

# KSCAA

Karnataka State Chartered Accountants Association ®

NEWS BULLETIN

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[www.kscAA.com](http://www.kscAA.com)

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## Annual General Meeting

On Saturday 21st July 2018

at Maple Hall, Pai Vista,  
Banashankari 2nd Stage, Bengaluru

45th  
Annual Report  
Inside



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# From the President

## Dear Professional Friends,

1<sup>st</sup> July will be celebrated as Chartered Accountants day. It reminds us of a profound journey of accounting in India. It is a day we all celebrate the evolution of our profession as we aim for greater heights while continually reinforcing the values of integrity and excellence. I wish you all a Happy Chartered

Accountants Day!!

This 21<sup>st</sup> June, we celebrated 4<sup>th</sup> International Yoga Day. Yoga is essentially a spiritual discipline based on an extremely subtle science, which focuses on bringing harmony between mind and body. It is an art and science of healthy living. The practice of Yoga leads to the union of individual consciousness with that of the Universal Consciousness, indicating a perfect harmony between the mind and body, Man & Nature. The aim of Yoga is self-realization to overcome all kinds of sufferings leading to the state of liberation – Moksha. Though Yoga has its roots of origin in India, it penetrated rest of the world faster than us. As professionals, we always strive and thrive to increase our standard of living forgetting upscaling our standard of life. My earnest appeal to all of us is to inculcate healthy habit of practice of Yoga into our daily regimen to enhance quality of life. The words of Shri. B K S Iyengar, an internationally acclaimed Yoga Guru is worth remembering to inspire us ***“Yoga does not change the way we see things, it transforms the person who sees”***

### News Roundup:

CBDT has issued Notification No.23/2018 dated 24<sup>th</sup> May 2018 amending Rule 11UA of Income Tax Rules, 1962 omitting the words 'an accountant' which effectively removed Chartered Accountants from valuation of unlisted shares and securities. Now, valuation of unlisted shares and securities can be done only by registered merchant bankers. It is indeed a shocking news for our fraternity and no proper reasons are forthcoming from this amendment. At this juncture, we need to stand in unison and voice together to protect our professional interests and value.

Recent HSBC Report Card on GST says, a year into implementation, goods and services tax (GST) has not delivered on the promised formalisation of the economy as yet, while the glitches in the one-nation-one-tax regime has increased the demand for cash. The GST regime was originally associated with formality. But so far, it has not been able to live up to that promise, nor has it brought down the demand for cash which has in fact only gone up. In the short-run, the glitches in the framework, including delays in tax refunds, teething issues with the new IT network and higher tax rates for services have led to an increase in the cash-based activity, the report said, adding which is one of the factors for the rise cash circulation. The report, however, noted that over the long-term, GST will lead to more formalisation of the economy.

## Representations:

On the representations front, we have made a representation jointly with Bombay Chartered Accountants' Society, Chartered Accountants Association, Ahmedabad, Lucknow Chartered Accountants' Society to Chairman, Central Board of Direct Taxes on amendment to Rule 11UA of the Income Tax Rules, 1962 omitting Chartered Accountants from valuation of unlisted shares and securities. We have strongly urged the Chairman, CBDT to withdraw the amendment and to reinstate the position that existed prior to the amendment.

We have made another representation to the Director, Directorate of Municipal Administration on revised Request for Proposal (RFP) relating to appointment of Financial Statement Auditor for audit of Urban Local Bodies voicing concerns raised by our fraternity and strongly urged the Director to amend / change the eligibility criteria for appointment.

You can access all our representations at [www.kscaa.com](http://www.kscaa.com). We request our members to write to us giving pointers where they need support and we are more than willing to build around it and populate before right forums.

### Upcoming events and programs:

KSCAA jointly with Belagavi Branch of SIRC of ICAI is organizing a one-day seminar on Co-operative Audit on Saturday, 14<sup>th</sup> July 2018 at Shivanagi – Marathe Auditorium, ICAI Bhawan, II Floor, Swaroop Plaza, Tilakwadi, Belagavi – 590 006. I request mofussil members to make most of this event.

For more details on the upcoming programs, please visit at [www.kscaa.com](http://www.kscaa.com)

I wish to conclude this message with a provoking thought:

**“Dream big and dare to fail.”**

**- Norman Vaughan**

Having small dreams and being afraid to fail is the antithesis of this advice, and it's something many of us do, even though we may not want to admit it. The two go hand in hand, if you are too afraid of failing you will keep your dreams on a leash. But if you overcome that fear, and jump out there fully willing to completely fail, you free your mind to dream up new adventures and goals for your life. Failure comes with trying, and a life of not trying will not leave you satisfied, so it is good to continually put yourself out there.

With warm regards,

**CA. Raghavendra T.N.**  
President

# KSCAA

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#### Disclaimer

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KSCAA welcomes articles & views from members for publication in the news bulletin / website.

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Website: [www.kscaa.com](http://www.kscaa.com)

## Karnataka State Chartered Accountants Association(R)

Jointly with

Belagavi Branch of SIRC of ICAI

Organizing

### ONE DAY SEMINAR ON CO-OPERATIVE AUDIT

On Saturday, 14<sup>th</sup> July 2018 at Belagavi

9.30 am	Inauguration and address by - Chief Guest: <b>Shri K. Maheswarappa</b> Deputy Director – Department of Co-Op Audit, Belagavi District. Guest of Honor: <b>Shri K.S. Ashok Kumar</b> Joint Director – Department of Co-Op Audit, Belagavi District.	
10.15 am	Tea Break	
10.30 am	Overview of Co-operative Audit & Professional Opportunities	<b>CA. Ravindranath B. V.</b> Sagar
11.45 am	Q & A	
12.00 pm	Practical issues in Co-operative Audits & Reporting Formats	<b>CA. Umesh Bolmal</b> Belagavi
01.15 pm	Q & A	
01.30 pm	Lunch Break	
02.15 pm	GST Applicability & Implications on Co-operatives	Eminent Speaker
03.30 pm	Q & A	
03.45 pm	Tea Break	
04.00 pm	Controversial issues in Income Tax of Co-operative Societies and Co-operatives Banks	<b>CA. D. R. Venkatesh</b> Bengaluru
05.15 pm	Q & A	
05.30 pm	Valedictory	

Venue: Shivanagi – Marathe Auditorium

Belagavi Branch of SIRC of ICAI

“ICAI Bhawan”, II Floor, Swaroop Plaza,  
Shukrawar Peth, Tilakwadi, Belagavi-590 006.

Contact:

**CA. Ganesh V. Shandage**

Program Coordinator, Cell No. 9975016580

**CA. Raghavendra T. N.**  
President, KSCAA

**CA. Shivakumar Khadabadi**  
Chairman, Belagavi Branch of SIRC of ICAI

**Note:** No Fees. No CPE. Lunch and Tea arranged by Belagavi branch.

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# UNEXPLAINED – SOURCES OF INCOME

CA S. Krishnaswamy

1. The Income tax Act, 1961 has a clutch of section dealing with unexplained sources of Income, it is contained in:

- A) Chapter VI: Section 68 Cash credits  
 Section 69 Unexplained Investments  
 Section 69A Unexplained money  
 Section 69B Investment understated  
 Section 69C Unexplained expenditure  
 Section 69D Amount borrowed / repaid on Hundi
- B) There is a special provision for levy of different rate of tax in respect of incomes covered by above sections – Section 115BBE inserted by Finance Act 2012 W.E.F 01-04-2013.
- C) In respect of search and seizure reference may be made to Section 132(4A) where a presumption is raised that the possessor is the owner of materials found.
- D) These specific sections are clarificatory as even without these provisions an addition can be made for an unexplained source of income manifesting in Cash Credits etc. However, since the act puts them in different silos, the surfacing of unexplained cash credits etc it is important that the Assessing authority applies the correct section; applying a wrong section to enlarge the addition may be fatal to the assessment, as for example when a lender lends money to a relative business firm out of his income from other sources where source is not convincingly explained, addition of the entire income from other sources applying section 69B was held invalid.

## Section 68:

Condition for invoking Section 68 :-

- Sum credited in books of accounts – existence of Books necessary to invoke the section.
- No explanation about nature, source
- Explanation given not satisfactory

Two provisos were added w.e.f 01/04/2013

First Proviso- In the case of a closely held company the sum credited refers to share application, share capital, share premium or any such amount by whatever name called.

Second proviso-The first proviso shall not apply to Venture capital fund or a venture capital company(see section 10(23FB)).

## Judicial Dicta :

1) While considering the assessee's explanation, AO should not act unreasonably.

2) The peak credit theory has been rejected. The plea of peak credit can be raised only when the assessee has laid the necessary actual foundation.

3) Burden of Proof :

On the assessee to prove

I. The Identity of the creditor.

II. The Capacity of the Creditor.

III. The genuineness of the transaction.

Section cannot be invoked with respect to the matters which are not within the knowledge of the assessee in particular the activities of the creditor. The initial Onus is on the assessee, and once he discharges the initial onus of identifying the creditor, his capacity and genuineness the onus shift to the department.

\*Asst. CIT v. TRN ENERGY P. LTD [2018] 62 ITR (Trib) 499 (Delhi)

\*ACIT V. SHAYM INDUS POWER SOLUTIONS P. LTD [2018] 62 ITR 512 (Delhi)

“The assessee filed confirmation of the investor company along with its particulars, Bank statement and copy of the income-tax return filed with the Department. The Investor company had filed return at Rs.2,80,610 and a copy of the balance-sheet was not filed. The assessee had filed the copy of the balance-sheet before the authorities below. The Balance sheet of the investor company showed



that it had a total capital of Rs. 40,18,20,586 which was more than enough to make investment in share application money with the assessee. Thus, the objections of the Assessing Officer had been clearly met by the assessee. The Assessing Officer did not dispute the identity of the investor company and merely on account of low income declared by the investor company was of the view that its creditworthiness was not explained. The Assessing Officer on the one hand had mentioned in the assessment order that the bank account of the investor company revealed that there were high value of transactions carried out through the bank. Therefore, the creditworthiness of the investor company should not have been doubted. The assessee produced sufficient evidence before the Assessing Officer to discharge the initial onus upon it to prove the identity, creditworthiness and genuineness of the transaction in the matter. Further the Assessing Officer did not make any investigation on the documentary evidence filed by the assessee. The Assessing officer did not ask for production of the investor company for the examination under section 131. No enquiry had been made directly or indirectly by the Assessing Officer on the documents filed by the assessee was bogus or was an arranged affair of the assessee. The assessee produced sufficient documentary evidence before the Assessing Officer to prove the ingredients of Section 68. The Assessing Officer however, did not make any further enquiry on the documents filed by the assessee. The Assessing Officer thus, failed to conduct any enquiry and scrutiny of the documents at the assessment stage and merely suspected the transaction between the investor company and the assessee because the investor company was from Kolkata. The Assessing Officer thus, did not perform his duties at the assessment stage so as to make addition against the assessee.”

- 4) Materials furnished by the assessee cannot be rejected by the AO without enquiry.

CIT vs. Rajeev Shukla 296 ITR 743

The suggestion that the AO may invoke this provision not only for Cash Credits but also for the unexplained entries in the books of accounts or if liabilities are found to be bogus is incorrect.

V.I.S.P (P) Ltd v. CIT 265 ITR 202, (2004)

## 2. Section 69

### 1) Conditions

1. Assessee has made investment, which are not recorded in books of accounts, if any.
2. No explanation offered about nature of source.
3. Explanation offered is not satisfactory.

If the investments are recorded in the Books of Accounts this section does not apply. Rejected Books of Accounts cannot be made subject matter of addition on account of unexplained investments.

\*Hemant Kumar Pradhan v. Income Tax Officer [2018] (Trib) 57 (Cuttack)

“Held, that the original assessment was made by the Assessing Officer rejecting the books of account of the assessee and estimating the Income of the assessee at 8 per cent. of the gross contract receipts. Once the books of account of the assessee were rejected, the books could not be relied on for making addition under section 69.

ITO v. M.S BUILDERS PVT LTD (I.T.A.No.564/Lkw/2011, date May 26, 2013) followed.

ITO v. M.S BUILDERS PVT LTD (I.T.A.No.564/Lkw/2011, date May 26, 2013) (para 9) referred to.”

- 2) The requirement of this section is that the investment is not recorded in the Books of Account if any contrary to section 68 where the credit must appear in the Books of Account. What if, the investment is shown in a loose sheet of paper found at the time of a search? The answer to this is found in a recent tribunal decision.

DCIT Vs Geneva Industries Ltd. (ITAT Bangalore)

“The assessing officer found certain incriminating material suggesting payments outside books of account. The assessee was confronted with this information, the Managing Director of the assessee-company denied having made any undisclosed Investments but the assessing officer had drawn adverse inference from the conduct of the assessee and held that it is unexplained investment. On appeal before the learned Commissioner (Appeals) this came to be deleted by holding that the assessing officer was not justified in bringing to tax based on the loose scribbling found in the loose sheets. In the backdrop of these facts, we are required to adjudicate whether addition of Rs. 183

lakhs was justified under section 69 of the Act. It is trite law that the initial burden of proving is always on the assessee to show that the transactions in loose sheets are not in the nature of income and reliance in this regard can be placed on the decision of the Hon'ble Supreme Court in the case of CIT v. Mussadilal Ram Bharose (1987) 165 ITR 14 (SC). In the present case, the assessee merely denied it without tendering any credible explanation. In our considered opinion, this does not amount to due discharge of initial burden on the part of assessee and therefore the assessing officer was justified in drawing adverse inference and making addition of Rs. 183 lakhs.”

