	CA. C.D. Mudalgi	Member	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	P	A	P	A	A	A	2(6)
16	CA. Dileep Kumar T.M	Imm. Past President	P	P	P	P	P	A	P	P	P	P	p	P	11(12)

P - Present, A- Absent, N.A. - Not Applicable

NOTE

We request you to send in your queries if any, on the Audited Financial Statements for the year ended 31-03-2017, on or before 5th July, 2017 to the Association address either by normal post or by e- mail.

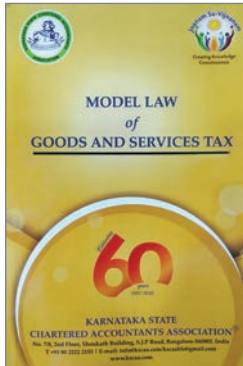
e-mail : kscaabl@gmail.com / info@kscaa.com

KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

7/8, 2nd Floor, Shoukath Building, SJP Road, Bengaluru - 560 002.

Phone 080 2222 2155 • Telefax 080 2227 4679

PUBLICATIONS



Model Law of Goods and Services Tax

Released on : 28 January 2017

Feature:

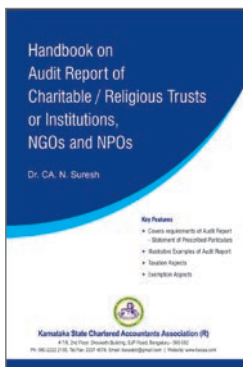
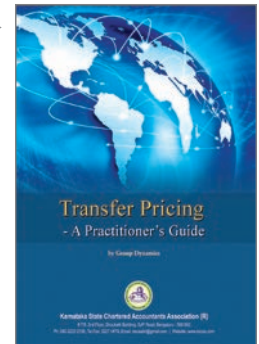
Model Law of Goods and Services Tax is published for the benefit of professionals for reference purposes. This is first release of draft Model GST Law by Empowered Committee of State Finance Ministers in the month of June 2016 and same has been reproduced by the Association.

Transfer Pricing - A Practitioner's Guide

– By Group Dynamics

Feature:

This book provides a comprehensive insight and clarity in the area of transfer pricing ranging from basics concepts, practical approach of conducting transfer pricing study and handling transfer pricing assesment.



Handbook on Audit Report of Charitable/ Religious Trusts or Institutions, NGOs and NPOs

– by Dr. CA. N.Suresh

Feature:

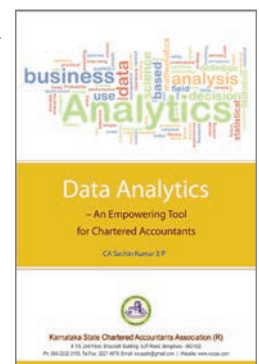
This book offers an indepth understanding of regulatory framework of registration, taxation, audit requirement and assesment of NGO/NPO. Lucid example and practical approach adds flavour to the book.

Data Analytics - An Empowering Tool for Chartered Accountants

– by CA. Sachin Kumar B P

Feature:

The book 'Data Analytics – An empowering tool to Chartered Accountants' provides an overview of data analytics and associated technologies to chartered accountants with select example of its application in the profession.



GUESTS & SPEAKERS FORUM



GUESTS & SPEAKERS FORUM

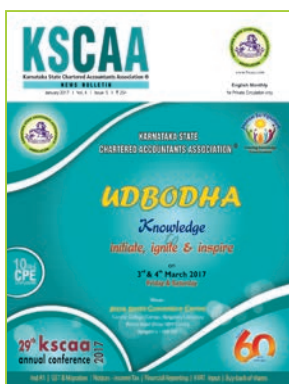
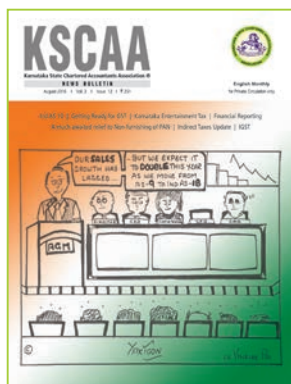


GLITTERING MOMENTS



GLITTERING MOMENTS







GST TRANSITIONAL PROVISIONS

- SERIES 2



CA. Raghavendra C.R., Advocate and CA. Bhanu Murthy J.S., Advocate

This articles is a continuation of our analysis of the transitional provisions under GST from the last edition and we propose to analyse the miscellaneous transitional provisions under CGST and IGST law covering the aspects relating to job work, return of goods and goods sent on approval basis etc.

