

KSCAA

Karnataka State Chartered Accountants Association ®

NEWS BULLETIN

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English Monthly
for Private Circulation only

Ind AS 103 | GST | Financial Reporting | Indirect Taxes | Direct Taxes

GST

You know series



SPORTS AND TALENT MEET

CRICKET & VOLLEY BALL LEAGUE

on Sunday, 13th November, 2016

TALENT MEET

On Sunday, 20th November 2016

INTERNATIONAL TOUR

19 January 2017

Hong Kong – Macau

Details Inside ►



From the President



Dear Members,

I hope this message finds you enjoying the festive season and looking forward to some relaxing

days after hectic audits days. As the tax audits draws to a close, it is worth looking back and noting efforts and satisfactions we had in these audits. Deepavali, the festival of lights and the festival of happiness is here again to celebrate with great grandeur and excitement. Despite worships and lighting home, this biggest Indians festival Deepavali is the excellent time for family get-together. People residing at any part of the country, get down to hometown to celebrate the cheerful festival of Deepavali with family members, friends as well as close and dear ones. May the festival of lights be the harbinger of joy and prosperity. As the holy occasion of Deepavali is here and the atmosphere is filled with the spirit of mirth and love, here's hoping this festival of beauty brings your way, bright sparkles of contentment, that stay with you through the days ahead.

The government has complimented Chartered Accountants for a very successful implementation of the Income Declaration Scheme (IDS). The final outcome of the declarations was significantly higher than the initial estimates and was a result of sustained, relentless efforts of tax officials and tax professionals. As a result, the tax treasuries will swell by nearly Rs 29,000 crores, hopefully, without impacting the current collections. But more important fact is that we have a sizeable segment of the economy now moving into the mainstream and yielding legitimate income, which will be taxed year on year. One can keep drawing parallels with the past schemes, debate whether the outcome could have been better, but the key significance of the success of the IDS is the lessons and the learnings it provides to us and the Government towards handling black money.

The important 3-day meeting of GST Council is scheduled on 18th October. It is expected that at the end of this meeting, consensus would have arrived on GST Rate and issues like compensation formula. With the finance ministry setting 22nd November as the deadline for building consensus on all the issues in the Council, this meeting is significant as it will decide on the most crucial aspect of tax rate that will have a bearing on the common man. The meeting will also

deliberate on the vexed issue of the Centre retaining power to assess 11 lakh service tax filers under the new dispensation.

Programs for the month

Basavanagudi CPE study circle is organizing, two CPE events. Choosing Right entity for NPO/NGO, Documentation, Registration & other requirements is scheduled on 21st October and Transfer Pricing Documentation is postponed to 26th October due to extension of tax audits due date.

KSCAA organizes much awaited Sports and Talent Meet jointly with Bangalore Branch of SIRC on 13th November and 20th November. We have added more sports in this year's event. To your surprise we have included athletics from this year. Enthusiastic participants can register soon to organize the event even better. Details of the event is published elsewhere in the news bulletin.

International Tour to Hong Kong and Macau is organized for the benefit of members and their family in the month of January jointly with Bangalore Branch of SIRC of ICAI. As limited seats available and closing date is fast approaching, request you to register at the earliest. Please visit our website for detailed itinerary.

You know series introduces CA. Aishwarya Nityananda, a prolific multifaceted talent of our fraternity. We also proud that she is the daughter of our most learned Chartered Accountant, Sri. N Nityanand. We wish all the best in her endeavor and hope her to achieve greater success in field.

Wishing you all a happy and prosperous Deepavali, Muharram and Guru Nanak Jayanthi.

At the end, the message of Benjamin Franklin is worth remembering on happiness :

“The Constitution only gives people the right to pursue happiness. You have to catch it yourself.”

Always at your service

CA. Raghavendra Puranik
President

KSCAA

News Bulletin

October 2016

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

email: kscabl@gmail.com

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You know series

CA. Aishwarya Nityananda - Passionate about Bharathanatyam

A well known Bharathanatyam Artist Aishwarya is a Chartered Accountant and Information Systems Auditor by qualification. Aishwarya Nityananda is the daughter of CA N.Nityananda and Veena Nityananda. She started her pursuit at the tender age of 4 years in the field of art and culture. She is an A grade artist of the Doordarshan Kendra, a first rank holder in the Bharathanatyam Vidwath examination and a recipient of 'Sangita Kousthubha' Vidwath qualification in Carnatic music.

Aishwarya Nityananda is one among the most inspired and dedicated Bharathanatyam exponents who has been training this divine art form under the able guidance of renowned Guru Smt Radha Sridhar, Bangalore. She has also been training in Carnatic music under Guru Vasantha Madhavi.

Aishwarya has performed extensively giving over 500 performances all over India and abroad enthraling audiences with her soul stirring performances. Her presentations have been highly commended by art lovers and the media. She has exhibited her versatility by donning the protagonist roles in various dance productions such as 'Hanumadvilasa', 'Mohini Bhasmasura', 'Kaliya Mardhana', 'Geetha Govinda', 'Koloora Kodagusu' and many more. Aishwarya has also proved herself as a creative choreographer by holding the art connoisseurs' in thrall in her dance productions such as 'Sri Guru Vandana', 'Sri Krishnam Vande Jagadgurus', 'Ayodhya Kanda-Ramayana', 'Soundarya Lahari', etc. Notable amongst Aishwarya's initial performances include the performance at Chowdiah Memorial Hall under the banner of Karnataka State Chartered Accountants' Association and also the inaugural dance performance at Nimhans Auditorium in the Annual Conference of KSCAA, which she fondly remembers.

Some of her most prestigious performances include being India's cultural ambassador in the program 'Music for Cultural harmony' on the occasion of the 16th Asian Games at Guangzhou, China, 'Dasa Bharatham' festival at Narada Gana Sabha, 'Spirit of Youth Festival' at the Music Academy, 'Vipanchee Art Festival', India International Centre and India Habitat Centre-New Delhi, 'Karnataka Utsav', Mysore Dassera Mahotsav, Tirupati Brahmotsavam, Hampi Utsav and many more.

The Indian Council for Cultural Relations [ICCR] has empanelled Aishwarya in its list of performing artists of classical dance for the Indian cultural missions and festivals abroad. She was featured in INDIA TODAY's anniversary edition on YOUNG LEADERS OF TOMORROW in diverse fields from politics to Sports to art and culture, as one among top three in the field of classical dance. She is one of the few artists who has been featured in the book on Classical dance 'Attendance' by renowned art critic and dance historian Prof Sri Ashish Mohan Khokar as India's most promising dancer in the generation next. She was also featured in the All India CA Students' Journal.

Some of the awards and honours that Aishwarya has received include 'MGR Award' by Music Academy Chennai, 'Natya Kala Vipanchee' Award, 'Kishora Prathibha' Award, 'Aryabhata' Award, 'Dr Pandit Puttaraja Gavai' youth award, Rotary Young achievers award, 'Bharathanatyakala Seva Thilakam' award and many more.

BASAVANAGUDI CPE STUDY CIRCLE

CPE Workshops for the month of October 2016

**Lecture Meeting on
"Choosing Right entity for NPO/NGO, Documentation,
Registration & other requirements"**



by CA. Dr. N Suresh

on **Friday 21st October 2016** at 5:00 PM to 8:00 PM

Reg. Fees: Rs. 200/- Member, Rs. 250/- Non-Member



**Lecture Meeting on
"Transfer Pricing Documentation"**



by CA. K L Prashanth

on **Wednesday 26th October 2016** at 5:00 PM to 8:00 PM

Reg. Fees: Rs. 200/- Member, Rs. 250/- Non-Member



Venue: Vasavi Vidyanikethan Trust (VVN),

No: 3, Vani Vilas Road, VV Puram, Basavanagudi- Bangalore-560 004

Reg. Fees payable by cash/cheque drawn on
BASAVANAGUDI CPE STUDY CIRCLE.

Registration is restricted to first 60 members.

For Registration : send confirmation mail to
basavanagudicpe@gmail.com / kscaabl@gmail.com

Contact Persons:

CA Maddanaswamy - 93412 14962 , CA Raghavendra T N- 98801 87870

Delegates can send their Queries by e-mail.

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IND AS 103 – BUSINESS COMBINATIONS

CA. S. Krishnaswamy

1. The new Ind AS 103 (Replacing AS 14)
2. Companies Act, 2013 – Sections 230 to 240.
Mergers and De-mergers --- Other Arrangements
Buyback reference to Section 68.
 - a) Acquisition – Listed Companies to follow SEBI Regulation.
 - b) Unlisted Companies – Grievance Redressal under the Act.
3. Income Tax Act, 1961.
 - a) Exemption from Capital Gains Tax- not a transfer.
 - b) Demerger also covered.
4. Karnataka Stamp Act.

Introduction:

Ind AS 103 deals with accounting treatment of mergers as well as acquisitions. The Companies Act, 2013 deals with mergers in Section 230 to 240, lays down the legal processes to be complied with. SEBI as the oversight regulator of capital markets and investor protection enforces disclosures through Clause 24(f) of the Listing Agreement and expects the Stock Exchanges to monitor compliance with disclosure requirements. SEBI, in respect of listed companies, has issued a regulation called the Takeover Code which will regulate all acquisitions as distinguished from mergers. The Income Tax Act exempts merger and demerger transactions from capital gain tax. The Karnataka Stamp and Registration Act levies tax on the transaction.

Ind AS 103 deals with Business Combinations. It classifies its elements in the following paragraphs:

1. Scope
2. Identifying a Business Combination
3. Acquisition method, Date, Recognition
4. Measurement and Principles of the acquired assets and liabilities and any non-controlling interest in the acquirer, classification- Fair Value Method as against pooling under the present standard to be adopted.
5. In an appendix is given, A) Definitions. B) Application guidance. C) Business combination of entities under common control, CDS Cross reference to other Accounting Standard (Ind AS 10), these form a part of the standard (Ind AS 110).
6. Comparison with IFRS 3- Business Combination.
Thus, Ind AS 103 is more comprehensive both in its content and guidance on application.

Identifying a Business Combination:

An entity shall determine whether a transaction or other event is a business combination by applying the definition in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition.