3) In Mad HC in 241 ITR 363, 236 ITR 340, it was held that when there was inflated stock to avail higher credit facility from bank (only amount inflated but quantity remained same), the books of the Assessee were duly audited and no trading outside the books were detected, the addition of difference in stock value could not be made as undisclosed income.

In Mum ITAT in Rupee Finance 119 TTJ 643, it was held that merely because assessee purchased certain shares at value much less than market price, difference in purchase cost and market price cannot be added u/s 69.

In ITO vs. Mrs. Deepali Sehgal (ITAT Delhi), ITA No. 5660/Del/2012, the AO noted that assessee had withdrawn huge cash from bank account and the same amount had been deposited to the same account after lapse of substantial time. The AO rejected the explanation and held that the assessee had cash deposit of Rs.24,38,000/- as unexplained money and the assessee found to be the owner of the money as he had not offered any acceptable and cogent explanation. AO, in his remand report could not bring out any fact that the cash withdrawn from Saving Bank Account and partnership overdraft account was used for other purpose anywhere else then, merely because there was a time gap between withdrawal of cash and its further deposit to the bank account, the amount cannot be treated as income from undisclosed sources u/s 69 of the Act in the hands of the assessee. Hence, the addition made by AO without any legal and justified reason was rightly deleted by the CIT (A).

### 3. Section 69A

1) In CIT v. Ravikuamr [2007] 294 ITR 78 (P&H) , the assessee was found to be in possession of loose slips

and not any valuable article or things. Neither the possession nor the ownership of any jewelry mentioned in the slips was proved. Therefore, the Tribunal had rightly held that the provisions of section 69A of the Act were not applicable. The Tribunal also held that if the assessee failed to explain the contents of the slips, it was for the Revenue to prove on the basis of material on record that they represented transactions of sales or stock in trade before making any addition on this score. The assessee had duly explained that these were rough calculations and the assessee's explanation had not been rebutted by any material evidence.

Kanthilal Chandulal And Co. v. CIT [1982] 136 ITR 889 (cal) (para 7) referred to.

I.T.R No. 35 of 1997 Sanjiv Bansal for Commissioner.

2) Ownership is one of the Considerations – The material difference between Section 68 and 69A is that Section 68 does not require that the amount is to be owned by the Assessee. It only deals with any amount shown in the books of accounts of the assessee whereas Section 69A deals with money, etc., owned by the assessee and found in his possession. – Durga Kamal Rice Mills v. CIT [2003] 130 Taxman 553 (Cal.).

Possession of cash is evidence of ownership – Where cash was found in possession of assessee-politician during search and his claim that it belonged to a political party was denied by President and Treasurer of said party, addition of such cash to assessee's income was rightly sustained by tribunal – Sukh Ram v. Asstt. CIT [2006] 285 ITR 256 (Delhi).

### 4. Section 69B

1) In Smt. Amar Kumari Surana v. CIT [1996] 89 Taxman 544 (Raj.), it was held that the burden is on the revenue to prove that real investment exceeded the investment shown in account books of the assessee. Merely on the basis of fair market value no addition can be made under section 69B, but if on the basis of sufficient material on record some reasonable inference can be drawn that the assessee has invested more amount in purchase of plot than that shown in account books, then only the addition under section 69B can be made.

2) In In CIT v. Daya Chand Jain Vaidya, the Allahabad Court shifted the onus on to the department saying that if the assessee's explanation that the investments were

in fact held by his wife and sons is not sustainable, then the department has to prove with material evidences that the investments were owned only by the assessee himself. Having said this, it is noteworthy that sec.69B per se uses the phrases like “is found to be the owner of any bullion, jewellery or other valuable article, and the Assessing Officer finds that the amount expended on making such investments or in acquiring such bullion, jewellery or other valuable article.....” (as opposed to the word ‘reasons to believe’) which is very conclusive that there is no room for any taxation based on a mere suspicion.

#### 5. Section 69C

- 1) The Jaipur Bench of ITAT ruling in 31 DTR 456- Nisraj Real Estate held that unverified purchases made by assessee could not be treated as unexplained expense u/s 69C and no addition can be made thereof u/s 69C proviso there under – as once sales were made by assessee, purchases were obviously made.
- 2) Question of Addition depends on satisfactory explanation of source – Section 69C deals with unexplained source of expenditure. If from documents it appears that there was expenditure, unless its source is satisfactorily explained, the same would also be deemed to be the income of the assessee for such financial year. The question depends on the satisfactory explanation of the source. – CIT v. Bhagwati Developers Pvt. Ltd. [2003] 261 ITR 658 (Cal.).

#### 6. Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.

##### Section - 115BBE, Income-tax Act, 1961 – W.E.F 01.04.2013

115BBE. 63[(1) Where the total income of an assessee,—

- a. includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under section 139; or
- b. determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such

income is not covered under clause (a), the income-tax payable shall be the aggregate of—

- I. the amount of income-tax calculated on the income referred to in clause (a) and clause (b), at the rate of sixty per cent; and
  - II. the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (i).]
- (2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance 64[or set off of any loss] shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) 65[and clause (b)] of sub-section (1).

#### Conclusion:

**The Sections involved are essentially facts centric and do not give rise to questions of law. Therefore, the Tribunal will be the last forum for seeking the remedy as High Courts can only deal with matters of law involved. Therefore, in respect of matters covered by the sections the assessee must give an explanation acceptable to the fact finding authority then only it can be said that the burden placed upon the assessee.**

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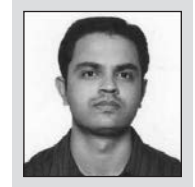
## KSCAA WELCOMES NEW MEMBERS - MAY 2018

S.No.	Name	Place
1	Ankur Kumar Dhanuka	Bengaluru
2	Ravi Gaonkar	Goa
3	Santosh Kumar Jaiswal	Bengaluru
4	Shobha R	Bengaluru
5	Abhiram Bhat H R	Bengaluru
6	Suhas K	Chitradurga
7	Karthik Mohan	Bengaluru
8	Chowda Reddy P C	Chikkaballapur



## PETROL, DIESEL ETC. AGAINST FORM C - POST GST

CA Madhukar N Hiregange & CA Mahadev.R



One of the greatest advantage of GST is subsuming of various taxes such as VAT, central excise, service tax, central sales tax etc. This has also led to non-requirement of filing various sales tax forms such as Form C, Form F or Form H etc. for concessional central sales tax levy. This is because all supplies (unless exempted) are liable for GST at regular GST rates except merchant exports. Even stock transfers are liable for GST now. However, the concept of Form C would hold good even now for petroleum goods such as petrol and diesel. In this article, we analyse if a regular supplier in GST would be eligible for procuring petroleum goods at concessional rate of sales tax.

### *Taxation of petroleum goods after GST*

In terms of Section 9(2) of CGST Act 2017, the tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel would be levied with effect from such date as may be notified by the Government on the recommendations of the Council. There is lot of debate on need for inclusion of the petroleum items in GST law which is not going to be an easy decision for both Central and State governments. Centre collects around 2.5 lakh crore rupees and all State governments put together get around 1.8 lakh crore rupees by taxing petrol and diesel which forms major chunk of revenue. Government knows that bringing these goods under GST would result in reduction of revenue as there may be need to reduce the rate of tax in GST and more importantly credit would be available for transporters and those using them in furtherance of business. Presently, the tax component at various stages maybe 70% + including excise duty and sales tax in petrol or diesel price.

To ensure powers to tax petroleum goods with central excise and VAT / Sales tax, the necessary constitutional amendments have also been made by tweaking entry 84 of union list and entry 54 of state list of VII schedule to Constitution of India.

### *Central sales tax (CST) provisions for petroleum products*

Many of the old indirect tax laws were repealed with introduction of GST law. VAT laws have limited application for taxing petroleum goods. However, CST law did not get repealed but underwent few changes. The definition of "Goods" has been changed to include only following goods:

- (i) petroleum crude;
- (ii) high speed diesel;
- (iii) motor spirit (commonly known as petrol);

- (iv) natural gas;
- (v) aviation turbine fuel; and
- (vi) alcoholic liquor for human consumption"

Therefore, presently, CST law is limited only to specified petroleum goods and alcoholic liquor.

In terms of Section 6(1) of the CST Act 1956, every dealer would be liable to pay CST on all sales effected in the course of inter-State trade and commerce. The rate of tax payable by a dealer, who sells goods in the course of inter-State trade or commerce, to another registered dealer, is stipulated at the concessional rate of 2% under Section 8(1) of the Act. This is subject to condition that the goods are of the description contained in Section 8 (3). As regards the goods that do not satisfy the description contained in Section 8(3), the rate of tax payable by a dealer on the turnover of inter-State sales, is as per the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State.

Section 8(3) cover goods of the class or classes specified in the CST registration certificate of buyer which are intended for re-sale or for use by him in the manufacture or processing of goods for sale or in the tele-communications network or in mining or in the generation or distribution of electricity or any other form of power. The buyer of such goods need to produce form C to the seller for claiming the benefit of concessional rate of 2%.

### *Issue of form C for processing GST goods*

Now the important question which could arise is whether form C could be issued for procuring petroleum goods at concessional rate of 2% for processing the goods which are

(Contd. on page 56)





## GST UPDATES

CA. G.B. Srikanth Acharya & CA Annapurna Kabra



### 1) Constitution of Advance Appellate Authority

Vide Notification No. FD 47 CSL 2017, Bengaluru, dated 25.04.2018, the Government of Karnataka constitutes Karnataka Appellate Authority for Advance Ruling for Goods and Services Tax consisting of –

- o The Principal Chief Commissioner, Bengaluru, GST & CX Zone, Bengaluru
- o The Commissioner of Commercial Taxes (Karnataka), Bengaluru.

### ✓ Advance Ruling under Karnataka GST law

#### 1. Advance Ruling No . KAR ADRG 01/2018 : Giriraj Renewables Private Limited, Bijapur dated 21.03.2018

The Applicant is EPC contractor and enters into contract to set up and operate solar photovoltaic plants for supply of power generated. The contract includes end to end activities like supply of various goods and services intended for setting up, operation and maintenance of a solar power plant.

#### *Issue 1: Whether the above EPC contract constitutes composite supply?*

It is held that the contract as entered contemplates that the owner can procure the major equipment on their own also and the applicant can carry out the supply and service portion in respect of such contract. Therefore the concept of natural bundling does not apply to the above contract and cannot be constituted as composite supply.

#### *Issue 2: Whether the benefit of concessional rate of 5% of solar power generation system and parts thereof would be available to subcontractors?*

The concessional rate of 5% as applicable to main contractor is not applicable to sub-contractor. Therefore supply made by sub-contractor need to be viewed as an individual supply and therefore the appropriate rate of GST has to be applied.

#### 2. Advance Ruling No . KAR ADRG 02/2018 : Gogte Infrastructure Development Corporation Limited Belgaum dated 21.03.2018

#### Issue:

*Whether the Hotel Accommodation and Restaurant services provided by them within the premises of the Hotel to the*

*employees and guest of SEZ units be treated as supply of goods and services to SEZ units in Karnataka or not?*

The Hotel Accommodation and Restaurant Services being provided by the Applicant within the premises of the Hotel to the employees and guest of SEZ units cannot be treated as supply of goods and services to SEZ units in Karnataka as applicant is located outside the SEZ and services rendered by it are neither part of authorized operations nor consumed inside SEZ and hence such transactions will be Intra state supply and will be leviable to local taxes accordingly.

#### 3. Advance Ruling No: KAR ADRG 03/2018: Skilltech Engineers and contractors Private Limited Mysuru.

#### Issue:

**Whether the contract executed for KPTCL is divisible contract or indivisible contract?**

The applicant is executing the single composite contract for supplying the material, providing erection of towers service and also civil works service. Therefore the contract entered by the applicant is of the nature of indivisible and falls under the works contract which is supply of service.

**Whether the Applicant is providing services to State Government i.e KPTCL and is eligible for concessional rate of tax?**

It is held that the statutory body, corporation or an authority as a judicial entity is separate from the state and cannot be regarded as the Central or a State Government and also do not fall in the definition of 'local Authority'. Thus regulatory bodies and other autonomous entities would not be regarded as the government or local authorities for the purpose of GST Act. Therefore M/s KPTCL cannot be State Government or State Government Authority. Therefore the Applicant is not entitled for the benefit of concessional rate of GST @12% in terms of Notification No 24/2017- Central Tax (Rate) dated 21.09.2017.

#### 4. Advance Ruling No: KAR ADRG 04/2018: Tathagat Health Care Centre LLP, Bangalore

The Applicant has taken the premises on lease and running exclusive health care centre and providing health care services on commercial basis.