I. Transitional provisions relating job work – Section 141 of CGST Act, 2017

In case where goods (inputs as such or after processing, semi finished goods or finished goods) on which credit has been availed (on inputs relating to such goods), are sent for job work before the appointed date and effect of receipt or non receipt of goods could be analysed as below:

Whether received back within 6 months from appointed date	No GST payable
The finished goods cleared directly from job workers premises on payment of GST for local clearance within 6 months from the appointed date	No GST payable
The finished goods cleared directly from job workers premises for exports on payment of GST or under bond or cleared as deemed export	No GST payable
(Period of 6 months could be extended by 2 months where sufficient cause is shown)	
If goods are not received back within 6 months or extended time period	Credit availed by the sender is recovered as arrears of tax and no credit of such tax shall be eligible

It shall be noted that to avail this benefit of non payment of GST, inputs held by job worker on behalf of principle manufacturer shall have to be declared both by the principal as well as job worker within 60 days from the appointed date in GST TRAN-1.

II. Goods supplied prior to appointed date returned back to the registered premises after the appointed date.

Where goods cleared prior to appointed date are returned back after the appointed date the effect of such transaction is analyzed as below:

A. Goods are cleared under existing law (whether or not duty paid) upto 6 months prior to appointed date and such goods are returned back within 6 months from the appointed date	
If goods are returned by a person not registered under GST	The registered person who gets back the goods shall be entitled to refund of duty/ tax (if any paid on the clearance under existing law)
If goods are returned by a person registered under GST	Such return shall be deemed to be a supply
B. In all other cases	
If returned by a person registered under GST	Such return shall be deemed to be supply attracting GST
If returned by a person not registered	Recipient may be liable under reverse charge.

III. Revisions of price after the appointed date:

In case where in pursuance of the contract, there is a price revision after the appointed date, either upward or downward, on goods or services supplied prior to appointed date the amount to the extent of such revision is deemed to be an outward supply under the CGST Act. The effect of upward or downward revisions could be analysed as below:

Upward revision	In case of upward revision the supplier shall issue supplementary invoice within 30 days of such price revision and the same shall be treated as supplementary invoice relating taxable GST supply and accordingly GST shall be payable on such balance amount at the prescribed rates.
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Downward revision	In case of downward revisions, the supplier shall issue credit note within 30 days of such price revision and such credit note shall be treated as credit note relating taxable GST supply. Reduction in tax liability would be allowed only where buyer has reduced his credit.
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IV. Refund claims:

Where the refund claim is filed before, on or after the appointed day for refund of Cenvat credit, duty or tax under existing law, the shall be disposed of as per the provisions of existing law. However, where any refund claim is rejected fully or partially, such rejected amount shall lapse.

Every refund claim which is filed after appointed day for refund of duty or tax paid under existing law in respect of goods or services exported before or after the appointed day, shall be disposed of as per the provisions of existing law.

Note: No refund shall be allowed of any balance of Cenvat credit as on appointed day and carried forward under GST.

V. Tax treatment for ongoing long term projects:

In case of ongoing projects entered into prior to the appointed date, any goods and/or services supplied on or after the appointed day in pursuance of a such contract shall be liable to tax under the provisions of this GST Act.

VI. Avoidance of double taxation on account of time of supply :

Where VAT or services has been paid prior to the appointed date on account of the existing provisions (on account of receipt of consideration) but the goods or services or both are supplied on or after the appointed date, the GST provisions provide following relaxations:

- a) **Where VAT / ST has been paid:** To the extent of such payment no GST would be liable to be paid
- b) **Where VAT as well as ST is paid:** GST would be leviable entire value of supply and VAT and ST already paid would be eligible as credit.