Acquisition method:

Applying the acquisition method requires:

- a) Identifying the acquirer;
- b) Determining the acquisition date;
- c) Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non- controlling interest in the acquire; and
- d) Recognizing and measuring goodwill or a gain from a bargain purchase.

Acquirer:

- For each business combination, one of the combining entities shall be identified as the acquirer.
- The guidance in Ind AS 110 shall be used to identify the acquirer—the entity that obtains control of another entity, i.e., the acquiree.

Measurement Period:

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete.

Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition principle:

- As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.
- At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and the liabilities assumed as necessary to apply other Ind ASs subsequently. The acquirer shall make those classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

Measurement principle—The concept of Fair Value is introduced as against the Pooling Method:

The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Disclosures:

The acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:

- a) During the current reporting period; or
- b) After the end of the reporting period but before the financial statements are approved for issue.
- c) The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognized in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods.

Important Definitions:

- 1. **Business Combination:** A transaction or other event in which an **acquirer** obtains control of one or more **businesses**. Transactions sometimes referred to as ‘true mergers’ or ‘mergers of equals’ are also **business combinations** as that term is used in this Ind AS.
- 2. **Fair value:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 3. **Goodwill:** An asset representing the future economic benefits arising from other assets acquired in a **business combination** that are not individually identified and separately recognized.
- 4. **Acquiree:** The business or businesses that the **acquirer** obtains control of in a **business combination**.
- 5. **Acquirer:** The entity that obtains control of the **acquiree**.

It also provides for:

- 1. A business combination achieved in stages.
- 2. A business combination achieved without the transfer of consideration.

Companies Act, 2013:

- 1. In the case of merger (referred to as “Power to compromise or make arrangements with creditors and members”) Section 230 requires an application to be made to the National Company Law Tribunal (NCLT) along with:
 - a) All material facts relating to the company, such as the latest financial position of the company, the latest auditor’s report on the accounts of the company and the pendency of any investigation or proceedings against the company;
 - b) Reduction of share capital of the company, if any, included in the compromise or arrangement;

- c) Any scheme of corporate debt restructuring consented to by not less than seventy-five percent of the secured creditors in value, including—
 - i) A creditor’s responsibility statement in the prescribed form;
 - ii) Safeguards for the protection of other secured and unsecured creditors;
 - iii) Report by the auditor that the fund requirements of the company after the corporate debt restructuring as approved shall confirm to the liquidity test based upon the estimates provided to them by the Board;
 - iv) Where the company proposes to adopt the corporate debt restructuring guidelines specified by the Reserve Bank of India, a statement to that effect and
 - v) A valuation report in respect of the shares and the property and all assets, tangible and intangible, movable and immovable, of the company by a registered valuer.
- 2. Meeting proposed by an order of Tribunal – following procedures is prescribed:

A notice of such meeting shall be sent to all the creditors or class of creditors and to all the members or class of members and the debenture—holders of the company, individually at the address registered with the company which shall be accompanied by a statement disclosing the details of the compromise or arrangement, a copy of the valuation report, if any, and explaining their effect on creditors, key managerial personnel, promoters and non-promoter members, and the debenture—holders and the effect of the compromise or arrangement on any material interests of the directors of the company or the debenture trustees, and such other matters as may be prescribed.

A notice of such meeting shall also be placed on the company’s website. Any advertisement in this regard shall indicate the time within which copies of the compromise or arrangement shall be made available to the concerned persons free of charge from the registered office of the company.

Voting at the meeting –

- 1) In person
- 2) By proxy or
- 3) Postal Ballot

Objections to the scheme:

“Any objection to the compromise or arrangement shall be made only by persons holding not less than ten percent of the shareholding or having outstanding debt amounting to not less than five percent of the total outstanding debt as per the latest audited financial statement.”

Notice of the meeting shall also be sent to the Central Government, the income-tax authorities, the Reserve Bank of India, the Securities and Exchange Board, the Registrar,

the respective stock exchanges, the Official Liquidator, the Competition Commission of India established under sub-section (1) of section 7 of the Competition Act, 2002 (12 of 2003), if necessary, and such other sectoral regulators or authorities which are likely to be affected by the compromise or arrangement and shall require that representations, if any, to be made by them shall be made within a period of thirty days from the date of receipt of such notice, failing which, it shall be presumed that they have no representations to make on the proposals.

Any compromise or arrangement may include takeover offer made in such manner as may be prescribed:

Provided that in case of listed companies, takeover offer shall be as per the regulations framed by the Securities and Exchange Board.

Income Tax Act, 1961:

Definition:

a) **Amalgamation** : “Amalgamation” in relation to companies, means the merger of one or more companies with another company or the merger of two or more companies to form one company (the company or companies which so merge being referred to as the amalgamating company or companies and the company with which they merge or which is formed as a result of the merger, as the amalgamated company) in such a manner that—

- i) All the property of the amalgamating company or companies immediately before the amalgamation becomes the property of the amalgamated company by virtue of the amalgamation
- ii) All the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation;
- iii) Shareholders holding not less than [three-fourths] in value of the shares in the amalgamating company or companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the amalgamated company or its subsidiary) become shareholders of the amalgamated company by virtue of the amalgamation,

Otherwise than as a result of the acquisition of the property of one company by another company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first-mentioned company

a) **Resulting company**: “Resulting company” means one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger and, the resulting company in

consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company and include any authority or body or local authority or public sector company or a company established, constituted or formed as a result of demerger;]

Capital Gain Exemption:

Section 47 of the Income Tax Act in sub-section (vi) to (vie) by not treating transactions emerging from an amalgamation or demerger as not transfer exempts it from capital gains tax both in the hands of company and shareholder.

SEBI (SECURITIES EXCHANGE BOARD OF INDIA):

1. Clause 24(f) : Listing Agreement

The company agrees that it shall file any scheme/petition proposed to be filed before any Court or Tribunal under sections 391, 394 and 101 of the Companies Act, 1956, with the stock exchange, for approval, at least a month before it is presented to the Court or Tribunal.-----

2. (SEBI) Substantial Acquisition of Shares and TakeOver Regulations as amended from time to time. It applies to Acquisition of listed companies. The object is to ensure level playing ground and protection of investors who sell their holdings.

KARNATAKA STAMP ACT,1957:

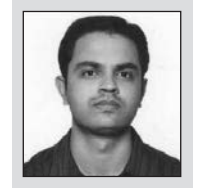
If relating to an order made by the High Court under Section 394 of the Companies Act, 1956 in respect of amalgamation of companies—Ten percent of the aggregate market value of shares issued or allotted in exchange or otherwise and the amount of consideration paid for such amalgamation. Provided that, the amount of duty chargeable under this clause shall not exceed.

- a) An amount equal to 7 percent of the market value of the immovable property located within the State of Karnataka of the transferor company; or
- b) An amount equal to 0.7 percent of the aggregate of the market value of the shares issued or allotted in exchange or otherwise and the amount of consideration paid for such amalgamation, whichever is higher: Provided further that, in case of reconstruction or demerger the duty chargeable shall not exceed,--
 - i) An amount equal to 7 percentum of the market value of the immoveable property located within the State of Karnataka transferred by the Demerging Company to the Resulting Company, or
 - ii) An amount equal to 0.7 percentum of the aggregate of the market value of the shares issued or allotted to the resulting company and the amount of consideration paid for such demerger whichever is higher."

*Author can be reached on
e-mail: skcoca2011@yahoo.in*



GST – IMPACT ON PROCUREMENTS FOR MANUFACTURERS



CA. Madhukar N Hiregange and CA. Mahadev R

The Government of India along with the States have moved very fast in last couple of months to roll out GST law from 01.04.2017. Latest being forming of GST council, rules, FAQs etc. could certainly make the GST introduction reality. The business community along with professionals have to analyse the GST impact on pricing policies, various business functions such as sales, procurement, cash flow, its internal control system and IT systems. In this article, we analyse the impact on procurements for manufacturers.

In most of the industries the materials cost would normally be substantial between 50-70%. Therefore, would influence management decisions such as product pricing, outsourcing, import vs domestic procurement, vendor selection etc. Some possible impacts of GST on procurement portion for a manufacturing industry are as under:

Impact on initial cash outflow

The expected standard GST rate of 18- 20% on goods and services would have an impact on initial cash outflow. The impact could be both positive and negative. The cash outflow could reduce in case of purchase of goods where presently around 28% (ED 12.5% + VAT 15%) is being paid. Further the CST 2% cascading and the credit restriction in some States for stock transfer would add to the tax cost presently. Stock transfer liable to GST being interstate or between different verticals within a State would add to the working capital requirement. This is only if purchases are from compliant vendors and credit was matched. In case of services cash flow would increase as presently 15% or abated values.

In cases like iron / steel goods, packing materials which presently enjoy the benefit of concessional rate of tax wherein overall tax rate is less than 20%, the cash outflow could increase. For example, packing carton boxes are liable for 6% ED and around 5.5% VAT in most states which accounts to not more than 12% tax. There could also be a scenario where presently goods completely exempted but would be taxable in GST regime leading to extra cash outflow. Proper planning for purchases is essential considering various factors. Few of them could be as follows:

- a) Requirement of revision of EOQ levels based on cash flow impact and impact on sales if any. The dismantling of check posts would lead to reduction in the transit time.

- b) Negotiation of price with vendors as there is a possibility of reduction in cost of production for manufacturing sector by 5-7% generally.
- c) Revision in purchase / procurement budgets.
- d) Considering the cash flow impact on working capital management.

Reduction in Cost of inputs

Nearly 60% to 70% of total production cost could compromise of material cost in most of the manufacturing industry. Generally, the manufacturers procure required inputs either from producers or dealers located within State or outside State. There could be reduction in cost of materials in GST due to following reasons:

- a) *No more Entry tax payments*

In case of few states like Karnataka, Orissa, West Bengal, there is a levy of entry tax on specified goods entered into the state. In Karnataka, the entry tax rate is 2% on machineries and its parts. On petroleum products, the levy is 5% on purchase price. The entry tax paid is not eligible for input setoff as well. This levy is increasing the cost of materials procured. In GST regime, abolition of entry tax/ octroi/ local body tax would result in decrease in cost of procurement.