## Issue:

**Whether GST is leviable on the amount of rent paid/payable by applicant towards leasing of the premises by the hospital or not?**

It is held that GST is payable on the rent paid/payable for premises taken on lease by the applicant

### **5. Advance Ruling No: KAR ADRG 05/2018: Sayre Therapeutics Private Limited Bangalore**

The Applicant is involved in providing the services of diagnosis, pre and post counseling, therapy and prevention of disease by providing test.

**Issue: Whether the Applicant services are Health care services and are exempted from GST?**

The Applicant qualifies to be a clinical establishment and the services offered/provided by the applicant qualify to be Health care Services. The intra -state supply of said services attract NIL rate of GST.

## II) Circulars

### **1. Circular No .44/18/2018-CGST dated 02/5/2018:**

● The activity of transfer of 'tenancy rights' is covered under the scope of supply and taxable per se. Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, Renting of residential dwelling for use as a residence is exempt. Hence, grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt. As regards services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST.

### **2. Circular No .46/20/2018-CGST dated 06/6/2018: Applicable GST rate on priority sector lending certificates (PSLC), Renewable Energy Certificates (REC) and other similar scrips:**

It is clarified that Renewable Energy certificates and priority sector lending certificates and other similar documents are classifiable under heading 4907 and attract 12% GST. The duty credit scrips however attract NIL GST under Sl.No 122A of Notification No 2/2017- Central Tax (Rate) dated 28.06.2017.

## III) Notifications

### **Notification 26/2018 dated 13.6.2018: Amendments**

#### **1. Under Rule 37: Reversal of Input Tax credit in case of non- payment of consideration.**

The proviso is inserted which states that time limit of 180 days is not applicable where the amount are incurred by the recipient on behalf of supplier and it will get added to the value of supply in hands of supplier.

#### **2. Under Rule 83: Provisions relating to a Goods and Service Tax Practioners**

The GST tax Practioners shall be eligible to remain enrolled unless he passes the examination within a period of eighteen months from the appointed day.

#### **3. Under Rule 89: Application for refund of tax, interest, penalty, fees or any other amount**

The formula substituted for Inverted duty structure is effective from 01/07/2017

#### **4. Under Rule 95: Refund of Tax to certain persons like UNO, Agency of UNO...**

The inward supplies of goods or services or both were received from a registered person against a tax invoice.

#### **5. Under Rule 133: Order of the Authority under chapter XV (Anti- Profiteering)**

The Authority may order to deposit of 50% of the amount determined in the consumer welfare fund under CGST Act and the remaining 50% of the amount determined in the consumer welfare fund under SGST act of the concerned state where the recipient does not claim return of the amount or is not identifiable. The concerned state means the state in respect of which the Authority passes an order.

#### **6. Under Rule 138: Information to be furnished prior to the commencement of goods and generation of E way Bill**

No E-way Bill is required to be generated where empty cylinders for packing of Liquefied petroleum Gas are being moved for reasons other than supply

*Authors can be reached on e-mail:  
query@dnsconsulting.net*



# KSCAA

Karnataka State Chartered Accountants Association ®



## GROW, SHARE & TRANSFORM

### INVITATION

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Dear Member,

*We have great pleasure in  
inviting you and your family  
for the Dinner after the  
Annual General Meeting.*

Executive Committee



45<sup>th</sup> Annual Report 2017-2018



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## INTRODUCTION

**K**arnataka State Chartered Accountants Association, formed in 1957 by beloved forefathers 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 61 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. 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!





## GROW, SHARE & TRANSFORM

'SA VIDYA  
YA VIMUKTAYE'  
- That is knowledge  
which liberates.

## THEME

It all started with conceptualizing a theme for the term 2017-18, a theme which could motivate and embark us towards the vision and mission of our esteemed association. The theme **Grow, Share & Transform** was coined in against the backdrop of GST and challenges faced by our fraternity. The idea was to transform from pain, pain being nothing but the darkness that leads to the dawn of the gain. We all started the term with this theme and the sojourn has been memorable in many ways and path-breaking too, we had a Start-up Seminar, Leadership Seminar, many non-CPE events which were a resounding success.

### Theme for the term which was laid out

**Grow, Share & Transform - 'SA VIDYA YA VIMUKTAYE'** - That is knowledge which liberates. In the context of the tax metamorphosis which we are amidst in a country which has states counting more than countries in a continent with such diverse cultural exhibits and business mannerisms, to culminate such a unification can be said to be an effort akin to the one of Sardar Vallabhbhai Patel, Iron Man of India. Such an exercise of tax unification calls upon us to

Possess knowledge beyond realms of ordinary, nurture and **Grow** such knowledge;

**Share** knowledge and nitty gritty with people and administrators through manthan of the enormous domain knowledge and experience and expertise;

**Transform** such arduous effort and daunting stuff in a manner smooth and efficient through imparting of knowledge towards realization of the goals envisaged.

True to the coinage of the term Grow, Share & Transform, we embarked upon a journey and hope to have made a meaningful impact to our members and public at large through a plethora of apt representations.



# ABOUT KSCAA

**K**arnataka 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 2017-18



**CA Raghavendra T.N.**  
President



**CA Raghavendra Shetty**  
Vice-President



**CA Chandrashekara Shetty**  
Secretary



**CA Kumar S Jigajinni**, Bagalkot  
Joint Secretary



**CA Chandan Kumar Hegde A.**  
Treasurer



**CA Subrahmanya Hegde**  
Chairman - Membership &  
Public Relations Committee



**CA Pramod Srihari**  
Chairman - Sports &  
Skill Development Committee



**CA Shivaprakash Viraktamath**  
Chairman - Journals &  
Publications Committee



**CA Sateesha Kalkur**  
Chairman -  
Taxation Committee



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



**CA Virupakshappa M. Tuppad**  
Chairman - Corporate &  
Allied Laws Committee



**CA Vijay Sagar Shenoy**  
Chairman -  
Representation Committee



**CA Vijay Kumar Patel**  
Chairman - e-Initiatives &  
Social Media Committee



**CA Deepabali Das**  
Co-opted Member, Tumkur



**CA Ganesh V Shandage**  
Co-opted Member, Belagavi



**CA Raghavendra Puranik**  
Immediate Past President



## 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 Gopalkrishnan
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 Murugesu	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
<b>2017-18</b>	<b>CA. Raghavendra T.N</b>	<b>CA. Chandrashekara Shetty</b>







# NOTICE

Notice is hereby given to the members of the **Karnataka State Chartered Accountants Association** that the Forty Fifth Annual General Meeting of the Association will be held at 6.00 PM on Saturday, the 21<sup>st</sup> of July, 2018, at Maple Hall, Pai Vista, No.3, 27<sup>th</sup> Cross, K.R. Road, Opp: Sevakshetra Hospital, Near Monotype, Banashankari 2<sup>nd</sup> Stage, Bengaluru 560070, Karnataka to transact the following business:

## AGENDA:

1. To confirm the proceedings of the Forty Fourth Annual General Meeting held on 15<sup>th</sup> July, 2017.
2. To consider & adopt the Annual Report of the Executive Committee.
3. To consider & approve the audited accounts for the year ended 31<sup>st</sup> March 2018
4. To Appoint the Auditors for the year 2018-2019 and fix their remuneration.
5. To elect Thirteen Members to the Executive Committee for the year 2018-2019.
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. Chandrashekara Shetty**

Secretary

Place : Bengaluru

Date : 15<sup>th</sup> June 2018

## 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 Saturday, 7<sup>th</sup> July, 2018**
- Last date of withdrawal of the nominations: **Before 5.00 pm on Thursday, 12<sup>th</sup> July, 2018**
- Announcement of final list of candidates contesting for election: **At 6.00 pm on Thursday, 12<sup>th</sup> July, 2018**
- The Final list of the Candidates shall also be uploaded at our website [www.kscAA.com](http://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.



# 45<sup>TH</sup> 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 **Grow Share & Transform - "SA VIDYA YA VIMUKTAYE"** – That is knowledge which liberates, 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 45<sup>th</sup> Annual Report of the Association along with its Audited Financial Statements for the year ended 31st March 2018.

## MEETINGS

To give you a brief synopsis, the Executive Committee members were elected in 44<sup>th</sup> 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 Eleven 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 January 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. The association sends 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. During the year, the hits to website were 4.17 Lakhs which is evidence to prove the level of activity. Cumulatively, total hits to website 6.02 Lakhs till the date of this report. 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 Life Membership Application and payment system. Now, wannabe members can apply for Life Membership online and make payment through digital payment system. Along these initiatives, a full-fledged message service (SMS), WhatsApp and e-mailing service was enhanced to reach our programs to members.

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



activated Twitter account 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 contents of flagship publication of the association, **KSCAA News 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 2 books of professional importance:

- Goods & Services Tax – Made Simple
- ABCD of Technology

### CONFERENCES & SEMINARS

The much-awaited event 'Startup Conference – Challenger Perspective', a blend of Venture Capitalists, Startup aspirants and Chartered Accountants was held jointly by KSCAA and Bombay Chartered Accountants' Society (BCAS) in Bengaluru to showcase the importance and relevance of Start-ups in the current economic environment. It's a rare occasion where two most prestigious professional bodies joined hands to organise this unique event. The conference of 2 days was organised through brainstorming sessions by domain experts, Start-up industry stalwarts, Venture Capitalists and Angel Investors (along with start-ups) who shared their vision and approach. The event was flagged off with the address by Honourable Minister for IT/BT/Science & Technology, Government of Karnataka, Sri. Priyank Kharge, who shared the Startup perspective and the phenomenal success of Start-up ventures in Karnataka.

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 30<sup>th</sup> KSCAA Annual Conference "**PRERANA**" was seen as another huge success by attendance of 840 delegates

from across the state. The Conference was inaugurated by Co-founder and Managing Director of Tally Solutions Pvt. Ltd., Sri. Bharat Goenka followed by invigorating technical sessions by nationally acclaimed domain experts. The key highlights of the Conference were candid talk on health and wellness by Padma Bhushana Dr. B.M. Hegde, special address by Honourable Justice of Karnataka High Court Dr. Vineet Kothari, extempore speech on Indian economy by CA. M.R. Venkatesh and variety of evening cultural extravaganza. Its heartening to note that our conference video clips on health and wellness by Padma Bhushana Dr. B.M. Hedge received massive hits and reviews in social media platforms like YouTube, Facebook, WhatsApp & Twitter.

KSCAA jointly with Associated Chambers of Commerce and Industry of India (ASSOCHAM), Insolvency Professional Agency of ICAI and ICSI Insolvency Professionals Agency organized a National Workshop on Insolvency and Bankruptcy Code in Bengaluru. IBC has been a game changer and deliberations went on addressing NPA concerns of Banks & Financial Institutions, Stakeholders' protection, disciplining the borrowers, etc., to bolster the economy. The workshop was attended by more than 200 participants and was well received.

The Federation of Karnataka Chambers of Commerce and Industry (FKCCI) and the KSCAA jointly organised interactive meetings with Vice Chairman, Income Tax Settlement Commission, Chennai, Principal Chief Commissioner of Income Tax & Director General of Income Tax (Investigation), Karnataka & Goa. 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 workshops on sectoral impact studies and procedures in GST in Bengaluru, Tumakuru, Shivamogga, Bagalkot and Belagavi.

Association has conducted study circles covering areas of Income Tax, GST, RERA & 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 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 seminars on Direct and Indirect Taxes organised jointly with Shimoga, Tumakuru, Bagalkot District CA Association and Karnataka State Tax Practitioners Association have seen unprecedented attendance and success. More than 100 delegates participated in each such event and were enlightened by the experts' deliberations.

### **SPORTS, CULTURAL & SKILL DEVELOPMENT ACTIVITIES**

Annual Sports & Cultural Events were organised jointly with the Bangalore Branch of SIRC of ICAI. 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.

It was quite heartening to revive the Residential Leadership program during the year. The program conceptualized for a cohesive unit of 20 participants was unique in many ways with the design and theme being how to develop leadership abilities. The program was developed by a team of multidisciplinary professionals with a mixture of role play, team activities, grooming at a mini team and individual level. The key takeaways of the programs were giving insights into individual strengths and weaknesses, how people respond, how to build upon a winning mindset and a whole host of such developmental modules.

### **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 conducted career orientation programs in rural colleges at Chikodi and Nipani to create awareness of CA Course.

### **REPRESENTATIONS & INTERACTION WITH AUTHORITIES**

During the year, the Association has submitted numerous representations. Representations on hardships faced in Aadhar linking, hardships faced in GST filings and compliances, Simplification of Returns and claim of Input tax credit in GST, Co-operative Audits, Audit of Urban Local Bodies, brandishing CA community in slanderous manner etc., were submitted to authorities. Association joined hands with BCAS,

Mumbai, Chartered Accountants Association, Ahmedabad (CAA) & Lucknow Chartered Accountants Society (LCAS) to provide Joint Representations on draft notification for insertion of new rule 39A in the Income Tax Rules, 1962, instructions relating to irregularities in Appellate Orders and processing of returns u/s 143(1) which are pushed to AOs by CPC, Statutory audit of branches of Indian PSU Banks and notification amending rule 11UA of Income Tax Rules, 1962. Some of our representations on GST were published in popular national tax search websites which saw more than 25000 views and received good reviews and appreciation.