Every person to whom the above provision applies, shall within a period of 90 days from the appointed day, shall submit a declaration electronically in FORM GST TRAN-1 furnishing the proportion of supply on which VAT or service tax has been paid before the appointed

day but the supply is made after the appointed day, and the ITC admissible thereon

VII. Goods sent on approval basis returned on or after the appointed day

Where goods are sent on approval basis prior to appointed date but are returned back after the appointed date, the effect of such transaction under GST could be analysed as below:

- A. Where goods are sent on approval basis upto 6 months prior to appointed date and such goods are returned back within 6 month from the appointed date then NO GST would be payable on such goods returned.
- B. In any other case where goods are returned after the period of 6 months (or extended period) the person returning the goods shall pay GST
- C. Where goods are not returned then the supplier (original supplier) shall be liable to pay GST in accordance with the prescribed rate of tax.

It shall be noted that the period of 6 months (for return) may be extended by a period of 2 months on sufficient cause.

It is to be noted that every person having sent goods on approval under the existing law and who are claiming benefit under the above provision, within 90 days of the appointed day, shall submit details of such goods sent on approval in FORM GST TRAN-1.

VIII. Tax deduction at source

Where a supplier has made any sale of goods in respect of which TDS provisions under any state VAT laws would apply and has also issued an invoice for the same before the appointed day, no deduction of tax at source under section 51 of CGST Act shall be made by the deductor under where payment to the said supplier is made on or after the appointed day.

IX. Import of services:

Import of services made after the appointed day shall be liable to tax under the provisions of IGST law regardless of whether the transactions for such import of services had been initiated before the appointed day. However, if the tax is paid under the existing law, the balance amount of tax is payable under the IGST Act.

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CAN THE COMPOSITION DEALER UNDER THE KARNATAKA VAT LAW APPLIES FOR COMPOSITION SCHEME IN GST LAW



CA. Sanjay Dhariwal and CA. Annapurna Kabra

The scheme of composition is existing only in Karnataka VAT law and not in other State law and continued in GST law also. The GST law also provides the option of availing the benefit of Composition Levy to Small business entities.

Intra state supplies:

Under the KVAT law the composition scheme continues for intra state supplies and restricted from making interstate purchase (except works contractor) and interstate sales. Under the GST regime the Composition Scheme continues for only intra state supplies and debarred to person having interstate supplies. In simple terms the KVAT Composition dealer cannot make interstate purchase and sales whereas the composition dealer under the GST law can make inward supplies and not interstate supplies.

Turnover Limit

Under the KVAT law there is no restriction of turnover except for the traders' up to 25 lakhs. Under the GST regime, there is restriction of aggregate turnover whose turnover is less than aggregate of Rs. 75 lakhs.

Not applicable

The composition scheme under KVAT is not applicable to Dealers who selling liquor, Manufacturers, Importers, Dealers who purchase goods from a registered dealer on high-sea basis. The composition levy under GST will not be applicable for taxability under reverse charge or to a person who is engaged in the manufacture of goods or supply of services or who makes any supply of goods which are not leviable to tax under the Act or who makes any interstate outward supplies of goods or who makes any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52.

Applicability

Under section 15 of the KVAT Act the composition scheme are available to dealers whose total turnover is not exceeding 25 lakhs, dealer executing works contract, dealer who is hotelier, restaurateur, caterer, dealer running a sweet meat stall or an ice cream parlor or bakery or any other class of

dealers as may be notified by the Government or who is mechanized crushing unit producing granite or any other material. Under the GST regime the Composition Scheme is available for all traders, select manufacturing sectors and for restaurants in the services sector.

Composition benefit

Under the GST regime the Composition benefit once opted has to be applied to all registered taxable persons having the same PAN. Under the KVAT law the separate registration can be taken for regular scheme and composition scheme if there is different nature of business as specified in section 15(2) of the KVAT Act.