- b) *Procurement from non-excise dealers*

In case of goods procured from dealers other than first / second stage dealer, buyer can avail only VAT credit. Dealer would have procured goods from manufacturers / imported on payment of duties. If the dealers are not passing on the benefit of taxes paid, then the same would add to purchase cost. In GST, this scenario would not arise as dealers would be eligible take all credits and pass on the same to buyers.

c) Eligibility of credit on interstate purchases

Goods purchased from manufacturers or dealers from other states are liable to CST at the rate of 2% with C form or equal to local VAT rate without C form. In present IDT system, the CST paid is not eligible for credit. In GST, the supply of goods and or services in the course of interstate trade or commerce is liable for IGST. The amount paid by the purchaser towards IGST can be claimed as input credit. This would reduce the procurement cost for manufacturers.

Tax levy on purchases from unregistered dealers

On goods procured from unregistered persons, there is a need to pay VAT in all the states which would be eligible as credit provided the goods are used in relation to saleable goods.

In GST regime, it is not clear if this is going to be continued as number of unregistered dealers would get reduced substantially due to lower exemption limit. However, there could be a GST levy even on procurement of services from unregistered dealers. Therefore, planning should be made to avoid purchases from unregistered dealer which otherwise could increase the cost of compliance.

Procurements from composition dealers to be avoided

Under the present VAT regime, the tax paid on purchase of goods from composition dealers would not be eligible for input credit. Even in GST regime, the composition scheme would continue. The tax cannot be collected by the seller and therefore, there is no question of credit for the buyer of goods. However, due to ineligibility of credit on purchases, the cost of sales for composition dealer would increase. There is a need to reduce / completely avoid procuring goods from composition dealers in GST regime. However, this decision should be taken considering other factors such price of goods, necessity of goods etc.

Screening/ grading of suppliers

Presently, the credit of excise duty and VAT (though questioned in few states) paid on purchases would be eligible as credit if goods are received and put to use in business. Generally, it is not the responsibility of the buyers to ensure tax payment by the suppliers to the Government. To this understanding, there are exceptions in States like Delhi and Tamilnadu where the credit of VAT would not be eligible for the buyer of goods unless the taxes are paid by the seller to the Government. This very poor practice has now been extended to whole of India.

However, in GST regime, the credit would be eligible for buyers only if suppliers have paid their taxes properly and filed the return accurately and in time. The concept of matching credits has been introduced. Any default in tax payment by suppliers

would make buyers ineligible for credits. Therefore, screening of suppliers would be critical. There would be a compliance grading. Therefore lower graded dealers / suppliers should be avoided. In present regime some States have a black list of dealers. Dealers who do not issue proper invoices should also be avoided by the manufacturers.

Planning of purchases during transitional phase

In transitional phase, there would be a need for good planning to ensure that maximum credit benefit is availed. The important factors to be considered are as follows:

- a. Timing of purchase – Manufacturers need to plan the time of purchase during transition phase considering the credit eligibility. For example, interstate purchases which suffer 2% CST could be delayed as CST is not eligible as credit. Similarly, entry tax impact could also be considered especially in case of machineries imported or procured from other states. Procurements after GST introduction would not be leviable to entry tax. Goods ineligible for credits under IDT and GST could be procured in GST regime with lesser tax.
- b. Purchase from unorganized dealers – Purchases from unorganized dealers should be reduced. Dealers who are not regular in their tax payments, black listed dealers, dealers who do not issue proper invoices should be strictly avoided.
- c. Vendors with multiple locations – It is necessary to ascertain if vendors could supply the goods from locations within the state instead of locations outside the state to avoid payment of CST which is ineligible. For this purpose, the transportation cost should also be factored in.
- d. Contracts / agreements to be revised – All the contracts including purchase orders would have to undergo amendment to include GST clause.
- e. Negotiation of price – Prices agreed as per the contracts should be renegotiated as the cost of manufacturing could reduce for the suppliers.

Conclusion

The points discussed above are only illustrative and list can go on when we analyse the impact in depth. An initial impact study is a tool which could help the business community and professionals to understand the impact of GST on various business functions. A stitch in time saves nine.

*Authors can be reached on e-mail:
madhukar@hiregange.com or mahadev@hiregange.com*



COMPARISON OF DRAFT GST RULES 2016 WITH PROCEDURES UNDER KVAT LAW

CA. Sanjay Dhariwal and CA. Annapurna Kabra



The Government had released documents in October 2015 outlining four processes under GST regime i.e Registration, Payment of tax, Returns and Refunds. The Draft GST Rules and Formats pertaining to registration, payment, invoice, returns and refund got approved by GST Council in its second meeting on 30th September 2016.

Registration:

With regard to dealer already registered under the existing law i.e. KVAT law, CST law or KTEG law and if they are liable to be registered under the GST law then in such instance the person registered under the existing law and having a PAN shall be granted registration number on provisional basis. Any additional information or documents as may be required should be furnished electronically within six months or extended period. The certificate of registration incorporating the Registration number shall be made available on common portal. In case the information as required is not furnished then in such instance the provisional registration number will be cancelled. Therefore the correct and valid PAN should be submitted to Commercial Tax department as it is mandatory for GST.

The procedure for registration is online under the existing KVAT law and similarly even under GST the application for registration should be made online either directly on GSTN portal or through Facilitation Centre's as may be notified. The Proper officer shall verify the PAN through Income Tax portal and password is sent to the respective Mobile number and Email Address. Unlike VAT there is no fee for filing the registration application. The Inspection/Verification may be taken by the proper officer and verification report will be uploaded. The registration shall be granted Registration certificate within three common working days if there are no discrepancies. The Casual Taxable Person and Non-Resident taxable person is also required to deposit GST in advance and thereafter acknowledgement will be issued electronically.

Payment:

With regard to payment of taxes, interest, penalty or any other amount under the KVAT law it has to be made electronically. The draft Payment GST Rules pertains to Electronic Tax liability Register, Electronic Credit ledger, Electronic Cash ledger and Identification number for each transaction. It states that every payment should be made by internet banking or by using debit/credit cards or NEFT/RTGS or by any other mode and it shall

be credited to the electronic cash ledger and the amount of input tax credit should be credited to electronic credit ledger. The payment over the counter can be made up to Rs. 10000/- per challan per tax period. The unique identification number shall be generated at the common portal for each debit or credit in the electronic cash ledger or electronic credit ledger. The generation of unique identification number for every transaction shall be co-related with tax liability register.

Invoice:

The Tax invoice is relevant document which pertains to transaction of supply of goods and or services. Under the existing VAT law the dealer can issue Tax Invoice or Bill of sale in case of composition dealer. In case of draft GST Invoice Rules which pertains to Contents of Tax Invoice, Manner of issuing Invoice, Bill of supply, Supplementary Tax Invoice, Credit or debit Notes and Tax Invoices in special cases. The Tax Invoice should have exhaustive list of information like HSN code or Accounting code of services, name address of supplier and receiver, Registration number, Description of Goods and/or services place of delivery which is different from the place of supply. The Invoice should be prepared in triplicate in case of supply of goods and duplicate in case of services. The Taxable person should obtain electronic reference number of an Invoice and shall be valid for thirty days and can produce the electronic Reference number in lieu of Tax Invoice during inspection of goods in movement (Similar to Esugam under the KVAT law). The Taxable person should issue Bill of sale in case of supply of non-taxable goods and or services or is paying tax under the composition scheme. The time limit to raise the Invoice is thirty days from the date of supply of services and in case of tax invoice it has to be issued at the time of supply. The KVAT law provides for issuing the Tax invoice within fourteen days from the date of sale.

Return:

The return is a statement specifying the business activities undertaken by the taxable person during a prescribed period. The VAT is self-assessment tax and as long as any dealer remains registered, he shall submit such monthly return, whether or not any tax is due for any tax period. Electronic return may be submitted to the VAT Officer according to the prescribed procedure The GST is also self-assessment tax and the Draft GST Rules prescribes the formats for furnishing

(Contd. on page 12)



FINANCIAL REPORTING – PRACTITIONERS UPDATE

CA. Vinayak Pai V

Fast paced changes continue in the global accounting and financial reporting space. USGAAP continues to take the lead in accounting and disclosure improvements. Its European counterpart namely IFRS, that is a mere 10% of the size of USGAAP, too continues to gather pace in improvements. Closer home we are witnessing a steady stream of amendments be it accounting standards, ICDS, SEBI reporting, Standards on Auditing et al.

Seven accounting standards applicable to non-corporate entities have been amended. SEBI has issued a clarification on disclosure of revenues by listed companies in quarterly results. Revised Income Computation and Disclosure Standards have been notified that is applicable from the current fiscal year. Form 3CD too has been amended to make it ICDS compatible.

Asset retirement obligations now need to be accounted for by non IND-AS preparers too from this fiscal consequent to amendments to AS 10 and AS 29 thereby eliminating divergent practices. Further, with less than six months to go for the first IND-AS accounting period for Phase 2 companies, its time to evaluate exposure of individual clients to Other Comprehensive Income.

a) Amendments to AS applicable to Non-Corporates

Our Institute made amendments to Accounting Standards applicable to Non-corporate entities on September 28, 2016 to align them with AS notified under the Companies Act.

The amended standards are effective for **accounting periods commencing on or after April 1, 2017**. The amended standards are as follows:

- AS 2 – *Valuation of Inventories*
- AS 4 – *Contingencies and Events Occurring after Balance Sheet Date*
- AS 10 – *Property, Plant and Equipment*
- AS 13- *Accounting for Investments*
- AS 14- *Accounting for Amalgamations*
- AS 21 – *Consolidated Financial Statements*
- AS 29 – *Provisions, Contingent liabilities and Contingent Assets*

It may be noted AS 6 – *Depreciation accounting* is now a redundant standard and is subsumed within AS10 and the same has been rechristened as *Property, Plant and Equipment*.

b) Accounting for asset retirement obligations

The Companies (Accounting Standards) Amendment Rules, 2016 were notified on March 30, 2016 and is **applicable for the**

audit of financial statements of entities for the **current fiscal ending March 31, 2017**. A related amendment is the accounting for asset retirement obligations governed by AS 10 – *Property, Plant and Equipment* (PPE) and AS 29 – *Provisions, Contingent Liabilities and Contingent Assets*. The salient aspects are discussed herein below.