Interactive meetings were held on GST and GST procedural hardships with Commercial Taxes Department. Dr. Sowmya Sunkad, Assistant Commissioner of Commercial Taxes, e-filing help-desk, Bengaluru addressed the grievances of public and professionals.

The KSCAA team held interactive meetings with the Directorate of Municipal Administration to resolve issues relating to request for proposal for appointment of financial statement auditors of Urban Local Bodies and also suggested ways to improve the quality of financial reporting with the introduction of internal audit system.

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.

### **OTHER INITIATIVES**

Numerous activities to help members kept the association buoyant through the year. We are heartened to note that fully furnished KSCAA Professional Lounge at Koramangala Income Tax Department is being effectively utilized by our members. In our constant endeavour to make waiting time at the offices of authorities more productive for members prompted us to seek for a space for Professional Lounge at Banashankari Goods and Services Tax Office. In this regard, we have made a formal requisition before the Principal Chief Commissioner of Central Tax, West Division, Bengaluru and the matter is under consideration.

The Copies of Union Budget 2018-19 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.





## OBITUARY

With profound grief and sorrow, we regret the sad demise of our beloved Past President Shri N C S Raghavan, an amazingly active member who passed away in May 2018. 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. 11,15,679/- (after charging depreciation of Rs.92,208/-) for the financial year 2017-18. Thus, we have earned cash surplus of Rs.12,07,887/- during the year.

The liquid investments of our Association stood at Rs. 1,65,31,003/- as on 31st March 2018, as against the figure of Rs.1,60,60,501/- as on 31st March 2017. Total funds of our Association stands at Rs.2,12,44,319/- as on 31st March 2018 as against 1,97,38,513/- of previous year.

Major contributor of the surplus was the 30<sup>th</sup> Annual Conference. We append herewith the audited accounts and the Auditor's Report for the year ended 31st March 2018.

## LIFE MEMBERS

During the year, we continued to add new members to the Association, the Life members of the Association have crossed 2,700 mark. As on the date of this report, the total number of life members stood at 2701. 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.

## FOR 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. Raghavendra Puranik and Past president CA. Dileep Kumar T.M. 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 T.N.**  
President

Sd/-

**CA. Chandrashekara Shetty**  
Secretary

Date: 14<sup>th</sup> June 2018

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

- Bombay Chartered Accountants' Society
- The Associated Chambers of Commerce of India
- Insolvency Professional Agency of ICAI
- Federation of Karnataka Chamber of Commerce and Industry
- Bangalore Branch of SIRC of ICAI
- Belagavi Branch of SIRC of ICAI
- Bangalore Chapter of ICWAI
- Bangalore Chapter of ICSI
- ICSI Insolvency Professional Agency
- Shimoga District Chartered Accountants Association
- Tumkur District Chartered Accountants Association
- Bagalkot District Chartered Accountants Association
- Karnataka State Tax Practitioners Association

- KLE Society's Basavaprabhu Kore Arts, Science and Commerce College, Chikodi
- Vidya Samvardhak Mandal's Arts, Commerce & Science Degree College, Nipani
- KLE Society's GI Bagewadi Arts, Science and Commerce College, Nipani
- PG Dept. of Commerce, Sri Aurobindo College
- Department of Commerce, Bangalore University
- Commercial Taxes Department, Karnataka

### Donors and Sponsors for supporting activities of the KSCAA

- Donors to Professional Lounge
- Sponsors & Advertisers to 30th KSCAA Annual Conference
- Sponsors to Seminars and Study Circles
- Advertisers to KSCAA News Bulletin

### Other Contributors

- Jwalamukhi Mudranalaya for printing News Bulletin & Publications
- Vasavi Vidya Niketan Trust for providing auditorium
- Staff of KSCAA for their sincere and hard work



# ACTIVITIES OF 2017-18

## 30<sup>TH</sup> KSCAA ANNUAL CONFERENCE

# Prerana

*to inspire & explore possibilities*

**Friday, 9<sup>th</sup> March, 2018**

Chief Guest:

**Sri Bharat Goenka**

Co-Founder & Managing Director, Tally Solutions Pvt. Ltd.

### Panel discussion on reporting requirements in Co-operatives

- Regulatory perspective
- Issues and possible solutions in reporting

**Sri S.L. Prashanth Kumar**, Director, Co-operative Audits

**Sri Prakash Majjige**, Addl. Director, Co-operative Audits

**CA. Umesh Bolmal**, Belagavi

**CA. Ramesh Prabhu**, Mumbai

Moderator: **CA. Ravindranath B.V.**, Sagar

### Vivisectioning judicial dichotomy in Income tax cases with special emphasis on Co-operative Societies (Section 80P), Charitable & Educational Institutions

**Sri Shivadass G.**

Principal Partner, Lakshmikumaran & Sridharan

### Goods & Services Tax Act

- Finer aspects in the domain of Co-operative Societies & Banks, NPOs etc.,
- Recent developments including Budget changes

**Sri Shivadass G.**

Principal Partner, Lakshmikumaran & Sridharan

### Investors' Protection - Role of Auditors

- Dos & don'ts w.r.t. collective investment schemes, chit funds & public deposits
- Synopsis of regulatory framework & guidelines - SEBI, RBI, the Companies Act, 2013 and relevant penal provisions under Indian Penal Code

**Sri Rajat Bopaiah**, Partner, ALMT Legal

### Mandatory Compliances in Financial Statements with respect to Small & Medium Companies

**CA. Gururaj Acharya**

### Brains Trust Session on practical issues in Income Tax

- Taxation of gifts, unexplained investments, cash credits, share premium etc.,
- Search & Seizure
- Penalties & Prosecution

**CA. Padamchand Khincha**

**CA. K.K. Chythanya**

ENTERTAINMENT PROGRAMME

**Saturday, 10<sup>th</sup> March, 2018**

Special Address by

**Hon'ble Dr. Justice Vineet Kothari**

High Court of Karnataka

A Talk on Health & Wellness by

Padma Bhushana

**Dr. B. M. Hegde**

### The Companies Act, 2013

**- the changes and challenges to professionals**

**Sri B. Ravi.**

Company Secretary, Chennai

### Virtual Currencies

- Understanding nuances
- Regulatory stand point
- All-pervasiveness of accounting & taxation - irrespective of legality of virtual currencies

**CA. P.V. Srinivasan**

### Panel discussion on

**'Profession - The way forward'**

- Technology, a force multiplier in practice
- Independent Regulatory Authority & future of ICAI
- Aggregators in profession - Keeping predators at bay - ICAI Role
- Focus on 'Brand CA'
- ICAI collaboration with Industry

**CA. Madhukar Hiregange**

**CA. Sripriya Kumar**

**CA. P.V. Srinivasan**

Moderator: **CA. Nityananda N**

### Metamorphosis of

**Indian Economy**

**- a candid talk**

**CA. M.R. Venkatesh**, Chennai

Economist

Total Attendance: 840 Delegates

# ACTIVITIES OF 2017-18

## “STARTUP CONFERENCE - CHALLENGER PERSPECTIVE”

Jointly with Bombay Chartered Accountants' Society  
at The Chancery Pavilion, Residency Road, Bengaluru

### DAY 1 - 1<sup>st</sup> December 2017

Welcome including address by  
Chief Guest

**Sri Priyank M. Kharge**

Minister of IT, BT & Tourism, GOK

Speaker from Government Department

Central and State Govt. schemes for  
startups & overview

Panel discussion amongst venture capitalists

Panel discussion - a session by successful  
entrepreneurs who raised investor funding  
and made big- representing B2B product  
company & B2C product company

Find Your Rainmaker

- Networking / Investors' meet (one to one)  
(4 or 5 investors - PE/VC/bankers. Each participant allowed to  
meet for 5-10 mins at max. If the investor is interested,  
the discussion to continue separately)

### DAY 2 - 2<sup>nd</sup> December 2017

Business perspective of a start up

1. Business value creation:  
short term & long term
2. Evaluating sustainability of business &  
its valuation from investor perspective

Business perspective of a start up

1. Funding
2. Valuation of business - customer loyalty,  
Deep discounting & other models  
- Investor v. Investee perspective

Legal Aspects of Start-ups

1. Legal requirements of doing business
2. Legal support for fund raising  
- Do's and Don't's
3. Choosing the right entity
4. Drafting agreements & NDAs and  
its intricacies
5. Creation and protection of  
intellectual property Rights

Accounting and Taxation of Start-ups

1. Importance of statutory compliances  
for startup
2. Taxation planning of start-ups
3. Significance of accounting in value creation
4. Impact of GST and preparedness for GST
5. Accounting of intellectual property rights
6. Role of CAs

Brand building, leveraging digital media,  
Communication strategy

Angel Investor-Power of network

Concluding session & vote of thanks

### Speakers

**Mr. Ashesh Shah**, Trans-Continental Venture Fund

**Mr. K S Vishwanathan**, NASSCOM

**Mr. Abhishek Prasad**, RIL

**CA. Sandeep Shah**, BCAS

**Mr. Sanjay Mehta**, Mirum Agency

**Ms. Priya Krishna**, Clay Preschools

**Mr. Madan Padaki**, 1Bridge

**Mr. A C Sahu**, SIDBI

**Mr. V. Raman Kumar**, Chief Evangelist

**Mr. Parag Dhol**, Inventus Capital Partners

**Ms. Anjana Vivek**, VentureBean Consulting

**Mr. Manava Nagaraj**, Tatva Legal

**Mr. Sandeep Jhunjunwala**, Deloitte

**Mr. S Roy Kandpal**, Adfactors PR

**Mr. Peter**, Yorke Communications

**Ms. Revathy Ashok**, Indian Angel Network

**Mr. Anju Gupta**, Angel Investor

**Mr. Ravindra Krishnappa**, VertExperts

**Mr. Krishna Ramamoorthy**, Unitus Seed Fund

**Mr. Ramana Rao**, State Bank of India

Total Attendance: 145 Delegates



# ACTIVITIES OF 2017-18

## CONFERENCES

Date/Day	Programme	Speakers	Venue	Attendance
28-Jul-17 Friday	National Conference on Insolvency and Bankruptcy Code <i>Jointly with ASSOCHAM, Insolvency Professional Agency of ICAI &amp; ICSI Insolvency Professional Agency</i>	CA. N. Nityananda, Sri T.B. Jayachandra, Minister of Law, GOK, Sri M.S. Sahoo, Sri T.K. Vishwanathan, Sri R. Gandhi, Justice A.K. Sikri, Justice M. Kumar & Sri Shailen Shah	The Chancery Pavilion, Residency Road, Bengaluru	250
27-Apr-18 Friday	One day National Conference on the Impact of Sectoral Reforms in Indian Economy on Growth & Development of Business <i>Jointly with PG Dept. of Commerce, Sri Aurobindo College, ICWAI &amp; ICSI, Bengaluru Chapter</i>	CA. K Gururaj Acharya, CMA Dr. Mahabaleshwara Bhatta, CS Ankush Sethi, CMA. H.R. Sreepada, CA. Nithin M, Sri. Mohan Kumar & Prof. Sandeep Nair	Sri Aurobindo College, Dr. M C Modi Road, Mahalakshimpuram, Bengaluru - 560086	140

## WORKSHOPS

Date/Day	Programme	Speakers	Venue	Attendance
5-Aug-17 Saturday	Discussion on Impact of GST on Hotels, Restaurants, Hospitality and Jewellery Sectors	CA. R.S.Pavan Kumar & CA. Annapurna Kabra	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	61
11-Aug-17 Friday	<u>CA. K Sachitanand</u> <u>Professional Development Fund</u> Discussion on Impact of GST on Real Estate Sector & Real Estate Regulation Act	CA. Hanish S & CA. Sandeep Jhunjunwala	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	62
06-Oct-17 & 07-10-17 Friday & Saturday	Workshop on Income Computation and Disclosure Standards (ICDS) (I to X)	CA. Sandeep Jhunjunwala & CA. B.N. Thirumalesh	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	44
23-Sep-17 Saturday	Discussion on Practical Issues in GST Compliances including Returns	CA. B.D. Chandrashekar & CA. Subramanya B.L.	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	45
12-Jan-18 Friday	Workshop on Recent Changes and Provisions & Issues in Exports under GST	CA. Siddeshwar Yelamali	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	61
6-Feb-18 Tuesday	Workshop on New e-way Bill System in GST	Dr. Sowmya Sunkad, ACCT, e-Filing Help Desk, Commercial Taxes Department, Bengaluru & CA. Annapurna Kabra	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	69

# ACTIVITIES OF 2017-18

## INTERACTIVE MEETINGS

Date/Day	Programme	Venue	Attendance
4-Nov-17 Saturday	Interactive Meeting with Mr. K. Ramalingam, Vice Chairman, Income Tax Settlement Commission, Chennai Jointly with FKCCI	Cabinet Hall, FKCCI, K.G.Road, Bengaluru	50
15-Mar-18 Thursday	Interactive Meeting with Dr. Vishal Ravi, IAS, Director, Directorate of Municipal Administration	Karnataka Municipal Data Society, IT Park, Rajajinagar Industrial Estate, Bengaluru	30
26-Mar-18 Monday	Interactive Meeting with Mr. Srikar M.S., IAS, Commissioner of Commercial Taxes, Govt. of Karnataka on Simplification of GST Returns	Fiscal Policy Institute, Kengeri, Bengaluru	30
5-Jun-18 Tuesday	Interactive Meeting with Sri. B.R. Balakrishnan, IRS, Pricipal Chief Commissioner of Income Tax & Director General of Income Tax (Investigation), Karnataka & Goa Jointly with Bangalore Branch of SIRC of ICAI & FKCCI	Sir. M.V. Auditorium, FKCCI, K.G.Road, Bengaluru	225
13-Jun-18 Wednesday	Interactive Meeting with Sri. K.P. Mohan Raj, IAS, Director, Directorate of Municipal Administration	Karnataka Municipal Data Society, IT Park, Rajajinagar Industrial Estate, Bengaluru	40