Collection of tax

Under the KVAT Act the composition tax cannot be collected from the buyer except the works contractor and no input tax credit available to the buyer. Under the GST law such composition levy cannot be collected from recipient and no input tax credit will be available to the recipient and tax payer.

Business Vertical Registration

Under Rule 47 of the KVAT Rules 2005 there is provision and filing of returns by the branches of corporate bodies within the state subject to certain conditions. In these cases also if one of the units has applied for composition the other unit cannot apply for the regular scheme. Under the GST law, the composition scheme would be applicable for all business verticals/ registrations, which are separately held by the person with same PAN. In order to avail the benefit of composition levy scheme, it is necessary that all the registered business verticals/registrations which are separately held by a person having the same Permanent Account Number ['PAN'] must opt for composition levy. In simple terms, composition supplier shall not be eligible to opt for composition scheme only for one out of his ten business verticals.

URD Tax and Reverse charge

Under section 15 of the KVAT Act the composition dealer is liable to pay URD tax in addition to the composition tax.

Under the GST law even the composition supplier is liable to pay URD tax and reverse charge tax in addition to the composition tax.

Returns

Under the KVAT law the dealers are required to file monthly return VAT 120 by 15th of the following month except for the traders and in case of GST law the suppliers should file quarterly return in GST R-4 by 18th of the following quarter.

Invoicing

Under the KVAT law the dealers should issue the Bill of supply. Under the GST law the supplier shall mention the words “composition taxable person, not eligible to collect tax on supplies” at the top of the bill of supply issued by him. The person shall mention the words “composition taxable person” on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.

Transition from the Existing law to the GST law

In case of the Composition dealer under the existing KVAT law and are planning to switch to Regular Scheme under the GST law then in such instances the transitional credit shall be allowed on inputs held in stock and inputs contained in semi-finished or finished goods held in

stock on the appointed day subject to the condition that such inputs must be used or intended to be used for making taxable supplies under the GST Laws and such credits should be eligible under the GST law and should possess the invoices not earlier than twelve months from appointed day. The supplier should not have goods in stock on transition date must not have been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State.

The practical difficulty for the composition scheme dealer is that the input tax credits are not disclosed in the returns as filed to the department as they are not eligible for credit and in many instances it is capitalized as purchase cost and input tax credit is not bifurcated. Therefore it will be the challenging task to the departmental Authority to assess the transitional credit for composition scheme dealers who will shift to Regular scheme under the GST law. Basically works contractor and mechanized crushing units opted for composition scheme in KVAT law are outside the limb of the GST composition scheme as they are not eligible for composition scheme under the GST law.

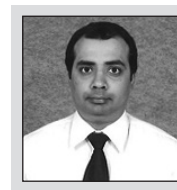
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EQUALISATION LEVY AND COMPLIANCE

CA. Prakash Hegde and CA. Raghavendra N



In the last month's bulletin, we discussed the meaning of BEPS, the final Action Plans and India's initiatives in relation to these Action Plans. Now, let us discuss Action Plan 1 of BEPS Action Plans relating to Digital Economy and India's action in this regard.

What is Digital Economy?

'Digital Economy' refers to an economy which is based on digital computing technologies. It is also called Internet Economy or Web Economy. The BEPS report states that digital economy is increasingly becoming the economy in itself and would be difficult to ring fence it from the rest of the economy for tax purposes.

The digital economy has given rise to various new business models like cloud computing, mobile applications etc. which have created new tax challenges. Action Plan 1 aims to address the tax challenges around the Digital Economy. With technology, it is possible to carry on an economic activity with minimal or no physical presence in a jurisdiction, leading to a tax base erosion in the country where the customers / users of the digital products and services are based, impacting both developed, as well as developing countries such as India which constitute a large user / customer base. The digital economy in India is growing at more than 10% in a year, which is much faster than the global economy as a whole.