- One possible element of the initial cost of an item of PPE is the **initial estimates of the costs of dismantling, removal of an item and restoration**.
- Such decommissioning/restoration costs would be paid out at the time of de-recognition of the item of PPE but nevertheless such costs need to be estimated on Day 1 and **accounted as part of the initial cost of the related PPE**.
- The initial estimate of such cost should be capitalized as part of the cost of asset and credited to a decommissioning/restoration liability in the balance sheet.
- The initial estimate needs to satisfy the requirement of meeting the threshold of a liability and needs to be measured at the **present value of the future payment using an appropriate pre-tax discount rate**.
- The **depreciation** of the item of PPE needs to be based on the depreciable cost of the asset **that includes this layer of cost viz. the decommissioning/restoration cost element**.
- The liability needs to be **built up to future value by the process of unwinding the discount** that effectively results in a **finance charge** to the Statement of P&L in subsequent periods until de-recognition.

c) SEBI Clarification on presentation of revenue

The Securities Exchange Board of India issued a clarification on September 20, 2016 stating that **income from operations be disclosed inclusive of excise duty**, instead of net of excise duty as is specified by the Companies Act.

This is applicable to listed companies with respect to their quarterly communication of financial results.

d) Revised ICDS notified

The Ministry of Finance by way of a notification dated September 29, 2016 notified **revised** Income Computation and Disclosure Standards (ICDS) that are **applicable from Assessment Year 2017-18**. The ten notified revised ICDS is required to be complied with by all assesses (other than individuals and HUFs not required to get 44AB audit report).

The ICDS are to be complied with in computation of income chargeable under the heads – ‘profits and gains’ or ‘income from other sources’ and not for the purposes of maintenance of books of accounts. It may be noted that the provisions of the income tax act prevail in case of conflict between ICDS and the Act.

e) **Revised ICDS – Form 3CD amended**

The CBDT vide Notification dated Sep 29, 2016 has **amended Form 3CD** so as to incorporate disclosure of **adjustments required to be made to the profits/losses for complying with provisions of ICDS**. The amended Form 3CD requires reporting of the following by **individual ICDS and in aggregate**:

- Increase in profits
- Decrease in profits
- Net effect

Further, separate disclosures by ICDS are also prescribed.

f) **Revised ICDS 1 – Accounting Policies**

The September 2016 notification of **revised ICDS 1 – Accounting Policies** is **in line with** the earlier **2015 notification**. Salient aspects of the same are provided herein below:

- Accounting policy selection should be based on considerations of substance over form and in order to represent a ‘true and fair’ view of the financials.
- **MTM losses or expected losses shall not be recognized** unless such recognition is in line with any other ICDS.
- Accounting policies should not be changed **without reasonable cause**.
- The **transitional provision** of ICDS 1 states that all contracts or transactions existing on April 1, 2016 or entered

into subsequently should be dealt with in accordance with ICDS1 after taking into account the income, expense or loss, if any, recognized in respect of the said contract/transaction for the previous year ending on or before March 31, 2016.

g) **Planning for unlisted companies IND-AS transition in 2017-18**

In the second phase of convergence with International Financial Reporting Standards (IFRS), unlisted companies with a net worth in the range of Rs. 250 – 500 crores (As of March 31, 2014) switch over to the Indian version of IFRS viz. Indian Accounting Standards (IND-AS).

Audit preparation for the next fiscal for such in-scope companies needs to ideally commence sufficiently in advance. Systems and accounting changes are a pre-requisite at the clients end that inter-alia would require changes to the **chart of accounts, sub-ledger systems, accounting manuals and processes and data capture**.

Schedule III of Companies Act was revised earlier this year to incorporate a second layer that is applicable for IND-AS compliant companies and governs the format of the Statement of Profit and Loss and the Balance Sheet. A new layer in the IND-AS Statement of Profit and Loss is the **“Other Comprehensive Income”** section. Other comprehensive income encompasses certain items of income and expenses that cannot be placed above the bottom line. Individual **clients exposure to these line items need to be studied upfront**.

*Author can be reached on e-mail:
vinayakpaiv@hotmail.com*

COMPARISON OF DRAFT GST RULES 2016 WITH PROCEDURES UNDER KVAT LAW

(Contd. from page 10)

Outward supplies, Inward supplies, monthly return, quarterly return, Return by Non-resident persons, Casual persons, Return by Input Service distributor, annual Return, final etc. It also prescribes the conditions for enrolment as tax return preparers.

Refund:

Under the KVAT law the dealer has the option to claim refund or carry forward the excess input tax credit against the output tax payable. He can claim the refund of tax based on the monthly return after seeking adjustment of tax. Accordingly, the authorized officer shall proceed to issue the refund payment order. The refund payment order in Form VAT 255 shall be sanctioned within thirty-five days after the end of the month for which return is furnished or within fifteen days from the date of receipt of return, if it is filed after the time

specified, or within thirty-five days from the date of receipt of the final return. Whereas under the Model GST law, the person claiming refund of any tax and interest shall make an application before the expiry of two years from the relevant date in prescribed form. Draft GST Refund Rules pertains to refund of tax, interest, penalty, fees or any other amount, Provisional refund etc. The Common refund application should be made electronically through the common portal. The balance amount in the electronic cash ledger is to be made through the return for the relevant tax period. The refund application should be enclosed with documentary evidence and should be certified by Chartered Accountant/CMA that the incidence of taxes and interest has not been passed to any persons. The refunds will be directly credited to the Bank Account as declared by the taxpayer.

*Authors can be reached on
query@dnsconsulting.net*



INDIRECT TAXES UPDATE – SEPTEMBER 2016



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

Circular and Notifications

A. Central Excise and Cenvat

1) EOU/EHTP/STP

a) Notification No. 44/2016-Cus., dated 29.07.2016, Customs warehousing provisions have been made not applicable w.e.f., 13.08.2016 on the following units:

1. Export Oriented Units (EOUs),
2. Electronics Hardware Technology Park Units (EHTPs),
3. Software Technology Park Units (STPIs) and
4. Bio-Technology Park (BTP) Units

It appears that similar amendments were not made to the Central Excise Notification pertaining to EOUs - No. 22/2003-CE dated 31.03.2003.

Accordingly, now Notification No.22/2003-CE has been amended to bring into effect the removal of mandatory warehousing.

[Source: Notification No.31 /2016-CE dt. 24.08.2016]

b) In terms of Notification No. 22/2003 CE, where imported goods (on which an EOU avails exemption) is used for processing of goods which are cleared in DTA without payment of duty, the exemption so availed shall be repaid to the extent of goods cleared in DTA. In this connection it is clarified that where goods are supplied by EOU to Advance License Holder, there is no requirement of reversal / repayment of the exemption claimed on imports.

[Source: Circular No.1046/34/2016 CX dt. 16.09.2016]

2) Cenvat Credit Rules, 2004

Hitherto to avail credit of service tax paid on railway freight, the assessee should be in possession of a Service Tax Certificate for Transportation of goods by Rail (herein after referred to as STTG Certificate) issued by the Indian Railways, along with the photocopies of the railway receipts mentioned in the STTG certificate. The requirement of

photocopies of railway receipts is done away with and the STTG certificate would suffice.

[Source :Notification No.45/2016-CE NT dt. 20.09.2016]

B. Service Tax

3) Services provided to Government / Local Authority with regard to water supply:

On the issue of taxability of the activity of construction of tube well or similar activity rendered to Government or local authority, Board has clarified that the said activity would get covered under entry 12(e) or entry 25(a) of Notification No. 25/2012-ST dt. 20.06.2012 and would be exempt from service tax.

It is further clarified that the phrase 'water supply' also involves the activities like drilling, laying of pipes, fitting of motors, testing etc., for the purpose of supply of water. It is clarified that plant for the purpose water supply need not involve a huge assembly of machinery but shall have to be understood in the context of activity of supply of water.

[Source: Circular No. 199/09/2016-ST dt. 22.08.2016]

4) Clarification on the exemption from service tax on renting of precincts of religious place:

It is clarified that the phrase 'precincts' shall not be given restricted meaning but all immovable property covered within outer boundary of the religious complex as well as immovable property located in the immediate vicinity or surrounding of the religious place, which is owned by religious place or the same management shall also be considered as located within precincts, eligible for exemption.

[Source : Circular No. 200/10/2016-ST dt. 06.09.2016]

5) Amendment to abatement notification:

New entry introduced which provides abatement to services of transport of passengers.

Sl. No.	Nature of services	% on which tax is payable	Conditions
5A	Transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport	10%	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken by the service provider under the provisions of the CENVAT Credit Rules, 2004.

[Source: Notification No. 38/2016-Service Tax dated. 30-08-2016]

6) Exemption from payment of service tax on renting of precincts of a religious place:

Exemption from service tax on services of renting of precincts of a religious place has been restricted only where the service provider is a trust registered under Sec. 12AA of Income Tax Act, 1961 or those organizations claiming exemption under Section 10(23BBA) or Section 10(23C)(v) of Income Tax, 1961.

[Source: Notification No. 40/2016-Service Tax dated. 06-09-2016]

7) Exemption to Yoga

Section 11C of Central Excise Act, 1944: Services by way of advancement of Yoga provided by entities registered under Section 12AA of Income Tax Act, 1961 has been exempted retrospectively from payment of service tax for the period from 1-7-2012 to 20-10-2015.

[Source: Notification No. 42/2016-S.T., dated 26-9-2016]

8) Exemption to taxable services provided by State Government Industrial Development Corporations/ Undertaking to Industrial Units by way of granting long item lease for industrial plots:

Exemption has been granted from payment of service tax on the one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for long term (thirty years, or more) lease of industrial plots provided by State Government Industrial Development Corporations/Undertakings to industrial units.

[Notification No. 41/2016-S.T., dated 22-9-2016]

C. Adjudication powers

9) Audit officers are invested with power to adjudicate the show cause notices also [Notification No.47/2016-CE NT dt. 28.09.2016]

10) Revised monetary limits for adjudication of show cause notice :

Central Excise Officer	Adjudication limits
Superintendent of Central Excise	Not exceeding Rs. 10 lakh (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation).
Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise	Not exceeding Rs. 50 lakhs (except cases where Superintendents are empowered to adjudicate).
Joint Commissioner of Central Excise	Rs. 50 lakh and above but not exceeding Rs. 2 Crores,
Additional Commissioner of Central Excise	
Commissioner of Central Excise	Without limit.