## SPORTS & CULTURAL ACTIVITIES

Date/Day	Programme	Venue
19-Nov-17, Sunday	Cricket & Volley Ball League	Jnana Bharathi Campus, Bangalore University, Bengaluru
26-Nov-17, Sunday	Sports and Talent Meet	KGS Club, Cubbon Park, Bengaluru

## SKILL DEVELOPMENT

Date/Day	Programme	Speakers	Venue
16-Jun-18 & 17-Jun-18 Saturday & Sunday	Workshop on Leading Transformational Change as an agile leader	Mr. Mathew Isac & Mrs. Madhumita Saha from VentureBean Consulting	Ramee Guestline Hotel, Attibele, Bengaluru

## CAREER ORIENTATIONS

Date/Day	Programme	Speakers	Venue	Attendance
21-Feb-18 Wednesday	Career Counselling	CA. Ganesh V. Shandage & CA. Raghavendra Puranik	KLE Society's Basavaprabhu Kore Arts, Science and Commerce College, Chikodi.	120
22-Feb-18 Thursday	Career Counselling	CA. Ganesh V. Shandage & CA. Raghavendra Puranik	Vidya Samvardhak Mandal's Arts, Commerce & Science Degree College, Nipani	110
22-Feb-18 Thursday	Career Counselling	CA. Ganesh V. Shandage & CA. Raghavendra Puranik	KLE Society's G I Bagewadi Arts, Science and Commerce College, Nipani	80

# ACTIVITIES OF 2017-18

## STUDY CIRCLES

Date/Day	Programme	Speakers	Venue	Attendance
30-Aug-17 Wednesday	Discussion on Tax Audit Issues and Changes in Form 3 CD	CA. Naveen Khariwal G & CA. Veeral A Jain	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	45
26-Feb-18 Monday	Union Budget 2018 - Changes in Direct Taxes	CA. Naveen Khariwal G	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	76
12-Mar-18 Monday	Swift Transactions - Cause, Effect, Risks & Audit	CA. Mohsin Hussain Syed, Retd. Banker	Vasavi Vidyanikethan Trust, Basavanagudi, Bengaluru	35

## MOFUSIL PROGRAMS

Date/Day	Programme	Guests & Speakers	Venue	Attendance
28-Aug-17 Monday	Workshop on Practical Issues in Filing GST Returns <i>Jointly with Karnataka State Tax Practitioners Association</i>	CA. Annapurna Kabra, CA. S.N. Prasad & CA. S.N. Ainapur	Vinay's Grand Party Hall, SIT Main Road, Tumakuru	125
16-Dec-17 Saturday	One day seminar on Direct & Indirect Taxes: (1) Practical issues in Search & Seizure including assessments under Income Tax Act (2) Recent changes in GST & Practical issues in filing GST Returns (3) Impact of GST on SME Sector <i>Jointly with Belagavi Branch of SIRC of ICAI</i>	CA. G.S. Prashanth & CA. Annapurna Kabra	Shivanagi - Marathe Auditorium, Belagavi Branch of SIRC of ICAI, Swaroop Plaza, Tilakwadi, Belagavi - 590006	100
7-Jan-18 Sunday	One day seminar on GST: (1) Recent Changes in GST (2) Practical Issues in filing GST Returns followed by interactive session with participants <i>Jointly with Shimoga District Chartered Accountants Association</i>	CA. Annapurna Srikanth & CA. Venugopal Gella	Jai Mata Grandeur, Vidyanagara, Shivamogga	110
26-May-18 Saturday	One day workshop on Direct & Indirect Taxes: (1) New e-Way Bill System and Practical Issues in GST Returns (2) Analysis of Changes in new ITR Forms <i>Jointly with Tumkur District Chartered Accountants Association</i>	CA. Kuber Hundekar & CA. Deepak Chopra	Tumkur District Chartered Accountants Association Premises, Tumakuru	60
11-Jun-18 Monday	One day seminar on GST: (1) Recent Changes in GST (2) Practical Issues in filing GST Returns followed by interactive session with participants <i>Jointly with Bagalkot District Chartered Accountants Association</i>	CA. Annapurna Kabra & CA. T.N. Raghavendra	BVVS Mini Auditorium, BVVS Old Campus, Belagavi Raichur Road, Bagalkot	80
14-Jul-18 Saturday	One day seminar on Co-operatives <i>Jointly with Belgavi Branch of SIRC of ICAI</i>	CA. Ravindranath B.V, CA. Umesh Bolmal & CA. D.R. Venkatesh	Shivanagi - Marathe Auditorium, Belagavi Branch of SIRC of ICAI, Tilakwadi, Belagavi - 590006	Scheduled

# ACTIVITIES OF 2017-18

## REPRESENTATIONS

The way to transform in this era of transformation, which has been lightening and at the same time arduous, is only through means of meaningful and timely representation.

We, at KSCAA, have taken the lead to identify issues which were posing problems, backed it with the causes and presented solutions to ease the problems surfaced on the back of a deluge of new legislation. Time and again, we could influence subtly and present our viewpoints on the nascent issues. We wish to submit before you that we could achieve measurable success on these counts. We have a vibrant website, in which you could access the representations made during this term. The association with like objective CA associations also has immensely supported the cause too.

We could gather further momentum if our members can proactively participate by sending in the issues and possible solutions to such issues. Also, it would be highly appreciated and could help achieve maximum success if members can send their representations through KSCAA instead of shooting such representations by themselves and participate through association. Together we prosper and togetherness can make a difference in earnest direction! **Together We Serve, Together We Win.**

Date	Area	Hardships	Regulators	Social Media views
20-Jul-17	Income Tax	Hardships faced in linking of Aadhar with PAN	Hon. Revenue Secretary, Hon. Union Finance Minister, PMO & CBDT Chairman	-
19-Aug-17	GST	Technical issues in GSTN portal, RCM, ITC and GST return related matters	Hon. Revenue Secretary, Union Finance Minister, PMO, CBEC Chairman & Commissioner of Commercial Taxes, Karnataka	27,990
30-Aug-17	GST	Practical difficulties faced in various GST compliances	Hon. Revenue Secretary, Union Finance Minister, PMO, CBEC Chairman & Commissioner of Commercial Taxes, Karnataka	-
5-Oct-17	GST	Practical difficulties faced in various GST compliances for review by GST Council	Hon. Revenue Secretary, Union Finance Minister, PMO, CBEC Chairman & Commissioner of Commercial Taxes, Karnataka	-
26-Oct-17	Income Tax	Seeking extension of due date for Tax Audit & related filing of Returns due to preoccupation of professionals in GST hardships and other regulatory compliances	CBDT Chairman, Hon. Revenue Secretary and Union Finance Minister	-
7-Nov-17	GST	Pressing issues in GST compliances for Review By GST Council	Hon. Revenue Secretary, Hon. Union Finance Minister, PMO, CBEC Chairman, GST Council & Commissioner of Commercial Taxes, Karnataka	26,985
20-Dec-17	Kar. VAT	Seeking extension of due date for filing VAT Audit Report In Form VAT 240	The Commissioner of Commercial Taxes, Karnataka	-
30-Jan-18	General	Brandishing CA community in slanderous manner	The Principal Chief Commissioner of Income Tax, Director General of Income Tax (Inv.) & The Chairman, CBDT	30,423



Date	Area	Hardships	Regulators	Social Media views
9-Feb-18	GST	Simplification of Returns and claim Of Input Tax Credit in GST for Review By GST Council	Revenue Secretary, Union Finance Minister, PMO, CBEC Chairman, GST Council & Commissioner of Commercial Taxes, Karnataka	14,679
9-Feb-18	Cooperative Audit	Requisition for collaboration with the Department for dissemination of latest updates on Co-operative audits	The Director of Co-operative Audits in Karnataka	-
9-Mar-18	Audit of Urban Local Bodies	Empanelment of Chartered Accountants for the audit Of Urban Local Bodies for the years 2017-18, 2018-19 & 2019-20	The Director, Directorate of Municipal Administration, Karnataka	-
16-Mar-18	Audit of Urban Local Bodies	Suggestions for improvement in quality of Financial Statements Audit of Urban Local Bodies by introducing Internal Audit and Reporting review mechanism.	The Director, Directorate of Municipal Administration, Karnataka	-
26-Mar-18	Audit of Urban Local Bodies	Suggestions for changes to Request for Proposal released for Financial Statements Audit of Urban Local Bodies	The Director, Directorate of Municipal Administration, Karnataka	-
12-Jun-18	Audit of Urban Local Bodies	Suggestions for changes to Revised Request for Proposal released for Financial Statements Audit of Urban Local Bodies	The Director, Directorate of Municipal Administration, Karnataka	-

## REPRESENTATIONS

### WITH PRESTIGIOUS PROFESSIONAL BODIES - BCAS, CAA & LCAS

Date	Area	Hardships	Regulators	Social Media views
22-Sep-17	Income Tax	Draft notification for insertion of new Rule 39A In The Income-Tax Rules, 1962 – Comments and Suggestions	CBDT Chairman, Hon. Revenue Secretary and Union Finance Minister	-
14-Mar-18	Bank Audits	Statutory Branch Audit of branches of Indian PSU Banks- In the wake of recent developments/ irregularities In Punjab National Bank	The Governor, Reserve Bank of India, The Board of Directors of all PSU Banks & Hon. Union Finance Minister	27,327
27-Apr-18	Income Tax	Regarding instructions dated 8th March, 2018 relating to irregularities in Appellate Orders and instructions dated 28th March, 2018 regarding processing of returns u/s 143(1) which are pushed to Assessing Officers [AOs] By CPC	CBDT Chairman, Hon. Revenue Secretary and Union Finance Minister	6,396
5-Jun-18	Income Tax	Strongly urging to withdraw Notification No. 23/2018 dated 24th May, 2018 amending Rule 11UA Of the Income-Tax Rules, 1962 which omitted Chartered Accountants from valuation of unlisted shares and securities.	CBDT Chairman, Hon. Revenue Secretary and Union Finance Minister	-

# NEWS BULLETIN - ARTICLES AND COLUMNISTS

## CA S. Krishnaswamy

- Incubators – Start ups
- Co-Operative Society - Interst Income From Investments
- Section 80IA - Infrastructure Development - Income Tax Incentives
- Incentives for Startups - Govt. of Karnataka
- Accelerator Startup
- Collective Investment Scheme - A Recent Episode
- Shell Companies
- Revision - Income Tax Act, 1961
- Wilful Defaulters - Banks
- Angel Tax – Income from Other Sources
- Section 14A – Income Tax Act, 1961 Expenditure incurred in relation to Income not includible in Total Income
- Unexplained – Sources Of Income

## CA Madhukar N.Hiregange & CA Mahadev.R

- Input Tax Credits – GST Versus CENVAT / KVAT
- GST Impact On Sez Transactions
- GST credit on capital goods
- Composition scheme in GST
- Levy of GST on Notice Period Recovery?
- GST Impact on Free Issues and Samples
- GST on Employee Recoveries
- GST on Sale of Old Cars
- Effectiveness of anti-profiteering provisions in GST
- Composite Supply in GST
- Mixed supply in GST
- Petrol, Diesel etc. against Form C - Post GST

## CA B.G. Srikanth Acharaya & CA Annapurna Kabra

- Relavant Aspects of Transitional Forms under GST Law
- Key Exemptions under the GST law
- GST Highpoints - 3 Issues
- GST Updates - 6 Issues

## CA Sanjay Dhariwal & CA Annapurna Kabra

- Refund under GST- Is it Streamlined?

## CA Vinayak Pai V

- Financial Reporting & Assurance – Key Updates - 12 Issues

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

- Transitional issues under GST
- GST Updates – September & October 2017
- Analysis of Exemption from GST on Supply of Services - 6 Issues

## CA Prakash Hegde & CA Raghavendra N.

- Presumptive Taxation Scheme for Specified Professionals

## CA Sandeep Jhunjhunwala

- Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill, 2016
- US Tax Law Reforms – What India Inc should watch out for
- Union Budget 2018: It may be too taxing for Digital India
- The era of e-assessments under Income tax: What we need to know
- Prosecution Proceedings under the Income Tax Act: What lies ahead for Foreign Companies?