Equalisation Levy

The Organization for Economic Cooperation and Development ('OECD') considered / recommended several options to tackle the direct tax challenges arising from the digital economy. The options include, modifying the existing Permanent Establishment ('PE') rules to include that where an enterprise engaged in fully de-materialized digital activities would constitute a PE if it maintains a significant digital presence in another country. One other option discussed is the imposition of a final withholding tax on certain payments for digital goods or services provided by a foreign e-commerce provider or imposition of an equalisation levy on consideration for certain digital transactions received by a non-resident from a resident or from a non-resident having PE in other contracting state.

Following the Action Plan, the Central Board of Direct Taxes ('CBDT') constituted a committee, comprised of senior officials from the Finance Ministry and the Income Tax Department, industry representatives, Institute of Chartered Accountants of India (ICAI) representatives and independent professionals to study and report on taxation in e-commerce. The Committee examined the tax issues for new business models as well as took cognizance of detailed discussion by the OECD in the digital economy Action Plan. In spite of the wait-and-watch approach suggested in the action plan, the Indian Government, in Finance Act 2016, introduced the equalization levy to tax digital economy transactions.

Charge of Equalisation Levy

'Equalisation Levy' is charged at 6% of the amount of consideration for any 'specified service', if the consideration is received / receivable by a non-resident from

- (i) A person resident in India and carrying on business or profession; or
- (ii) A non-resident having a permanent establishment in India

This levy is applicable for the consideration received or receivable for 'specified service' provided on or after 01 June 2016.

Specified Service

'Specified service' for the purpose of Equalisation Levy means

- (a) online advertisement
- (b) any provision for digital advertising space or facilities / service for the purpose of online advertisement
- (c) any other services as may be notified by the Central Government

The Central Government has not yet notified any other services.

Levy not to be charged in certain cases

Equalisation Levy shall not be charged where

- (a) the non-resident providing the specified service has a PE in India and the specified service is effectively connected with such PE; or
- (b) the aggregate amount of consideration for specified service received or receivable in a year by the non-

resident from person referred in (i) or (ii) above does not exceed Rs 1,00,000; or

(c) the payment for the specified service is not for the purpose of carrying out business or profession

Deduction & Payment of Levy and Liability for Interest & Penalty

It should be noted that Equalisation Levy should be deducted at source from the amount paid or payable to non-resident if the aggregate amount of consideration in a year exceeds Rs 1,00,000. The amount so deducted should be paid to the credit of the Central Government by the 7th day of the following month.

Any assessee who fails to deduct the equalisation levy will be liable to pay the same from his pocket. Interest at 1% of such levy for every month or part of a month shall be payable for delay in payment. An assessee who fails to deduct the levy shall be liable to pay a penalty equal to the amount he failed to deduct. An assessee who failed to pay the levy after deduction shall be liable for a penalty of Rs 1,000 per day, subject to a limit of the amount of levy.

Annual Statement (Return)

After the end of each financial year, a statement in Form 1 has to be electronically filed on or before 30 June. Therefore, the Equalisation Levy Annual Return in Form 1 for financial year 2016-17 is due by **30 June 2017**. An assessee who fails to furnish the above statement within the time prescribed shall be liable to a penalty of Rs 100 per day.

Equalisation Levy and Income-tax

Equalisation levy has been introduced under a separate code under Finance Act 2016 and not under the Income-tax Act, 1961. Therefore, the same is not considered as part of income-tax. However, it is worth to note that the income-tax authorities are authorised to assess equalisation levy and ensure compliance.

It may also be noted that any income arising from any specified service chargeable to equalisation levy is exempt from income-tax [under section 10(50) of the Income-tax Act]. Further, amount paid / payable for any specified service on which equalisation levy is not deducted or not paid shall be disallowed while computing income chargeable under the head ‘Profits and gains of business or profession’ [under section 40(a)(ib) of the Income-tax Act].

Relief under the Tax Treaty for Equalisation Levy paid in India

Under the Double Taxation Avoidance Agreements (‘DTAA’) entered in to between India and most of the countries, the

term ‘tax’ is defined to include ‘Indian income tax’ and ‘surtax’ etc. But equalisation levy cannot be considered as ‘income tax’. However, it is interesting to note that most of the DTAA’s state that the DTAA ‘shall apply also to any identical or substantially similar taxes’. Therefore, claiming equalisation levy as a credit (in the country of residence) could be an option which can be explored depending on the interpretation of this phrase and the domestic tax laws of the country of residence of the person who suffered equalisation levy in India.