It is clarified that cases involving taxability, classification, valuation and extended period of limitation shall be kept out of the purview of adjudication by Superintendents. Such cases, shall be adjudicated by the Deputy Commissioner/ Assistant Commissioner. Further, cases of refund (including rebate) under Section 11B of the Central Excise Act, 1944, as made applicable to Service Tax cases also under Section 83 of the Finance Act, 1994, shall be adjudicated by the Deputy Commissioner/Assistant Commissioner without any monetary limit.

It is further clarified that the above referred change in the monetary limits shall apply only to adjudication of cases where the personal hearing is yet to be commenced. In all cases where the personal hearing has been completed, orders will be passed by the adjudicating authority before which the hearing has been held.

[Notification No. 44/2016-ST dated 28.09.2016 & Circular No. 1049/37/2016-CX., dated 29-9-2016]

11) Guidelines for arrest under Service Tax provisions :

Consequent to amendment to statutory provisions limiting power of arrest in Service Tax only if a person collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government beyond the period of six months from the date on which such payment becomes due and the amount exceeds rupees two crores, following guidelines are issued by CBEC in connection with arrest and prosecution :

A. Conditions precedent-Legal : there must be clear and unambiguous notings in the file, bringing out how all

the ingredients of the offence have been established. The notings must specifically refer to evidence relating to –

1. **Amount collected as service tax:** Collection of an amount as service tax should be clear and self-evident from the invoices, bills, contracts, etc. An amount should be clearly indicated as service tax. The copies of sample invoices/bills, contracts, etc. which cover the period being investigated should be in the file.
2. **Amount so collected and not deposit should exceed Rs. 2 crore.**
3. **Failure to pay the amount so collected to the credit of the Central Government :** The ST-3 return filed by the assessee for the relevant period, showing the self-assessed value of taxable services and service tax paid should be available in file. Where no such return has been filed, an observation to this effect should be made since this will make the departmental case stronger.
4. **Such a failure should be beyond the period of six months from the date on which such payment becomes due :** Fulfillment of the condition relating to the time period must be verified carefully, and a month wise abstract of the invoice numbers, due date of payment of service tax and date when the six month period was completed must be kept ready.

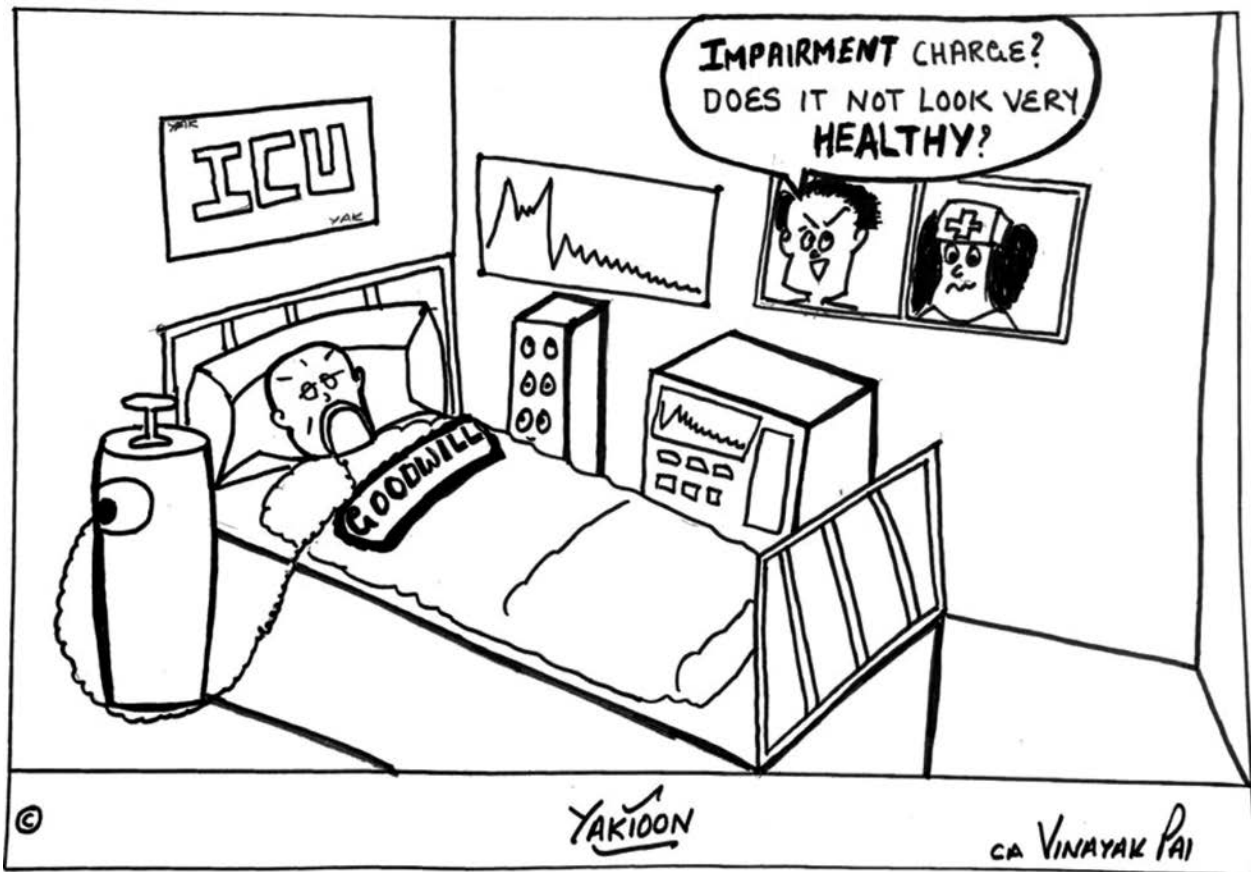
B Conditions precedent-factual : It is clarified that even if all the legal conditions precedent mentioned above are fulfilled, that will not, *ipso facto*, mean that an arrest must be made. Once the legal ingredients of the offence are made out, the arrest provisions shall be invoked only where the alleged offender is likely to hamper the course of further investigation by his unrestricted movement and is likely to tamper with evidence or intimidate or influence witnesses.

[Source: Circular No. 201/11/2016-S.T., dated 30-9-2016.]

Authors can be reached on e-mail:
raghavendra@rceglobal.com; bhanu@vraghuraman.in

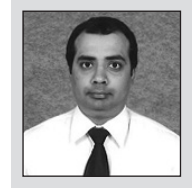
KSCAA WELCOMES NEW MEMBERS - OCTOBER 2016

Sl.No.	Name	Place
1	Vijaykumar Patel	Bangalore
2	Latha V. Patel	Bangalore
3	Prabhu Rajashekar	Bangalore





COST INDEXATION WHILE COMPUTING CAPITAL GAIN FROM TRANSFER OF ASSETS RECEIVED AS GIFT ETC.



CA. Prakash Hegde and CA. Raghavendra N

The Income Tax Act, 1961 ('the Act') contains elaborate provisions in relation to taxation of profits or gains arising from 'transfer' of a 'capital asset'. The relevant provisions for the purpose of our discussion are summarized below.

Relevant provisions of the Act

Section 45 provides that any profits or gains arising from the transfer of a capital asset shall be deemed to be the income of the previous year in which the transfer took place.

In this regard, section 2(14) of the Act defines a 'capital asset' to mean property of any kind held by an assessee. Certain assets like stock in trade, personal effects, agricultural land etc. are excluded from the purview of the definition.

Section 2(47) defines 'transfer', in relation to a capital asset, to include sale, exchange, etc.

Section 2(42A) defines 'short term capital asset' to mean a capital asset held by an assessee for not more than 36 months (with certain exceptions). Explanation 1(i)(b) to section 2(42A) provides that, in determining the period for which any capital asset is held by the assessee in the case of a capital asset which becomes the property of the assessee, in the circumstances mentioned in section 49(1), the period for which the asset was held by the previous owner shall be included.

Further, sections 2(29A) and 2(29B) define 'long term capital asset' and 'long term capital gain' respectively.

Section 47 states that transactions like transfer of capital asset under gift, will etc. or on partition of a Hindu Undivided Family or by a company to its subsidiary company or by a subsidiary company to the holding company or by amalgamating company to the amalgamated company or by demerged company to the resulting company etc. are not to be regarded as 'transfer' for the purposes of section 45.

It is important to note that section 48 of the Act which provides for the mode of computation of capital gains allows certain deductions from the consideration viz. expenditure in connection with transfer, cost of acquisition of the asset and cost of improvement. The second proviso states that where long term capital gain arises from transfer of a long term capital asset, 'cost of acquisition' and 'cost of improvement' refer to 'indexed cost of acquisition' and 'indexed cost of any improvement' (except in cases stipulated).

Explanation (iii) and (iv) to section 48 define 'indexed cost of acquisition' and 'indexed cost of any improvement' respectively. "Indexed cost of acquisition" means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index ('CII') for the year in which the asset is transferred bears to the CII for the first year in which the asset was held by the assessee or for the year beginning on the 1st day of April 1981, whichever is later. "Indexed cost of any improvement" means an amount which bears to the cost of improvement the same proportion as CII for the year in which the asset is transferred bears to the CII for the year in which the improvement to the asset took place.

Lastly, section 49 of the Act provides that where the asset is acquired by the assessee under any of the specified modes (e.g. gift, will, inheritance, distribution of assets on liquidation of a company, transfer by subsidiary company / holding company, in a scheme of amalgamation from the amalgamating company etc.) cost of acquisition to the assessee shall be deemed to be the cost for which the previous owner acquired it.

Issue of controversy

Where an assessee acquires an asset in one of the specified modes e.g. by gift, will etc. and transfers the same, the following aspects will have to be considered for the purpose of computation of capital gain.

"Cost of acquisition" – This amount is the cost at which the previous owner acquired it (i.e. in the year of acquisition).

"Indexed cost of acquisition" – This amount is the amount of cost of acquisition computed on the basis of the CII for the year in which the asset is transferred and the "first year in which the asset was held by the assessee".