## CA Vijay Sagar Shenoy

- Deciphering the Construct of an Institution/Business/ Country/ Economy
- NEWS: "Start Up Conference -Challenger Perspective"

## CA Ganesh V. Shandage

- Job Work Under CGST Act 2017

## CA Teertha G R R

- GST and Common Man

## Dr. Vitthal Khode

- Health is Wealth - Tips for a Healthy and Fit Body

## Sonali Kulkarni - Executive Nutritionist

- Importance of water in human Diet

## Gaurav Vasu

- The Journey from Simple Automation to Hyper Disruption in the Accounting Profession

# INDEPENDENT AUDITOR'S REPORT

To

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

We have audited the Balance Sheet of **M/s Karnataka State Chartered Accountants Association® (KSCAA)**, #7/8, 2nd Floor, Shoukath Building, S.J.P Road, Bangalore – 560002 as at 31 March.2018 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 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 2018.
- 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 2018.

### **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 the Income and Expenditure Account dealt with by this Report are in agreement with the books of account;

### **Patil Kabbur & Associates**

Chartered Accountants  
FRN 015281S

Sd/-

**CA. Sukesh S Patil**

Partner  
MN. 219878

Date: 13<sup>th</sup> June, 2018

Place: Bengaluru

# BALANCE SHEET

AS AT 31 MARCH 2018

PARTICULARS	SCHEDULE NUMBERS	AS AT 31 MARCH 2018 RUPEES	AS AT 31 MARCH 2017 RUPEES
<b>SOURCES OF FUNDS</b>			
Corpus Fund	1	3,161,672	3,044,672
General Fund	2	14,432,805	13,317,126
Restricted and Other Funds	3	3,649,842	3,376,715
		<b>21,244,319</b>	<b>19,738,513</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4	2,456,682	2,248,834
Investments	5	16,531,003	16,060,501
Current Assets, Loans and Advances			
(a) Stock of Publications and Materials	6	242,456	267,200
(b) Receivables	7	2,595	139,200
(c) Cash and Bank Balances	8	1,670,969	958,404
(d) Loans and Advances	9	805,549	620,356
		2,721,569	1,985,160
Less: Current Liabilities and Provisions	10	464,935	555,982
Net Current Assets		2,256,634	1,429,178
		<b>21,244,319</b>	<b>19,738,513</b>

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  
 FRN 015281S

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

Sd/-  
**CA. Sukesh S Patil**  
 Partner  
 MN. 219878

Sd/-  
**CA. Raghavendra T N**  
 President

Sd/-  
**CA. Chandrashekara Shetty**  
 Secretary

Date: 13<sup>th</sup> June, 2018  
 Place: Bengaluru

Sd/-  
**CA. Chandan Kumar Hegde A**  
 Treasurer



# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

PARTICULARS	SCHEDULE NUMBERS	YEAR ENDED 31 MARCH 2018 RUPEES	YEAR ENDED 31 MARCH 2017 RUPEES
<b>A. INCOMES</b>			
Conference, Seminars and Meetings	11	5,896,751	3,964,784
Interest Income	12	1,153,741	1,182,283
Other Income	13	80,609	105,589
	<b>A</b>	<b>7,131,101</b>	<b>5,252,656</b>
<b>B. EXPENDITURE</b>			
Conference, Seminars and Meetings	14	4,009,281	2,623,275
Bulletins and Publications	15	618,160	588,576
Administrative Expenses	16	963,549	705,263
Other Expenses	17	332,224	317,917
Depreciation	4	92,208	79,607
	<b>B</b>	<b>6,015,422</b>	<b>4,314,638</b>
<b>C. SURPLUS FOR THE YEAR BEFORE PRIOR PERIOD ITEMS (A-B)</b>		1,115,679	938,018
<b>D. PRIOR PERIOD ITEM- EXPENSE</b>		-	5,819
<b>E. NET SURPLUS TRANSFERRED TO GENERAL FUND(C-D)</b>		<b>1,115,679</b>	<b>932,199</b>

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  
 FRN 015281S

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

Sd/-  
**CA. Sukesh S Patil**  
 Partner  
 MN. 219878

Sd/-  
**CA. Raghavendra T N**  
 President

Sd/-  
**CA. Chandrashekara Shetty**  
 Secretary

Date: 13<sup>th</sup> June, 2018  
 Place: Bengaluru

Sd/-  
**CA. Chandan Kumar Hegde A**  
 Treasurer

# SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2018

PARTICULARS	AS AT 31 MARCH 2018 RUPEES	AS AT 31 MARCH 2017 RUPEES
<b>1 CORPUS FUND</b>		
Opening Balance	3,044,672	2,864,672
Add: Life Membership Fee received during the year	117,000	180,000
	<b>3,161,672</b>	<b>3,044,672</b>
<b>2 GENERAL FUND</b>		
Opening Balance	13,317,126	12,384,927
Add : Surplus for the year	1,115,679	932,199
	<b>14,432,805</b>	<b>13,317,126</b>
<b>5 INVESTMENTS</b>		
<i>TERM DEPOSITS WITH:</i>		
Andhra Bank	3,233,330	2,883,330
Lakshmi Vilas Bank	11,600,000	11,600,000
Saraswat Bank	1,532,556	1,532,556
<i>ACCRUED INTEREST ON TERM DEPOSITS WITH:</i>		
Andhra Bank	47,351	-
Lakshmi Vilas Bank	110,855	44,615
Saraswat Bank	6,911	
	<b>16,531,003</b>	<b>16,060,501</b>
<b>6 STOCK OF PUBLICATIONS AND MATERIALS</b>		
(Valued at lower of cost or net realisable value)		
KSCAA Publications	122,237	94,235
Other Materials	120,219	172,965
	<b>242,456</b>	<b>267,200</b>
<b>7 RECEIVABLES</b>		
Receivables - KSCAA Summit 2013, Hubli	-	80,000
Receivables- Life Membership Fees*	2,595	-
Receivables - 29th SLC	-	59,200
	<b>2,595</b>	<b>139,200</b>
*Realised on 03.04.2018		
<b>8 CASH AND BANK BALANCES</b>		
Cash on hand	26,644	26,421
Andhra Bank SB Account-6886	70,749	370,417
Canara Bank SB Account	4,514	4,348
Andhra Bank SB Account-6887	1,346,514	172,527
Laxmi Vilas Bank Current Account	222,549	384,691
	<b>1,670,969</b>	<b>958,404</b>

# SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2018

PARTICULARS	AS AT 31 MARCH 2018 RUPEES	AS AT 31 MARCH 2017 RUPEES
<b>9 LOANS AND ADVANCES</b>		
<i>DEPOSITS</i>		
Telephone Deposit	2,000	2,000
Electricity Deposit	26,110	26,110
Postal Department	475	100
Rental Deposit	65,000	65,000
GST Input Tax	184,887	-
A	278,472	93,210
<i>OTHERS</i>		
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
TDS 16-17	130,790	138,651
TDS 17-18	157,353	-
B	527,077	517,146
Other Advance	-	10,000
C	-	10,000
<b>A+B+C</b>	<b>805,549</b>	<b>620,356</b>
<b>10 CURRENT LIABILITIES AND PROVISIONS</b>		
<i>CURRENT LIABILITIES</i>		
Audit Fees Payable	25,000	25,000
Outstanding Liabilities	209,592	302,639
Income Received in Advance	-	48,000
A	234,592	375,639
<i>PROVISIONS</i>		
Miscellaneous Provisions	230,343	180,343
B	230,343	180,343
<b>A+B</b>	<b>464,935</b>	<b>555,982</b>

# SCHEDULES FORMING PART OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

PARTICULARS	YEAR ENDED 31 MARCH 2018 RUPEES	YEAR ENDED 31 MARCH 2017 RUPEES
<b>11 INCOME FROM CONFERENCE, SEMINARS AND MEETINGS</b>		
Annual Conference	3,646,249	3,353,821
Meetings, Seminars and Workshops	2,250,502	610,963
	<b>5,896,751</b>	<b>3,964,784</b>
<b>12 INTEREST INCOME</b>		
Interest on Bank Term Deposits	1,178,598	1,222,816
Less: Transferred to Restricted fund	55,271	57,245
	1,123,327	1,165,571
Add: Interest on Saving Bank Accounts	21,971	16,712
Add: Other Interest Income	8,443	-
	<b>1,153,741</b>	<b>1,182,283</b>
<b>13 OTHER INCOME</b>		
Admission Fees	11,800	18,100
Annual Membership Fees	500	500
Miscellaneous Income	5,694	961
Sale of Publications	43,615	18,800
Advertisement in News Bulletins	19,000	48,678
Sundry Balances Written Back	-	18,550
	<b>80,609</b>	<b>105,589</b>
<b>14 CONFERENCE, SEMINARS AND MEETINGS EXPENSES</b>		
Annual Conference Expenses	2,646,665	2,412,983
Add: Decrease in Stock of Materials	52,746	10,321
Add: Decrease/(Increase) in Publications	11,748	(88,610)
	A	2,711,159
Meetings, Seminars and Workshop Expenses	B	1,298,122
	<b>A+B</b>	<b>4,009,281</b>
<b>15 BULLETINS AND PUBLICATIONS</b>		
Printing Charges of News Bulletins	618,160	588,576
	<b>618,160</b>	<b>588,576</b>

# SCHEDULES FORMING PART OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

PARTICULARS	YEAR ENDED 31 MARCH 2018 RUPEES	YEAR ENDED 31 MARCH 2017 RUPEES
<b>16 ADMINISTRATIVE EXPENSES</b>		
Salaries and Bonus	393,500	351,000
Staff Welfare Expenses	15,756	15,098
Electricity Charges	19,637	21,736
Water Charges	1,240	1,600
Telephone and Internet Charges	27,819	25,295
Conveyance Expenses	28,026	26,451
Postage and Courier Charges	31,291	29,554
Printing and Stationery	81,411	101,842
Audit Fees	25,000	25,000
Annual General Meeting Expenses	339,869	107,687
	<b>963,549</b>	<b>705,263</b>
<b>17 OTHER EXPENSES</b>		
Subscription and Membership Expenses	4,020	4,000
Ayudha Pooja Expenses	2,390	3,998
Office Maintenance Expenses	15,120	16,690
Repairs and Maintenance Expenses	9,309	17,156
Bank Charges	3,051	5,072
Website Charges	29,020	8,094
Miscellaneous Expenses	11,287	11,288
Locker Rent	2,124	2,070
Rates and Taxes	29,466	22,012
Property Tax	50,000	94,843
Email and SMS Charges	42,180	47,235
Commission on Online Payment Services	46,823	17,250
Executive Committee Meeting Expenses	9,223	5,822
Sundry balances Written off	55,212	62,387
Professional Lounge Maintenance Expenses	23,000	-
	<b>332,224</b>	<b>317,917</b>



# SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2018

## SCHEDULE - 3 RESTRICTED AND OTHER FUNDS

(IN RUPEES)

PARTICULARS	BALANCES AS ON 1 APRIL 2017	RECEIPTS DURING THE YEAR	ADD TRANSFERRED DURING THE YEAR	LESS UTILISED/ TRANSFERRED	BALANCES AS ON 31 MARCH 2018
<b>A RESTRICTED FUNDS</b>					
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>B ACTIVITY FUNDS</b>					
Endowment Fund	19,925	-	4,900	-	24,825
Late S. Narayanan's Memorial Prize Award Account	84,552	-	7,000	-	91,552
Professional Development Fund	-	-	35,454	11,880	23,574
Student Welfare Fund	13,520	-	7,917	-	21,437
Legal Fund	277,268	-	-	-	277,268
B	395,265	-	55,271	11,880	438,656
<b>C UTILISED FUNDS</b>					
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
Professional Lounge Fund	-	255,000	-	25,264	229,736
Golden Jubilee Project Fund	1,500,000	-	-	-	1,500,000
C	2,191,860	255,000	-	25,264	2,421,596
<b>GRAND TOTAL (A+B+C)</b>	<b>3,376,715</b>	<b>255,000</b>	<b>55,271</b>	<b>37,144</b>	<b>3,649,842</b>
<b>PREVIOUS YEAR</b>	<b>3,155,350</b>	<b>220,002</b>	<b>57,245</b>	<b>55,882</b>	<b>3,376,715</b>

# SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2018

## SCHEDULE - 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK AS ON 1 APRIL 2017 Rs.	ADDITIONS MORE THAN 180 DAYS Rs.	ADDITIONS LESS THAN 180 DAYS Rs.	DELETIONS Rs.	GROSS BLOCK AS ON 31 MARCH 2018 Rs.	ACCUMULATED DEPRECIATION AS ON 1 APRIL 2017 Rs.	RATE % Rs.	DEPRECIATION FOR THE YEAR Rs.	ACCUMULATED DEPRECIATION AS ON 31 MARCH 2018 Rs.	WDV AS ON 31 MARCH 2018 Rs.	WDV AS ON 1 APRIL 2017 Rs.
<b>IMMOVABLE PROPERTIES</b>											
Land at Harohally Industrial Area	1,694,630	-	-	-	1,694,630	-	-	-	-	1,694,630	1,694,630
Office Building	780,288	-	-	-	780,288	574,213	10%	20,608	594,821	185,467	206,075
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	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER ASSETS</b>											
Furniture and Fixtures*	780,433	300,056	-	-	1,080,489	521,934	10%	55,856	577,790	502,699	258,499
Library Books	94,018	-	-	-	94,018	93,956	40%	25	93,981	37	62
Computer, Printers & Software	143,254	-	-	-	143,254	134,120	40%	3,654	137,774	5,480	9,134
Office Equipments	361,591	-	-	-	361,591	281,160	15%	12,065	293,225	68,366	80,431
Assets not in use	759	-	-	-	759	756		-	756	3	3
<b>TOTAL</b>	<b>3,854,973</b>	<b>300,056</b>	<b>-</b>	<b>-</b>	<b>4,155,029</b>	<b>1,606,139</b>		<b>92,208</b>	<b>1,698,347</b>	<b>2,456,682</b>	<b>2,248,834</b>
<b>PREVIOUS YEAR</b>	<b>3,854,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,854,973</b>	<b>1,526,532</b>		<b>79,607</b>	<b>1,606,139</b>	<b>2,248,834</b>	<b>2,328,441</b>

\* Additions amounting to Rs. 3,00,056/- during the year are relating to Professional Lounge situated at mezzanine floor of Income Tax Department, BMTC building, Koramangala, Bengaluru

# SCHEDULES FORMING PART OF ACCOUNTS

AS AT 31 MARCH 2018

## **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 average 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. Stock of Publications and Materials

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 2018

1. In the opinion of the Executive Committee, the amounts shown in the Balance Sheet are reflected at their realizable values, unless stated otherwise.
2. 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 2017 are compiled by considering WDV as on 1 April 2000 and additions / deletions made thereafter based on records and information available.