Conclusion

The new provisions of equalisation levy introduced with effect from 01 June 2016 are impacting the way business is done by companies like Google, Facebook, Yahoo, etc. in India, as this levy would result in an additional tax outflow to these companies, which the Government thinks could have shifted profit from India to a country with low tax rates and its effort to effectively curb such a practice of profit shifting in such digital transactions. [Equalisation Levy, is therefore, also called as ‘Google Tax’!]. Now, with the introduction of equalisation levy, the Indian Government will have its share in the income from the specified digital transactions earned by the non-resident. However, the person availing the specified services (i.e. the payer of consideration) is obligated to deduct and pay taxes to the Government and is also required to comply with an annual return etc. which would only lead to an additional compliance burden for him.

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sirsiprakash@gmail.com and bengraghu30@gmail.com*

KSCAA WELCOMES NEW MEMBERS - JUNE 2017		
S.NO.	NAME	PLACE
1	SANDEEP J.P	BENGALURU
2	NARESH V	BENGALURU
3	VENKATARAJA ACHARYA	BENGALURU
4	ASHOKA SHETTY T	UDUPI
5	AVINASH WARAN	BENGALURU



JOB WORK UNDER CGST ACT 2017

CA. Ganesh V. Shandage, *Belagavi*

Prelude:

Job work is very common in the industry. A large number of manufacturing industries like automotive industries are dependent on outside support for completing their manufacturing activities. These large manufacturing companies these days stick to their core competencies and get most of other jobs outsourced to job workers who are mostly small scale industries enjoying exemption from registration under Central Excise Act. The alternate terms used interchangeably to describe job work are sub-contracting, loan licensing, labor charges, etc.

Currently the entire chain of job work activities right from sending the material to job worker until the receipt of processed materials from the job worker, is exempt from both Central excise and Service tax under notifications 214/86 of Central Excise and 25/12 of Service tax mega exemption respectively.

The term 'Supply' as defined u/s 7 (1) CGST Act 2017 inter-alia includes literally all forms of supplies made for a consideration by a person in the course or furtherance of business. It is pertinent to note that, goods sent for job work generally do not involve any consideration to be received from the job worker and therefore it would fail to satisfy the definition of Supply and thus not liable to pay GST. However, section 143 provides for procedures to be followed and only on contravention of those procedures, sending of such goods to job worker could be deemed as Supply liable to pay GST. Otherwise sending of goods to Job worker is not a supply. Section 19 provides for conditions for availing input tax credit in respect of goods sent for job work.

Definition:

Job work means any treatment or process undertaken by a person on the goods belonging to another registered person and the expression Job worker shall be construed accordingly – **u/s 2 (68)**.

In terms of paragraph 3 of schedule II to CGST Act 2017, any treatment or process is deemed as 'Supply of Service'. Hence any treatment or process carried out by a job worker (whether registered or unregistered) is deemed as supply of Service liable for payment of GST on the job work charges or labour charges subject to fulfilment of minimum

gross turnover criteria of Rs. 20 Lakhs (Rs. 10 Lakhs for eastern states). It would be deemed as the supply of Service notwithstanding some materials, consumables, etc. are being used and deployed by the job worker on his own account while performing such treatment or process on the principal inputs and/or capital goods received from the Principal.

The person sending goods for job work is termed as 'Principal' who is registered. The term 'Principal' used with reference to job work is different from the term 'Principal' as defined u/s 2 (88).

It is also imperative to note that such goods sent to job worker are belonging to a registered Principal. Hence any unregistered person sending goods for job work would be outside the ambit of GST provisions.