First year in which the asset was held by the assessee is generally understood to mean the year in which the present owner acquired it i.e. though the cost of acquisition is the amount paid by the previous owner, the year from which the indexation has to be computed is the year in which the present owner acquired it. This does not appear to be logical!

The above issue of controversy could be best understood with the help of an example.

Let's say, Mr A acquired a piece of land during the financial year ('FY') 1990-91 for a sum of Rs 100,000. During the FY 2000-

01, he gifts this piece of land to his son Mr X who sells this land in the FY 2016-17, for Rs 10,00,000.

The CII for the above FYs are as below:

FY 1990-91 - 182

FY 2000-01 - 406

FY 2016-17 - 1125

As per section 49 and Explanation (iii) to section 48, indexed cost of acquisition in relation to the capital asset sold i.e. the piece of land has to be calculated by considering the CII for the **“first year in which the asset is held by the assessee”**. In this regard, the matter of dispute has been whether to consider FY 1990-91 or FY 2000-01 for the purpose of arriving at the indexed cost of acquisition.

If FY 1990-91 is considered as the “first year”, the amount of capital gain would be:

$\text{Rs } 10,00,000 - \text{Rs } (1,00,000 / 182 * 1125) = \text{Rs } 10,00,000 - \text{Rs } 6,18,132 = \text{Rs } 3,81,868.$

On the other hand, where FY 2000-01 is considered as the “first year”, the amount of capital gain would be:

$\text{Rs } 10,00,000 - \text{Rs } (1,00,000 / 406 * 1125) = \text{Rs } 10,00,000 - 2,77,0935 = 7,22,906.$

The assessee has been contending that based on the combined reading of section 49 and Explanation (iii) to section 48, it is more logical to consider the value and CII of FY 1990-91 in computing the indexed cost of acquisition for the purpose of arriving at the capital gain. However, this has not been accepted by the tax authorities who have been contending that there is no scope for a different interpretation as the language used in Explanation (iii) to section 48 is unambiguous and very explicitly states that the CII for the “first year in which the asset was held by the assessee” has to be considered for the purpose of computation of indexed cost of acquisition. Therefore, CII for FY 2000-01 has to be applied.

Judicial Precedents

The Mumbai Bench of the Income Tax Appellate Tribunal, in the case of Dy. CIT Vs Kishore Kanungo [2006] 102 ITD 437, had decided the above issue in favour of the income tax department. However, the Bombay High Court in CIT Vs Manjula J. Shah [2012] 204 Taxman 691 has set this issue to rest by deciding in favour of the assessee. The High Court ruled that,

“As rightly contended by the assessee, the indexed cost of acquisition has to be determined with reference to the cost inflation index for the first year in which the capital asset was 'held by the assessee'. Since the expression 'held by the assessee' is not defined under section 48, that expression has to be understood as defined under section 2. Explanation 1(i) (b) to section 2(42A) provides that in determining the period for which an asset is held by an assessee under a gift, the period for which the said asset was held by the previous owner shall be included. As the previous owner held the

capital asset from FY 1990-91¹, as per Explanation 1(i)(b) to section 2(42A), the assessee is deemed to have held the capital asset from FY 1990-91. By reason of the deemed holding of the asset from FY 1990-91, the assessee is deemed to have held the asset as a long term capital asset. If the long term capital gains liability has to be computed under section 48 by treating that the assessee held the capital asset from FY 1990-91, then, naturally in determining the indexed cost of acquisition under section 48, the assessee must be treated to have held the asset from FY 1990-91 and accordingly, the cost inflation index for 1990-91 would be applicable in determining the indexed cost of acquisition.

The above view has been subsequently endorsed by the Delhi High Court in the case of Arun Shungloo Trust Vs CIT [2012] 205 Taxman 456.

Further, the Karnataka High Court in the case of CIT Vs Smt. Asha Machaiah [2014] 227 Taxman 155 has also endorsed the above view by holding as under.

Though in the definition of 'indexed cost of acquisition', the words used are, "in which the asset was held by the assessee", a harmonious reading of Sections 48 and 49 makes it clear for the purpose of 'Indexed Cost of Acquisition', it has to be understood as the first year in which the previous owner held the said property. Otherwise, if the date of inheritance is taken into consideration, then the cost of acquisition of the asset on that date corresponding to the market value is to be taken into consideration. Otherwise, take the cost of acquisition on the day the previous owner acquired it and apply the "Indexed Cost of Acquisition" and then calculate the capital gains and the tax payable. That is precisely what has been held by the Bombay High Court in the aforesaid Judgment which in our view is the correct legal decision.

Conclusion

The intention of the legislature in providing the indexation benefit has been very well explained by the High Courts and thus the controversy relating to the **“first year in which the asset was held by the assessee”** where the capital asset is acquired by the assessee in any of the modes specified under section 49(1) of the Act has been put to rest. Based on the above decisions, the assessee should consider the CII of the year in which the previous owner acquired the asset for the purpose of computation of capital gain in case the asset was acquired by him by way of gift, will, inheritance, distribution of assets on liquidation of a company, transfer by subsidiary company / holding company, in a scheme of amalgamation from the amalgamating company etc.

¹ Year changed to suit the example given supra

Authors can be reached on e-mail:
sirsiprakash@gmail.com and bengraghu30@gmail.com

GOODS AND SERVICES TAX - CONSTITUTIONAL AMENDMENT

[101st Constitutional Amendment Act, 2016]

KSCAA GST Study Group

“One nation, One market, One tax” - this One liner summarizes the biggest and most awaited tax reform in India, known as Goods and Service Tax (GST). To make GST as one tax across India, Parliament had to carry out one of the most complex and historic amendments in the Constitution of India. Hereunto, the powers to levy and collect various taxes were meticulously distributed between Union and States, by our Constitution.

Through this paper, an effort is made to analyze and understand the scope of the amendment carried out by the 101st Constitutional Amendment Act, 2016. Central Government vide Notification – SO2986 (E) dated 16th September 2016 has appointed 16th September 2016 as the date from which the provisions of the amendment act would be effective.

A. Power to legislate with respect to GST – Article 246A,

Art 246 can be called a source, from which powers to enact legislations flow. Seventh Schedule to the Constitution provides the fields of legislation, distributed between Union and States. Art. 254, as a referee, reconciles inconsistency between laws made by Union and laws made by legislatures of State. Art 254 contains mechanism for resolution of conflict, in simple words “encroachment”, between Center and State legislations, mainly with respect to matters enumerated in List III of Seventh Schedule to the Constitution.

The amendment Act has inserted Art 246A, a new source from which power to enact legislation with respect to GST matters, will emanate. Needless to say it overrides Art 246 and 254, as there is a need to confer concurrent powers to Union and States to make GST as One Tax for the Country. Art 246A (1), is drafted to align the powers to legislate, between Parliament and States, in such a way that interest of the State Governments is secured and Union can't claim exclusivity on GST matters. However, 246A(2) provides exclusive powers to Union to make laws in respect of levy and collection of GST on supply of goods and services in the course of inter-State trade or commerce.

Provisions of Art 248, which provided for residuary (exclusive) powers of legislation to Parliament, of making any law imposing a tax not mentioned in the Concurrent and State list placing reliance on entry 97 of the List I, are now curtailed with regard to matters relating to GST as hereto the provisions of Art 248 will operate subject to Art 246A.

List I of the Seventh Schedule contains specific entry i.e., 92A which deals with tax on sale or purchase of goods other than newspaper, in the course of inter-State trade or commerce. Correspondingly, Article 246A(2) is sufficient to make the taxation of supply in the course of inter-State trade or commerce to fall under the exclusive jurisdiction of Union.

B. Provisions relating to amendment of the GST related legislation(emergency provisions);

As per article 249, the Central Government, in national interest may make laws with respect to matters enumerated in List II of Seventh Schedule, i.e., State List, if the Council of States (refer Art. 80) has declared by resolution supported by not less than 2/3rd members present and voting. This power has now specifically been extended to Goods and Service Tax.

Each of the State Governments have the power to enact State Goods and Service Tax [SGST] as per article 246A(1). This power to enact SGST may be handed over to the Central Government as per article 249, if it is necessary and expedient in national interest and the conditions and procedure mentioned in article 249 is fulfilled.

Article 250 provides power to the Parliament to legislate with respect to any matter in the State List if a Proclamation of Emergency is in operation. This power of Parliament is now extended to goods and service tax. It is to be noted that unlike in the case of Art. 249, to enact laws under Art. 250, Parliament does not require resolution supported by not less than 2/3rd members present and voting. Further, the laws enacted under Art. 250 would cease to have effect on expiration of a period of 6 months after Proclamation of Emergency ceases to operate, if the law is of such nature that the Parliament wouldn't have been competent to make but for the issue of Proclamation of Emergency.

C. Amendment / Deletion of Articles

Amendment to Article 268: Stamp duties mentioned in Union List and duties of excise on medicinal and toilet preparations were being levied by the Union but collected and appropriated by the States as per Article 268. Duties of excise on medicinal and toilet preparations are being omitted from article 268 since Central Government is being divested of its powers to levy excise duty on the said goods and the said duties are, being subsumed under GST.

Omission of Article 268A: Article 268A which provided for levy of service tax by the Government of India but to be collected and appropriated by the Union and the States based on principles formulated by Parliament is being omitted. The said Article and entries have been deleted before they could even be notified.

Amendment to Article 286: Article 286(1) seeks to restrict the power of the States to levy tax on sale or purchase of goods where such purchase or sale takes place (a) outside the State and (b) in the course of import of goods or export of goods outside the territory of India. Art. 286(2) provides power to the Parliament to formulate principles for determining when a sale or purchase of goods takes place in any of the ways mentioned in 286(1).

The above Articles have been amended / deleted so as to make them congruent to other Articles which have either been inserted or amended by the Amendment Act to enable tax on supply of goods or services or both. An inadvertent error seems to have crept in while amending Article 286 (2). Section 13 of the amendment act seeks to amend Article 286.

Clause(ii) of section 13 of the amendment Act stipulated as under: *(ii) in clause (2), for the words "sale or purchase of goods takes place", the words "supply of goods or of services or both" shall be substituted;* The above would show that the words 'take place' are inadvertently missing in the substituted words.