3. Depreciation on leasehold premises is not provided as full provision for impairment was made in earlier year.
4. Investments includes investment of Restricted Funds amounting to Rs.7,89,590/-
5. Miscellaneous Provisions:

Property Tax Payable

Particulars	Amount
Opening Balance of Property Tax Payable	1,80,343
Add: Provision Made During the Year 17-18	50,000
Closing Balance of Property Tax Payable	2,30,343

6. 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.
7. Audit Fees for the year is Rs. 25,000/- (Previous Year Rs. 25,000/-).
8. As decided by members in 44<sup>th</sup> Annual General Meeting, the Outstanding Receivables relating to KSCAA Summit 2013, Hubli of Rs. 55,212/- has been written-off during the year as irrecoverable. This amount has been arrived after adjusting total receivables outstanding of Rs. 80,000/- against outstanding payables of Rs.24,788/- relating to KSCAA Summit 2013.
9. Figures have been rounded off to nearest rupee value.
10. Previous year figures have been regrouped / rearranged to be in conformity with the current year's presentation.

As per our report of even date  
**Patil Kabbur and Associates**  
 Chartered Accountants  
 FRN 015281S

Sd/-  
**CA. Sukesh S Patil**  
 Partner  
 MN. 219878

Date: 13<sup>th</sup> June, 2018  
 Place: Bengaluru

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

Sd/-  
**CA. Raghavendra T N**  
 President

Sd/-  
**CA. Chandan Kumar Hegde A**  
 Treasurer

Sd/-  
**CA. Chandrashekara Shetty**  
 Secretary



## ATTENDANCE OF EXECUTIVE COMMITTEE

11 Executive Committee Meetings were held from 15th July 2017 to 14th June 2018

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	
			15.07.2017	16.07.2017	12.08.2017	08.09.2017	14.10.2017	18.11.2017	22.01.2018	28.02.2018	23.03.2018	05.05.2018	14.06.2018	
1	CA. Raghavendra T.N.	President	P	P	P	P	P	P	P	P	P	P	P	11(11)
2	CA. Raghavendra Shetty	Vice President	P	P	P	A	P	P	P	P	P	P	P	10(11)
3	CA. Chandrashekara Shetty	Secretary	P	P	P	P	P	P	P	P	P	P	P	11(11)
4	CA. Jigajinni Kumar Shivalingappa	Jt. Secretary	P	P	P	P	A	A	P	P	P	P	P	9(11)
5	CA. Chandan Kumar Hegde	Treasurer	P	P	P	P	P	P	P	P	P	P	P	11(11)
6	CA. Pramod Srihari	Member	P	P	P	P	A	P	A	P	P	P	P	9(11)
7	CA. Sateesha Kalkur	Member	P	P	P	A	A	A	P	P	A	A	P	6(11)
8	CA. Subrahmanya Hegde	Member	P	P	A	P	P	P	P	P	A	A	P	8(11)
9	CA. Shriram S.S.	Member	P	A	A	A	P	P	A	A	P	P	A	5(11)
10	CA. Shivaprakash Viraktamath	Member	P	P	P	P	P	P	P	P	A	P	P	10(11)
11	CA. Vijay Sagar Shenoy	Member	A	A	P	P	P	P	P	P	A	P	P	8(11)
12	CA. Virupakshappa M. Tuppad	Member	P	P	P	P	A	A	P	P	A	P	P	8(11)
13	CA. Vijaykumar M. Patel	Member	P	P	P	P	P	P	P	P	P	P	P	11(11)
14	CA. Ganesh V. Shandage	Member	NA	NA	P	A	P	A	A	A	A	P	A	3(9)
15	CA. Deepabali Das	Member	NA	NA	P	P	A	P	A	P	A	P	A	5(9)
16	CA. Raghavendra Puranik	Imm. Past President	P	P	P	P	P	P	P	P	P	P	P	11(11)

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 31-03-2018, on or before 11<sup>th</sup> July, 2018 to the Association address either by normal post or by e-mail.

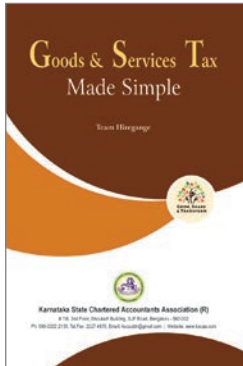
e-mail : [kscaabl@gmail.com](mailto:kscaabl@gmail.com) / [info@kscaa.com](mailto:info@kscaa.com)

### 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



## Goods & Services Tax Made Simple

– by Team Hiregange

### Feature:

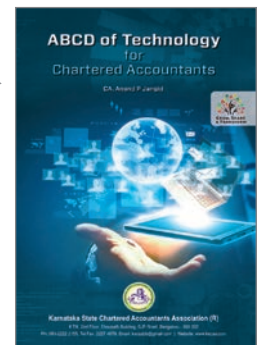
This booklet is an attempt towards providing you all a treatise of practical and procedural guidance on the subject using charts, schedules, tables and useful notes along with conceptual explanation. This book comes along with the CD comprising of Acts, Rules, Notifications, Minutes of GST Council meetings for better single point reference.

## ABCD of Technology for Chartered Accountants

– by CA. Anand P Jangid

### Feature:

The book expresses opinions and thoughts as to why everyone should stay familiar with fast phased technologies advancements to stay safe in this world. The field of artificial intelligence is moving so quickly that even experts are having trouble keeping up with rapid developments. Cyber attacks and breaches have grown have become a commonality. The book seeks to provide a clear picture on recent developments in technology.



# GUESTS & SPEAKERS FORUM





# GUESTS & SPEAKERS FORUM







# GLITTERING MOMENTS

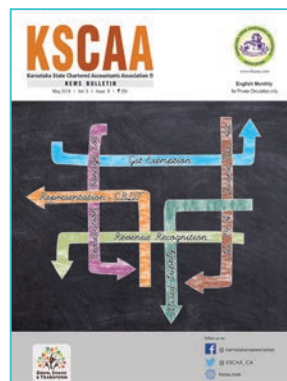
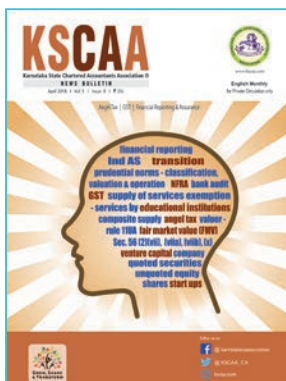
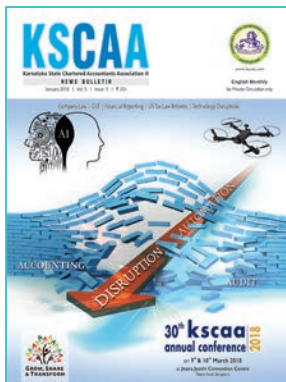
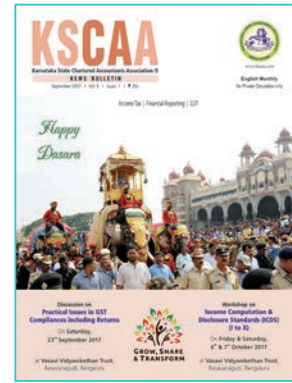
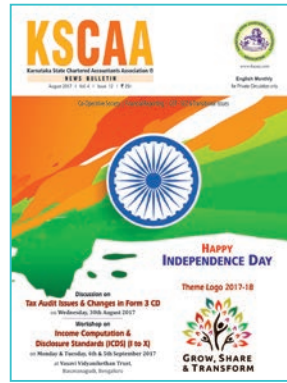




# GLITTERING MOMENTS









# FINANCIAL REPORTING AND ASSURANCE

CA Vinayak Pai V

## 1. Heads Up – Latest/Upcoming Changes

AS	
1	Accounting Treatment Of Increase In Liability Due To <b>Enhancement Of The Gratuity Ceiling</b> – AS 15 (FAQ)
2	AS 109 – <i>Financial Instruments</i>
IND-AS	
1	Accounting Treatment Of Increase In Liability Due To Enhancement Of The Gratuity Ceiling – <b>IND-AS 19 (FAQ)</b>
2	Guidance Note On <b>Accounting For Real Estate Transactions</b> (IND-AS) - Withdrawn
IFRS	
1	IASB Projects to support <b>Better Communication in Financial Reporting</b>
Company Law	
1	Revised <b>Schedule III (Division I)</b> to align with AS 109
Assurance	
1	FAQs on SA 570 (Revised) – <i>Going Concern</i>
2	Exposure Drafts of <b>Standards on Internal Audit</b> <ul style="list-style-type: none"> <li>• SIA – <i>Managing The Internal Audit Function</i></li> <li>• SIA – <i>Internal Audit Documentation</i></li> <li>• SIA – <i>Internal Audit Evidence</i></li> <li>• SIA – <i>Conducting Overall Internal Audit Planning</i></li> <li>• SIA – <i>Planning the Internal Audit Assignment</i></li> </ul>

## 2. IND-AS Transition Impact: A Case Study

The following case study of an **IND-AS first-time adopter** is based on published financial statements available in public domain.

Impact of IND-AS Transition			
	Equity	Revenues for the comparative period	Net Profits for the comparative period
Impact in comparison with reported numbers as per AS	Increase of <b>20.0%</b>	Increase of <b>5.3%</b>	Increase of <b>7.6%</b>

## Key Contributing Factors for IND-AS Impact:

- Under AS, **investments in fixed maturity plans/mutual funds** were classified as long-term/current investments. Long-term investments were measured at cost less provision for other than temporary decline in value of such investments. Current Investments were carried at lower of cost and fair value. Under IND-AS, these investments are measured at fair value.
  - Under AS, **debt instruments** were measured at cost including pre-acquisition interest impacting amortization of premium/discount on such investments. Under IND-AS, these investments are re-measured at cost excluding pre-acquisition interest.
  - Under AS, **sales tax deferral incentive** was recognized at cost. Under IND- AS, the financial liability of sales tax deferral is measured at fair value and the difference between deferral amount and fair value is recognized as government grant. The grant is recognized in the income statement on a straight line basis over the period of grant and unwinding of interest on fair value of deferral liability is recognized as finance cost.
  - Under AS, revenue from sale of products was presented exclusive of **excise duty**. Under IND-AS, revenue from sale of goods is presented inclusive of excise duty.
  - Under IND-AS, **re-measurements** i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss. Under the previous accounting framework, these re-measurements were forming part of the Statement of Profit and Loss for the year.
- ### 3. Accounting treatment of increase in liability due to enhancement of the gratuity ceiling
- Our Institute has issued a **FAQ** on the accounting treatment of increase in an entity's liability consequent to the enhancement of the gratuity ceiling from Rs. 10 lakhs to Rs. 20 lakhs, the salient aspects of which are summarized herein below.
- **Past service cost** is the change in the present value of the defined benefit obligation for employee service in prior

periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan).

- The increase in an entity's liability arising due to enhancement of gratuity ceiling from 10 to 20 Lakhs is a **past service cost** under both **AS** and **IND-AS** accounting frameworks.
- It may also be noted that the aforementioned accounting standards **do not provide** any **exemption/one time relief** with regard to the accounting treatment of increase in liability arising on account of past service cost.

#### 4. New Financial Instruments Standard (AS)

Our Institute has recently issued an exposure draft **AS 109 – Financial Instruments** that is modeled on Sections 11, 12 and 22 of the *IFRS for SME* literature. The said standard would be applicable for **non IND-AS companies**. The salient aspects of the exposure draft are discussed herein below.