Job work procedures – u/s 143:

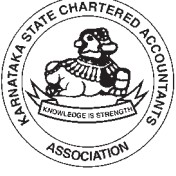
- A registered person, who is termed as Principal, may by giving an intimation to the department and subject to such conditions as may be prescribed, send any inputs and/or capital goods without payment of tax to a job worker for job work and from there subsequently, send to another job worker and likewise.
- Such inputs and/or capital goods are to be sent to the job worker under the cover of a challan issued by the Principal including where the inputs and/or capital goods are sent directly from the supplier to job worker. The challan should contain all the details specified in GST rules related to Invoice.

As per Model GST law of June 2016, taking prior permission from the department was a requirement before sending the inputs and/or capital goods to a job worker for job work. This requirement was against the spirit of ease of doing business and the Government after realizing the same has replaced this with the new requirement of mere intimating by e-mail mode now. This is really a welcome change in the final law.

Inputs sent to job worker for job work would also include intermediate goods arising from any treatment or process carried out on the inputs by the Principal or the job worker.

(Contd. in next issue)

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KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

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Phone 080 2222 2155 • Telefax 080 2227 4679 • kscaabl@gmail.com • www.kscaa.com

NOMINATION FORM

The Secretary,

Karnataka State Chartered Accountants Association,

7/8, 2nd Floor, Shoukath Building, S J P .Road,

Bangalore- 560 002.

Dear Sir,

I wish to contest as a candidate for election to the Executive Committee of the Association for the year 2017-18 to be held during the 44th Annual General Meeting on Saturday, the 15th of July 2017.

Yours faithfully,

(Signature of the Candidate)

Name:

Telephone No:

KSCAA Membership No.:

Mobile No.:

Address:

Email ID:

Proposer's Name :

Proposer's Signature:

Address:

KSCAA Membership No.:

Secunder's Name :

Secunder's Signature:

Address:

KSCAA Membership No.:

NOTES:

- Members who wish to send their nominations for the Executive Committee are required to submit the Nomination Form, duly filled in, at the Association Office.
- Last date for submission of nomination: **Before 5.00 pm on Friday, 30th June, 2017**
- Last date of withdrawal of the nominations: **Before 5.00 pm on Wednesday, 5th July, 2017**
- Announcement of final list of candidates contesting for election: **At 6.00 pm on Wednesday, 5th July, 2017**
- The Final list of the Candidates shall also be uploaded at our website www.kscaa.com

Interactive Session on Returns under GST



Sri K.S. Basavaraj,
JCCT



CA. Annapurna Kabra



Cross section of participants



Felicitating Sri Veeranna Charantimath,
Chairman, BVV Sangha, Bagalkot
on being Conferred by Honorary Doctorate

Inauguration of Professional Lounge

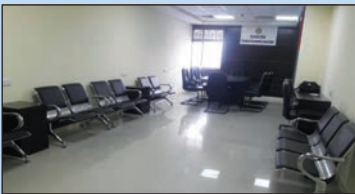


Principal Chief Commissioner of Income Tax Ms. Nutan Wodeyar inaugurating Professional Lounge

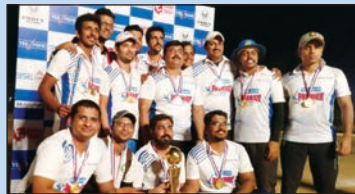


EC Members & Senior Members along with
Pr. CCIT Ms. Nutan Wodeyar

KSCAA Cricket Team won Yes Bank Premier League



Cross view of Professional Lounge



Seminar on Co-operative Taxation & Recent Changes in Tax Audit Report



CA. D.R. Venkatesh



Sri. Allabaksh M. Bijapur
DD, Co-op Audit



Cross section of participants



Speakers at III Batch GST



CA. Annapurna Kabra



CA. Chandrashekar



CA. Rajesh Kumar



CA. Raghavendra T.N.



CA. Sai Prasad



CA. Haneesh S.



CA. Pavan Kumar



CA. Yashwanth



CA. Kuber Hundekar



CA. Akbar Basha



CA. Naveen Rajpurohit



CA. Jatin C.



CA. Siddeshwar Y.