Provisions contained in Art. 286(3) which provided for restrictions on imposition of tax on sale of goods of special importance, tax on transfer of property in goods involved in execution of works contract, tax on delivery of goods on hire purchase or any system of payment of instalment, tax on transfer of right to use goods has been omitted. The implications of deletion of Article 286(3) which sought to place restrictions placed on State can be evaluated only after the CGST, SGST and IGST get enacted.

D. Subsuming of taxes / duties into GST and Amendment to Sixth & Seventh Schedule:

Sixth Sch.	Provisions relating to administration of Tribal Areas in Assam, Meghalaya, Tripura, etc. District Council for autonomous district could levy and collect 'taxes on entertainment and amusements'.
Seventh Sch. - List I	
Entry 84	Duties of Excise: Amendment to restrict the power of Centre to levy duties of excise only on following goods: (a) petroleum crude; (b) high speed diesel; (c) motor spirit (commonly known as petrol); (d) natural gas; (e) aviation turbine fuel; and (f) tobacco and tobacco products.

Entry 92 & 92C	Entries relating to taxes on sale or purchase of newspapers and on advertisements published therein and taxes on services are deleted
Seventh Sch. - List II	
52	Power to levy entry tax by States – Deleted
54	Levy on sale of goods by States – Amended Power is restricted to levy tax on sale of petroleum crude, high speed diesel, natural gas, motor spirit (commonly known as petrol), aviation turbine fuel and alcoholic liquor for human consumption. Tax on sale of above items in the course of inter-State trade or commerce or in the course of international trade and commerce is specifically excluded
55	Entry relating to Tax on advertisements – Deleted
62	Tax on entertainments and amusements – could be collected only by Panchayat or a Municipality or a Regional Council or a District Council

The amended Entry 84 of List I enables the Union to continue to levy excise duty on tobacco and tobacco products. But amended Entry 54 of List II doesn't include tobacco and tobacco products. Therefore, in a given case, tobacco and tobacco products would be liable for GST as well as excise duty

Basic Customs Duty still continues. It is not subsumed into GST. Stamp duties are not subsumed into GST.

E. Taxes on Entertainment and Amusement:

In paragraph 8 of the Sixth Schedule of the Constitution, the following clause (e) is inserted

"taxes on entertainment and amusement"

Entry 62 of List II - State List is substituted as under:

"Taxes on entertainment and amusements to the extent levied and collected by a Panchayat or a Municipality or a Regional Council or a District Council"

Para 8(3) of Sixth Schedule provides special powers to District and Regional Councils, notified by the Governor of State, to legislate upon certain specified matters with assent of Governor. Sixth Schedule provides for specific provisions relating to administration of tribal areas in certain North-Eastern States of India, by way of designating them as autonomous Districts and Regions in order to levy and collect taxes for development or to make regulations to levy and collect taxes for development, as the case may be, of those areas alone. The entry 62 is amended to enable District and Regional Councils to retain such special powers and eliminate powers of State Legislature to make laws with regard to such matters.

F. New Definitions:

It is interesting to note that clause (12A) has been introduced in Art. 366 to define GST. The Goods and Service Tax has been

defined to mean any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. It is to be noted that goods have been defined in Article 366(12) as 'Goods includes all materials, commodities, and articles'. Further, clause (26A) has been inserted in Article 366 to define **services** to mean anything other than goods. Further clause (26B) has been inserted in Article 366 to define State with reference to Articles 246A, 268, 269, 269A and Article 279A to include Union territory with Legislature. The word 'supply' has not been defined, though the levy of GST is on 'supply'. So if the definition of 'supply' in GST law, is made wide to include a transaction which doesn't involve transfer of property or transaction which doesn't involve consideration, can the constitutional validity of such wide definition be challenged?

G. Distribution of Revenues between States and Union

Amendment to Article 269/269A

Article 269 speaks about taxes being levied and collected by the Union but assigned to the States. The said taxes are Central Sales Tax (entry no. 92A of List I) and Tax on consignment of goods taking place in the course of inter-State trade or commerce (which Union has the power to levy under entry no. 92B of List I but has not been levied till date). The distribution of CST is on the basis of recommendations made by the Finance Commission. It is worthwhile to note that both CST and consignment tax on specified goods, is not being subsumed under GST. 'Supply' is a wider expression compared to 'sale'. 'Supply' includes 'sale'. If that being the scenario, tax on sale or purchase of goods would have got subsumed in 'goods and services tax'. But Article 269 and entry 92A in List I of the Seventh Schedule which deal with tax on sale or purchase of goods in the course of inter-State trade or commerce are still retained. Article 246A(2) deals with exclusive power of Parliament to make laws with respect to goods and services tax where the supply takes place in the course of inter-State trade or commerce.

Article 269A deals with distribution of GST on supplies made in the course of inter-State trade or commerce. The overlapping is evident when we read Art 246, 246A, 269 and 269A as the word 'supply' used in Article 246A(2) and 269A which includes 'sale', and the term "sale" is still unchanged in the untouched provisions of Art 246 and 269. One possible argument is that by retaining the provisions of Art 246 and 269 same, Parliament may want to continue the same levy, collection and sharing mechanism of CST on certain goods remaining outside GST. Probably, the reason for retaining Article 269 and entry 92A in List I of Seventh Schedule is this.

Certain goods remain outside GST. Entry 84 of List I - Union List and Entry 54 of List II - State List have been amended accordingly. The goods stated therein would be outside GST. Article 269 and entry 92A of List I of Seventh Schedule will

apply only to those goods which are outside GST. In other words, if sale of petroleum crude, high speed diesel, natural gas, motor spirit (commonly known as petrol), aviation turbine fuel and alcoholic liquor for human consumption, takes place in the course of inter-State trade or commerce, such sale alone would be governed by Articles 246, 269 and entry 92A of List I of Seventh Schedule. The other goods which are liable to GST would be governed by Articles 246A(2), 269A, if sale of those other goods takes place in the course of inter-State trade or commerce. Though this might be the intention, the same has not been carried out in letter. This is because no amendment has been made to restrict the scope of Entry 92A of List I of Seventh Schedule on the same lines as Entry 54 of List II – State List. Article 269 is being amended to make it clear that IGST, which is tax on supply in the course of inter-State trade, would not be subject to distribution mechanism specified in article 269.

Article 269A, (new article) provides for apportionment of GST (IGST), which is to be levied and collected by the Union but the proceeds of which are to be apportioned between the Union and the States. The distribution shall be in the manner provided by the Parliament on the recommendations of GST council (and not on the basis of recommendations made by Finance Commission). Section 10 of model IGST law, (IGST Act is a law to be made by the Parliament) provides for apportionment of tax collected under IGST and settlement of funds between Union and the States. An Explanation, inserted below 269A (applies only to article), States that supply of goods or services or both in the course of import into territory of India shall be deemed to be supply of goods or services or both in the course of inter-State trade or commerce. Thus IGST collected on import of goods and/or services or both shall also be subject to appropriation between Union and States. A question arises as to whether the words used "Levy and collect" and the deeming fiction to treat supply of goods and or / services in the course of import into India as inter-State supply of goods and/or services, would allocate powers to levy tax on import under Art 269A? It is pertinent to note that Honorable SC in case of CIT Vs K Srinivasan AIR 1972 SC 491, had an occasion to answer a similar question raised in the context of Art 269. The SC has held that Art 269, divorced from Art 245, Art 246 and Union List, cannot in isolation confer legislative power. Applying the same analogy, Art 269A should not be conferring legislative powers to tax import of goods and/or services, but only provide a distribution or apportionment mechanism of GST between Union and States. The moot question that arises for deliberation is that when no power is conferred to levy tax on supply of goods and / or services in the course of import into the territory of India where is the question of distribution of such taxes. Why is there a need to provide for distribution mechanism in respect of those

taxes whose levy itself is apparently unconstitutional? Attention of the reader is drawn to Section 2(1)(c) of the model IGST Act. The said section reads as under:

(c) “Integrated Goods and Services Tax” (IGST) means tax levied under this Act on the supply of any goods and/or services in the course of inter-State trade or commerce.

Explanation 1.- A supply of goods and/or services in the course of import into the territory of India shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

Explanation 2.- An export of goods and/or services shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce.

A perusal of Explanation 1 to section 2(1)(c) would show that supply of goods and/or services in the course of import into the territory of India shall be deemed to be a supply of goods and/or services in the course of inter-State trade or commerce. Without specific power under the Constitution to deem supply of goods and/or services in the course of import into the territory of India to be a supply of goods and/or services in the course of inter-State trade or commerce, one needs to wait till IGST gets enacted to know whether Explanation 1 [if it continues to remain in the fine print of IGST Act] would withstand constitutional validity.

Clauses (2),(3) and (4) of article 269A make it clear that amount appropriated to State out of IGST shall not form of Consolidated Fund of India. Similarly IGST used to pay SGST and IGST used to pay CGST shall not form part of Consolidated Fund of States and Consolidated Fund of India respectively.

Article 269A(5) provides that Parliament may by law formulate principles to determine place of supply when supply of goods or services or both take place in the course of inter-State trade or commerce. Section 3 r/w sections 5 & 6 of model IGST law provides for principles for determining place of supply of goods or services or both in the course of inter-State trade or commerce.

Amendment to Article 270

Article 270(1) provides that except duties and taxes referred to in articles 268 (stamp duty levied by Centre but collected by State), 268A (now omitted), 269 (CST levied by Centre but collected by State), 269A (IGST collected by Union and then distributed between Union and States), surcharges on taxes and duties referred to in article 271, cess levied for specific purposes by Parliament shall be distributed between union and States

Article 270(1A) has been inserted which states that CGST collected by the Union shall also be distributed to the States as per recommendations of Finance Commission.

Article 270(1B) has been inserted to provide that IGST levied by the Union and portion appropriated to the Union u/a 269A, and

the IGST used to pay CGST shall also be distributed between the Union and the States in the manner prescribed by the Finance Commission.

The important difference between distribution of IGST and CGST is that while SGST portion of IGST would be transferred to the consuming State, the CGST and CGST portion of IGST would be distributed not on the basis of destination of consumption but on the basis of other benchmarks like demography etc laid down by the Finance Commission.