- AS 109 would govern financial reporting of financial instruments **in lieu of AS 11 and AS 13**.
- A financial instrument is a **contract** that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- Financial instruments categorized into **basic financial instruments** and **other financial instruments**.
- Financial instruments are to be **measured initially at fair value** where the **fair value premise** is that of an **entry price** unlike IND-AS where it is an exit price.
- For an item **sold** to a customer **on extended credit terms**, a receivable is required to be **recognized at the current cash sale price** for that item. If the current cash sale price is not known, it may be estimated as the present value of the cash receivable discounted using the prevailing market rate of interest for a similar receivable.
- Classification drives **subsequent measurement** and the classification of financial assets and liabilities are as follows:
  - Classification of **financial assets**
    - Financial assets at FVTPL
    - Financial assets at amortized cost
    - Financial assets measured at cost less impairment
  - Classification of **financial liabilities**
    - Financial liabilities at FVTPL

- Financial liabilities at amortized cost
- Loan commitments at amortized cost
- Section A requires amortized cost method to be applied for all basic financial instruments except for Investments in Equity Instruments, Non-convertible Preference Shares and Units of Mutual Funds.
- Investments in Equity Instruments, Non-convertible Preference Shares and Units of Mutual Funds held for trading are measured at Fair Value through Profit or Loss and said instruments not held for trading are measured at Cost less Impairment.
- The Effective Interest Method (EIM) is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.
- If any entity decides not to use hedge accounting, it should account for its derivatives at fair value with changes in fair value being recognized in the statement of profit and loss.
- At inception of a hedge, formal documentation of the hedge relationship must be established.
- An entity shall classify a financial instrument as a financial liability or as equity in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.
- More comprehensive disclosure requirements mandated including disclosures related to defaults on loans.

#### 5. New Revenue Recognition Standard – Step 2

The MCA vide Notification dated March 28, 2018 issued IND-AS 115 – **Revenue From Contracts With Customers** that is effective from April 1, 2018. The new revenue recognition standard is based on a **transfer of control** model with the core principle being that an entity recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for such promised goods and services.

IND-AS 115 requires a 5-Step approach to revenue recognition. In the **Second step**, a reporting entity is required to identify the performance obligations in the contract. The salient aspects of **Step 2** are summarized herein below.

- At contract inception, assessment needs to be carried out to identify performance obligations in the contract.
- Performance obligations are promises to transfer to the customer either goods or services that are distinct or a series of goods or services that are substantially the same and have the same pattern of transfer to the customer.



- A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.
- Performance obligations identified in a contract with a

customer may not be limited to the goods or services that are explicitly stated in that contract.

- Performance obligations do not include activities that an entity must undertake to fulfil a contract unless those activities transfer a good or service to a customer.

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vinayakpaiv@hotmail.com



### OBITUARY

We deeply regret to inform sad demise of



Past President - 1990-91,  
Karnataka State Chartered Accountants Association  
**CA. N.C. Sundara Raghavan**  
on 17-05-2018



**CA. Tarachand Mehta**  
on 23-04-2018



**CA. Jugraj Dhanraj Lodha**  
on 05-06-2018

*May their soul rest in peace.*



## ANALYSIS OF EXEMPTION FROM GST ON SUPPLY OF SERVICES: NOTIFICATION NO. 12/2017 CENTRAL TAX(RATE) DATED 28.06.2017 –TRAINING SERVICES



**CA Raghavendra C R**, B.com, FCA, LLB, Advocate and **CA Bhanu Murthy J S**, B.com, FCA, LLB, Advocate

In this write up the emphasis is on analysis of exemptions related to training activity. The relevant entries from Notification 12/2017 CT(R) dt. 28.06.2017 is reproduced for the sake of easy reference:

Sl No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
67	Heading 9992	Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme: - (a) two years full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT) conducted by the Indian Institute of Management; (b) fellow programme in Management; (c) five years integrated programme in Management.	Nil	Nil
69	Heading 9992 or Heading 9983 or Heading 9991	Any services provided by, - (a) the National Skill Development Corporation set up by the Government of India; (b) a Sector Skill Council approved by the National Skill Development Corporation; (c) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (d) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to-  (i) the National Skill Development Programme implemented by the National Skill Development Corporation; or (ii) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (iii) any other Scheme implemented by the National Skill Development Corporation.	Nil	Nil
70	Heading 9983 or Heading 9985 or Heading 9992	Services of assessing bodies empanelled centrally by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under the Skill Development Initiative Scheme.	Nil	Nil
71	Heading 9992	Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India by way of offering skill or vocational training courses certified by the National Council for Vocational Training.	Nil	Nil
72	Heading 9992	Services provided to the Central Government, State Government, Union territory administration under <b>any training programme</b> for which total expenditure is borne by the Central Government, State Government, Union territory administration.	Nil	Nil

Analysis of the Exemptions related to training services under GST



**1. Entry 67 - Services provided by the Indian Institutes of Management:**

- a) This entry exempts the services provided by the Indian Institutes of Management (IIM) to its students, in respect of certain specified management programmes.
- b) List of management programmes covered under the exemption are as below:-
  - i) Two year full time Post Graduate Diploma in management and the admissions for such diploma is through the Common Admission Test(CAT) conducted by the IIM.
  - ii) Fellow programmes in management
  - iii) Five year integrated programmes in management
- c) IIM's also provides executive development programmes to students which are not covered under this exemption entry .
- d) It shall be noted that in the erstwhile service tax regime, similar exemption was provided to S. No. 14 (ca) of notification No. 25/2012-S.T. While introducing the said exemption, vide DOF No.334/8/2016-Tru dated 29.02.2016, the Central Board of Indirect Taxes (CBEC then) clarified that the post graduate programs and fellowship programmes are equivalent to MBA and Ph. D degrees and are recognised by Ministry of HRD and association of universities.
- e) It is to be noted that once the programmes offered by IIM qualify to be qualification recognised by law (as clarified in the circular), the IIMs would qualify to be 'educational institution' and in turn exemption under entry 66 would be eligible.

Therefore, a view is possible that IIM would qualify as an 'Educational Institution' as per definition of the term 'Educational Institution' as it is providing services as part of curriculum for obtaining qualification recognised by law and all service (other programmes) by IIM to its students would be exempt under GST.

**2. Sl.no 69 – Services provided by NSDC and other skill development training:**

- a) This entry covers the exemptions related to various skill development programmes provided by the specified skill development corporations.
- b) The specified skill development corporations which are eligible for are as follows:
  - i) National Skill Development Corporation (NSDC)

- ii) Sector skill council approved by NSDC
- iii) Assessment agency approved by sector skill council or NSDC
- iv) Training partners approved by NSDC or sector skill council
- c) However, training partners are eligible to exemption only if the skill development programmes are in relation to: -
  - i) National skill development programme implemented by NSDC
  - ii) Vocational skill development course under the National skill certification and monetary reward scheme.
  - iii) Any other schemes to be implemented by NSDC alone.
- d) Essentially this clause has an emphasis for exemption towards services by those approved corporations and approved programmes by the NSDC.
- e) Similar exemption was there under erstwhile service tax legislation vide entry 9A of notification no. 25/2012 ST

**3. Sl.no 70 - Services provided by bodies empanelled by the Directorate General of Training, Ministry of Skill Development and Entrepreneurship**

- a) Vide this entry services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship are being exempted from GST
- b) Similar exemption was there under service tax regime vide entry 9C of notification No. 25/2012 ST.

**4. Sl.no 71 - Services provided by training providers under Deen Dayal Upadhyaya Grameen Kaushalya Yojana**

- a) This entry exempts services provided by training providers (termed as Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana implemented by the Ministry of Rural Development, Government of India.
- b) Nature of services being, offering skill or vocational training courses certified by the National Council for Vocational Training.
- c) Approved vocational education course is defined to mean: -
  - (i) a course run by an industrial training institute or an industrial training centre affiliated to the National

Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or

(ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship.

**5. Sl.no 72 – Services provided to Central Government, State Government and UTs:**

a) This entry exempts the services in provided under **any training programme** to the Central Government, State Government and Union Territory.

- b) The services is eligible to exemption if the expenses towards such programmes are incurred by the Central Government, State Government and Union Territory.
- c) It shall be noted that the notification uses words '*services--- under any training programme*'. Hence it appears that the exemption is not restricted to training services but all services under the said training programme.
- d) This exemption is newly inserted in GST which was not existed in the erstwhile services tax.

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## **PETROL, DIESEL ETC. AGAINST FORM C - POST GST**

*(Contd. from page 8)*

subject to GST and not CST anymore. In this regard, many State governments (Orissa, Chattisgarh and Andhra Pradesh etc.) issued circulars stating that dealers who are engaged in re-sale or processing of petroleum goods and alcohol liquor are allowed to procure goods under concessional rate of 2%. It is also clarified that in all other cases, CST registration is not available.

If one were to observe Section 8(3), goods could be procured at concessional rate for generation of electricity as well and it is not specified that such electricity needs to be used for processing of goods which are subject to CST. Similar case for mining activity as well. Therefore, it could be safely argued that a dealer should be allowed to procure the petroleum goods for generation of electricity or for mining which could be further used for processing of GST goods. It is also important to note that the CST registration does not cease to exist because of introduction of GST law as CST law continues to be valid till completely repealed.

This view is further supported by the latest decision of the Chattisgarh High court in *Shree Raipur Cement Plant Vs. Commissioner, Commercial tax department 2018 (5) TMI 1494* where the court held that Form C cannot be denied for diesel procured for use in limestone mining activity which would be used in manufacturing cement. It was even ordered to enable the websites to generate the forms.

EOUs could still explore the option of procuring the goods against form-C and claim refund of CST paid from development commissioner. SEZ units or developers could procure the petroleum goods against form-I claiming full exemption of CST for use in manufacture, processing or setting up of unit etc.

### ***Representation or writ petition for allowing form-C***

Most of the VAT / CST websites of various states have disabled the option of generating form-C to procure goods at concessional CST. Even the intention could be to discourage buying the petroleum goods at 2%. Dealers could assess their procurements and tax amounts involved. If savings are substantial, then dealers could approach the VAT office for issue of forms for concessional procurements. In case of denial of forms, a writ petition could be filed with High Court. Such writ petition could even be filed from industrial association to reduce the litigation cost.

### ***Conclusion***

It is interesting to note that the VAT rate on petrol varies from 25% to 39% in various states whereas VAT rate on diesel is in the range of 20% to 28%. Procuring the goods from other State borders could reduce the cost of production as tax rate can be maximum of 2%. The professionals could identify the clients where there is high consumption of petroleum for generation of electricity to suggest for form-C procurement of goods. This could add good value to the clients as well.

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# KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

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

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, 2<sup>nd</sup> 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 2018-19 to be held during the 45<sup>th</sup> Annual General Meeting on Saturday, the 21<sup>st</sup> of July 2018.

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 Saturday, 7<sup>th</sup> July, 2018**
- Last date of withdrawal of the nominations: **Before 5.00 pm on Thursday, 12<sup>th</sup> July, 2018**
- Announcement of final list of candidates contesting for election: **At 6.00 pm on Thursday, 12<sup>th</sup> July, 2018**
- The Final list of the Candidates shall also be uploaded at our website [www.kscAA.com](http://www.kscAA.com)



# KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

# 7/8, 2nd Floor, Shoukath Building, SJP Road, Bangalore 560 002

Ph: 080-2222 2155 | Telefax: 080-2227 4679 | email: kscaabl@gmail.com | Website: www.kscaa.com

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Father's Name \_\_\_\_\_

Mother's Name \_\_\_\_\_

Spouse Name \_\_\_\_\_

Membership No. of ICAI \_\_\_\_\_ Date of Registration with ICAI \_\_\_\_\_

Name of the Organisation \_\_\_\_\_

Status (Prop. / Partner / Employee) \_\_\_\_\_

Communication Address (Please tick) Office  Residence

Office Address \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

Residential Address \_\_\_\_\_

Educational Qualifications \_\_\_\_\_ Date of Birth \_\_\_\_\_ Blood Group \_\_\_\_\_

I am enclosing herewith Cash/Cheque/DD bearing No. \_\_\_\_\_ Dated \_\_\_\_\_ for Rs. \_\_\_\_\_

Date \_\_\_\_\_ Place \_\_\_\_\_ Signature \_\_\_\_\_

Proposed by Name \_\_\_\_\_ KSCAA Membership No. \_\_\_\_\_ Signature \_\_\_\_\_

Seconded by Name \_\_\_\_\_ KSCAA Membership No. \_\_\_\_\_ Signature \_\_\_\_\_

## Membership Fee Details

Fee Payable	Ordinary Member	Life Member		Institutional Member
		Enrolment with ICAI		
		Less than 5 Years	5 years & above	
a. Entrance Fee	100	100	200	200
b. Yearly subscription	500	-	-	-
c. Life-Membership	-	1,000	2,000	5,000
Total	600*	1,100*	2,200*	5,200*

1. Cheque/Draft/Bank Transfer may be drawn in favour of 'KSCAA'. Outstation payment by Demand Draft only.

2. The Subscription for the financial year becomes payable before 31st March every year.

3. Every member shall intimate, from time to time, all changes in their address and other particulars to be entered in the Register relating to them.

4. Enclose photocopy of ICAI Membership Certificate.

\*Plus applicable GST

Mail to

Chairman, Membership Development Committee

KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION, # 7/8, 2nd Floor, Shoukath Building, SJP Road, Bangalore 560 002

## FOR OFFICE USE ONLY

Admitted at the Meeting of the Executive Committee held on \_\_\_\_\_

Membership No. Allotted \_\_\_\_\_

President \_\_\_\_\_ Secretary \_\_\_\_\_



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