Speakers at Study Circles



CA. Channappa Nulvi



CA. K.S. Sridhar



CA. Naveen Khariwal

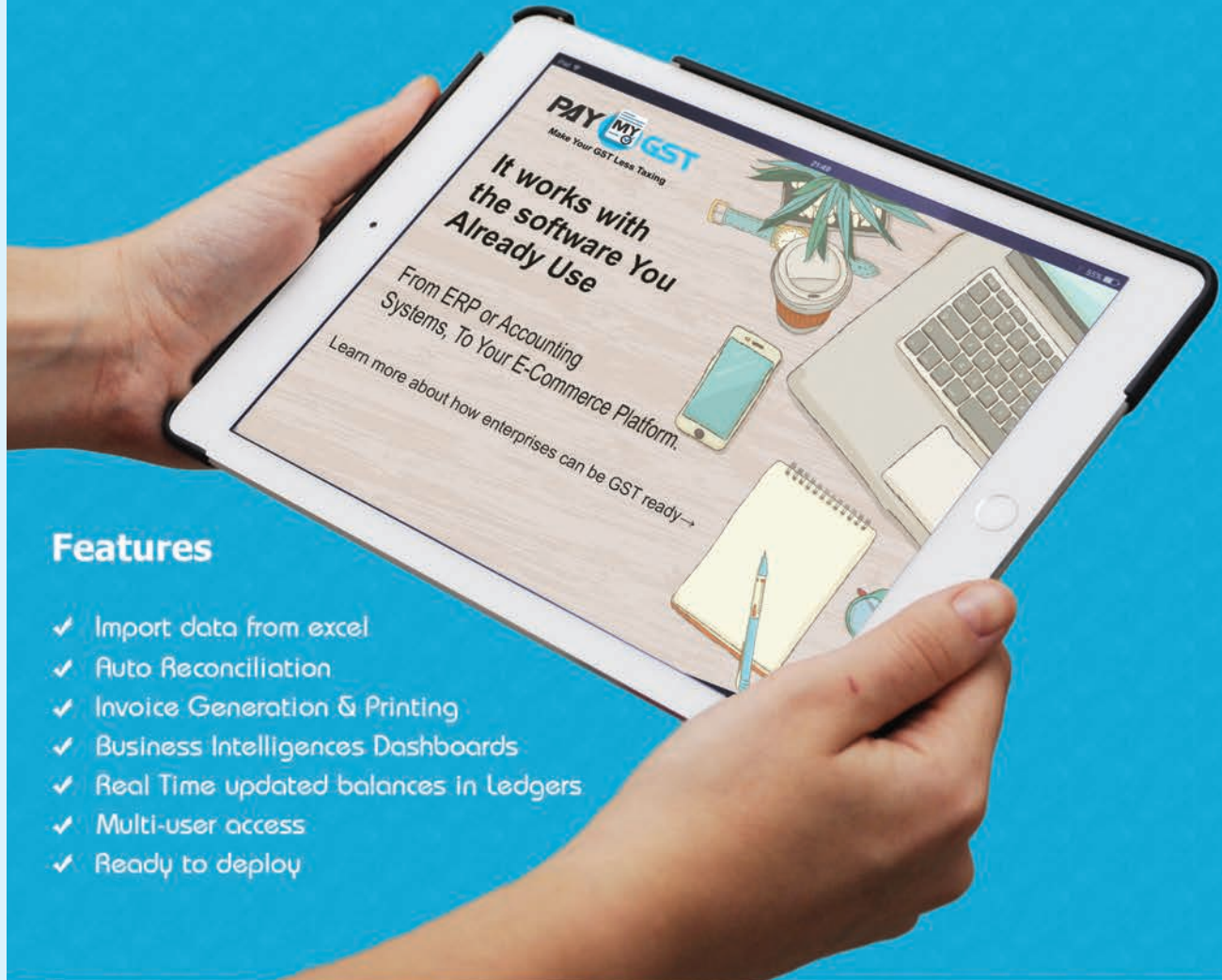


CA. Nitin Kumar



Cross section of participants

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