Amendment to Article 271

Article 271 provides power to the Union that Parliament may at any time increase any of the duties or taxes referred to in article 269, 270 (all taxes being levied and collected by Union) by a surcharge and the whole proceeds of the surcharge shall form part of Consolidated Fund of India. The power under article 271 is now applicable to all duties and taxes except GST, which means that Union will not have the power to unilaterally increase the GST rates by way of surcharges. This amendment may have to be read along with article 279A(4)(f), which states that GST council may make recommendations to the Union and States for any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster.

H. Compensation

The Parliament may on the recommendations of the GST Council provides for the compensation to the States for loss of revenue arising on account of implementation of the goods and service tax for a period of five years

I. GST Council

The GST council is created to examine the issues relating to GST and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list, threshold limits, etc. The council shall function under the chairmanship of Union Finance Minister and will have State Minister in charge of Revenue, Finance or Taxation or any other nominated Minister as its members. The GST council shall establish a mechanism to adjudicate the disputes between the Government of India and one or more States or between the Government of India and any State or States on one side and one or more of other States on other side or between two or more States.

The above amendments lead us to numerous questions and issues. We have analyzed certain issues during our discussions as follows:

i. Whether the amendment leads a change in the basic structure of the constitution itself?

The term “Basic Structure” or “Basic Framework” is not defined under the Constitution, rather it’s a principle laid down as a final result of Kesavananda Bharti’s case. Though

the court did not precisely defined the term; Justice A N Ray has listed twelve essential features, amendment to which could amount to change in “Basic Structure”;

- a. The supremacy of the Constitution.
- b. The sovereignty of India
- c. the integrity of the country
- d. the democratic way of life
- e. the republican form of government
- f. the guarantee of basic human rights elaborated in part III of the Constitution
- g. a secular state
- h. a free and independent judiciary
- i. *the dual structure of the union and the States*
- j. the balance between the legislature, the executive and the judiciary
- k. a parliamentary form of government as distinct from the presidential form of government
- l. article 368 can be amended but cannot be amended to empower Parliament to alter or destroy any of the essential features of the Constitution.

In the majority judgments, different views have been taken on the scope of what constitutes basic structure with some points overlapping. However the amendment carried out by 101st Amendment act 2016 does not fall in any of the above category, hence, one can conclude that there is no change in the basic structure of the Constitution.

ii. Whether Centre would still have power to levy and collect tax on goods or services in terms of the residuary entry in list I of Seventh Schedule?

Parliament can exercise the powers to levy taxes, emanating from article 248. Article 366 (12A) inserted by the Amendment act 2016 defines “goods and service tax” as any tax on supply of goods, or services or both, except taxes on supply of the alcoholic liquor for human consumption. Article 246A deals with power to make laws with respect to goods and services tax. Article 248 is amended to give overriding effect to article 246A. So a systematic study suggests that article 248 will be still operating for taxes other than GST (e.g., like CST or excise on tobacco products etc), including the exception provided that definition of the GST. Entry No. 97 of List I r/w Article 248 hereto gave the Parliament exclusive power to make any law imposing a tax which is not mentioned in either State, concurrent lists. The said taxing power is now subject to goods and service tax. It is to be noted that Amendment Act provides for amendment of Article 248 making the said article is subject to 246A makes it abundantly clear that the Union cannot claim exclusive power to levy tax on supply of goods and services

henceforth as per article 246 read with Entry No.97 of List I r/w article 248

iii. What is the rationale behind not deleting the provisions of Art. 366(29A)?

There is no amendment in article 366 (29A), which defines the term tax on the sale or purchase of goods. The term “tax on the sale or purchase of goods” is used only in the article 286, which has been amended by the Amendment act. The amended article 286 uses the words “tax on the supply of goods or services or both where...”. Hence the term defined under article 366 (29A) has no application after amendment. Art. 366(29A) defines tax on sale of goods to include certain transactions such as works contract, leasing of goods, hire purchase system of purchase, tax on supply of food etc. This entry was brought in because of the reason that the Courts took a view that these activities are not sale simpliciter and hence States cannot impose sales tax. The said clause remains untouched in the amendment act though it was proposed to be omitted in the Bill. The possible reason for retention of this clause is enumerated below: The entry is only a definition clause which in turn has to be read with other entries which provide powers to the State/ Union to impose tax on sale of goods. Hence once the articles relating to power to levy tax on sale of goods has been amended so as to subsume the same to the extent so provided for, into GST, the retention of definition clause would not impact the levy of GST.

iv. Whether supply of electricity would also be covered under GST in the background of the fact that entry relating to tax on electricity has not been deleted from the State List.

Entry 53 of List II of Seventh Schedule which provides for taxes on the consumption or sale of electricity, has not undergone any change. Though electricity is held to be goods, it has received a separate treatment under the Constitution with regard to taxation. In case of *State of Andhra Pradesh versus National thermal Power Corporation Limited 2002 5 SCC 203*, it was held by the Honorable Supreme Court that in the context of electricity, the word “supply” should be interpreted to include sale or consumption of electricity. Entry 53 should therefore be read as “taxes on consumption or sale or consumption of electricity”. With this to things in mind, namely, that electricity is goods, and that sale of electricity has to be construed and read as sale for consumption within the meaning of entry 53, the conflict, if any, between entry 53 and 54 ceases to exist and the two can be harmonized and read together.

*Authors can be reached on e-mail:
kscaabl@gmail.com or vp@kscaa.com*

INTERNATIONAL TOUR

Organized by
Karnataka State Chartered Accountants Association

Jointly with
Bangalore Branch of SIRC of ICAI

19th January 2017
Hong Kong – Macau
5 Days / 4 Nights



Cities Visited : **Hong Kong, Macau.**

ATTRACTIONS FOR WHICH ENTRY FEES ARE INCLUDED IN TOUR COST: HONG KONG & MACAU

Full day Ocean Park tour (with Meal Coupon)
Full day Disney Land tour (with Meal Coupon)
Hong Kong–Macau–Hong Kong Transfers by Ferry
One-way Tram Ticket to Victoria Peak
Visit to Madame Tussuads with Entry Fees

TOUR HIGHLIGHTS: HONG KONG

Visit to Ladies Market
Night View at Waterfront
Full day Ocean Park tour (with Meal Coupon)
Full day Disney Land tour (with Meal Coupon)
Hong Kong Island Tour with guide including visit to Repulse Bay beach
One-way Tram Ticket to Victoria Peak
Visit to Madame Tussuads with entry fees

TOUR HIGHLIGHTS: MACAU

Hong Kong–Macau–Hong Kong Transfers by Ferry
Macau City Tour
Visit to Macau Grand Prix Museum
Visit to Wine Museums
Night Tour of Macau Including Visit to Casino

Reporting Day: Wednesday 18th January 2017

22.30 hrs Report to Bangalore International Airport
23.30 hrs Check in for **Cathay Pacific Flight CX 5153 to Hong Kong**
01.30 hrs Departure by Flight **Cathay Pacific Flight CX 5153**
19th Jan 2017

09.25 hrs Arrival Hong Kong International Airport on **19th Jan 2017**

Date of Returning : 23rd Jan 2017 returning to Bengaluru.



TOUR COST

Per Adult on Twin/Triple Sharing basis	Child with additional bed sharing room with 2 adults	Child without additional bed sharing bed with parents
Rs. 80,000/-	Rs.70,000/-	Rs. 62,000/-

The above tour cost includes the Government Service Tax of 4.50%

The above Tour cost is for all guests who confirm the Tour and pay advance amount of INR. 26125 Per Person on or before 31st Oct. 2016.

All guests who pay advance amount on or after 31st Oct. 2016 will pay additional Tour Cost of INR. 3000+GST of 4.5%.

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- Travel Insurance for the Duration of the Tour.
- 3 Nights Hotel accommodations with Breakfast in Hong Kong on Twin/Triple Sharing basis
- 1 Night Hotel accommodations with Breakfast in Macau on Twin/Triple Sharing basis
- Meal plan as indicated in the itinerary
- All transportation by Luxury Executive Coach
- All sightseeing as mentioned in the itinerary with the entry fees on private basis
- Airport transfers at Destination on private basis
- The services of English Speaking Guide
- All tips
- 1000ML Water bottle per person per day

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TOUR COST EXCLUDES

Any other services not mentioned under inclusions. Optional Tour Cost:
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3 Types of Tickets available and entry Tickets are as below.
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Ms. Geetanjali, 81477 33791

For more details about Tour please contact:

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KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION

jointly with

BANGALORE BRANCH OF SIRC OF ICAI

Organises

SPORTS AND TALENT MEET

CRICKET & VOLLEY BALL LEAGUE

Date : **Sunday, 13th November, 2016.**

Time : **8:00 AM – 6:00 PM**

Venue : **HMT SPORTS CLUB, JALAHALLI.**



Cricket Format

6 to 8 Overs per team, Tennis Ball
Restricted to 10 Teams only.



100m, 200m, 400m & 800m Athletics.

400m Relay with Entry Fees Rs.200/- (Per Team)

Entry Fees : **Rs. 3500/- Per Team (CRICKET)**

Rs:1000/- Per Team (VOLLEY BALL)

Registration closes on 10th November 2016.

TALENT MEET

On **Sunday, 20th November 2016**

Timings: **9:00AM - 6:00PM**

Venue: **KGS Club (opp to MS Bldg) Cubbon Park, Bengaluru.**

Events CA'S

Shuttle Badminton (Singles/Doubles)

Chess

Table Tennis (Single)

Carrom

Tennis



Family Members & Children

Shuttle Badminton (Doubles)

Singing Competition

Musical Chair

Drawing Competition for Children

Rangoli/ Flower Decoration

Instrumental /Dance

Carrom/ Chess



Events Fees: **For CA's : Rs.150/-** For Each Event, **Family Members & Children: Rs.50/-** For Each Event

Registration closes on 17th November 2016.

Interested participants can contact & send registrations to:

KSCAA office: 080 -22222155 Email: kscaablr@gmail.com/info@kscaa.com

Bangalore Branch : Ms. Geetanjali - 080-30563500 / 513, Email: blrregistrations@icai.org

CA. Raghavendra Puranik

President, KSCAA

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Chairman, Bangalore Branch

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CA. Raveendra.S.Kore

Sports Meet Co-ordinator

Bangalore Branch

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CA. Nagappa Nesur

Secretary, KSCAA

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CA. Shravan Guduthur

Secretary, Bangalore Branch

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