KSCAA

Karnataka State Chartered Accountants Association ®

NEWS BULLETIN

September 2016 I Vol. 4 I Issue 1 I ₹ 25/-

English Monthly

for Private Circulation only

Related Party Disclosures | GST | Interest on Housing Loan | Financial Reporting | Demographic Dividend

Photograph by:
CA. Shankar MS

From the President

Dear Members,

The most valuable thing an experienced person has is his experience. People make mistakes, encounter challenges, learn from them, and adapt their life around them to become better people. Those people would then tell tales to others and help teach those lessons so that others would not reinvent the same wheel again. We are fortunate to hear from our learned stalwarts of the profession, the way forward for our esteemed organisation in Mentor's Meet. The suggestions were really worth adopting. I hope we will try our best to implement the suggestions given by our Mentors.

The Tax audit season began coupled with festivities. Series of festivals lined up to celebrate in the months of September, October and November. The beliefs and values of the India's religions and cultures are expressed in many ways, including through festivals and celebrations. Whether they relate to rites of passage, the seasons, living things or revered objects, they play a highly significant role in the lives of many of us, as part of our developing life in the family, community and wider society, nurturing our sense of identity, values and beliefs. In upcoming months, we are going to celebrate Gandhi Jayanthi, Vijayadashami, Dasara, Muharram, Maharishi Valmiki Jayanthi, I wish, may this festivals bring the brightest and choicest happiness to all my professional friends.

Professional Updates

The due date for filing return and Tax Audit Report for assessee whose due date for filing income tax return is 30th September (being company, firm and other required to get accounts audited under income tax act or other law and working partner of such firm) is extended to 17th October 2016. The department had released all the forms well in advance, I request all practicing professionals to avoid procrastination and complete the scheduled work well within September, as planned earlier.

Things are moving ahead rapidly where the Goods and Services Tax (GST) is concerned. The Cabinet has cleared the creation of the GST Council and its secretariat. And the first meeting of the Council will take place next week, 22nd and 23rd of September. The Finance Minister and his team are moving slightly ahead of schedule when it comes to GST. The government is keen on meeting the April 2017 deadline to roll out the tax. The council itself will be working on a tight deadline, when it comes to critical subjects like rates, exemptions, thresholds and the model GST laws. GST has creating lot of opportunities to professionals like us. I know that all of you are eagerly keeping your fingers crossed to grab updates from all possible sources to stay updated on developments in GST.

Jnanam Sa-Vijnanam
Creating Knowledge Consciousness

The Income Declaration Scheme, 2016 provides an opportunity to persons who have not paid full taxes in the past to come forward and declare their undisclosed income and assets. In order to address concerns of the stakeholders and to clarify the queries relating to the provisions of the Scheme, fresh six set of circulars (FAQs) have been issued. Further it is clarified that, In view of the fact that all the major queries and concerns of stakeholders have already been addressed by issue of circulars (FAQs) and also to provide stability and certainty to the Scheme, it is envisaged that no further clarifications on the Scheme shall be issued. It is also reiterated that the Scheme closes on 30.09.2016 and extension of the scheme is out of question. Hence, you can once again appraise the concerned clients of this press release dated 2nd September, 2016.

Program Updates

I take this opportunity to thank all mofussil members, who have not only encouraged us to conduct program in their places, but also making the program more interactive and fruitful.

The following programs are being organised by Basavanagudi CPE Study Circle in the month of October, 2016:

a. Know your professional ethics

b. Transfer Pricing Documentation

c. Choosing Right entity for NPO/NGO, Documentation, Registration & other requirements

Details of the program is published in this news bulletin, I request all of you to make use of these programs.

Association intends to conduct GST workshop in mofussil areas for the benefit of mofussil members. We request you to send us the requirements to president@kscaa.com, so that it can suitably taken up.

I end my message with following words which are so true and inspiring:

Be STRONG when you are weak,
BRAVE when you are scared and
HUMBLE when you are victorious

Always at your service

CA. Raghavendra Puranik
President

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

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Website: www.kscaa.com

You know series

CA. Shankar M S

A Chartered Accountant by profession, specializing in the area of direct and international taxes and currently working as a Senior Manager at Herbalife International India Private Limited, Bangalore. His wife is a practicing Chartered Accountant in Bangalore and blessed with two kids. Wildlife photography and astronomy has always paved the way for him to explore the gorgeous part of world since his childhood. Something which started as a hobby has today become a serious passion of his life. Understanding the behavioral aspects of the animals and birds, feeling the peace in the jungle and drives filled with surprises is all about wildlife photography. He has submitted images to various national and international competitions. His wildlife images were displayed at Chitrakala Parishat, one of the most prestigious art gallery in India. In a recently held international level competition, his images were selected for display at a prestigious competition conducted by Lakshmi Machine Works Limited, Coimbatore.

Black Panther

A black panther is a melanistic color variant of other species of big cat, usually a leopard or a jaguar. This color variant usually means that the cat is black or dark brown, since melanism is the development of melanin, a dark-colored pigment in the skin. Panthers are better camouflaged, and therefore are more likely to survive and reproduce. It is extremely rare to spot this in the wild because of it is one amongst the thinly populated big cats in the world. In a recent trip to Nagarahole Tiger Reserve, Karnataka during this summer, CA.Shankar M S was immensely lucky to spot this male black panther and photograph in its natural habitat.

KSCAA Legal Fund - Contributor (September-2016)

Name	Place	Amount (Rs.)
Raghurama Bhat H.S.	Shivamogga	5,000/-

KSCAA requests the members to generously contribute towards the legal fund and support in its constant endeavour to protect the interests of our profession.

BASAVANAGUDI CPE STUDY CIRCLE

CPE Workshops for the month of October 2016

Know your Professional Ethics

CPE 2 Hrs.

No Fees

by **CA. N Nityananda**

on **Friday 7th October 2016** at **5:30 PM to 7:30 PM**

❖ ❖ ❖ ❖ ❖

Lecture Meeting on "Transfer Pricing Documentation"

CPE 3 Hrs.

by **CA. K L Prashanth**

on **Friday 14th October 2016** at **5:00 PM to 8:00 PM**

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

❖ ❖ ❖ ❖ ❖

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

CPE 3 Hrs.

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

❖ ❖ ❖ ❖ ❖

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 / kscaablr@gmail.com

Contact Persons:

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

Delegates can send their Queries by e-mail.

RELATED PARTY DISCLOSURES

CA. S. Krishnaswamy

1. **INDAS 24 Related Party Disclosures.**
2. **ICAI – Implementation Guide.**
3. **SEBI Regulation Listing Agreement Clause 49.**
4. **Companies Act, 2013 Section 188 — Related Party Transactions.**
5. **Auditing Standard 550.**
6. **Filing With ROC.**
7. **From Published Accounts.**

1. IND AS 24—RELATED PARTY DISCLOSURES:

Indian Accounting Standards (‘Ind AS’), as converged with IFRS was kick started way back in the year 2011 by the Ministry of Corporate Affairs (‘MCA’).

MCA finally in February 2015 has notified the much awaited road map on Ind-AS with easier phases to be complied by the specified class of companies, except for Banks, NBFCs and Insurance Companies for which the respective regulators have issued.

ICAI has brought out an “implementation Guide on Auditors’ Reports under Ind AS for transition in case on 23.8.2016

Scope:

8. This implementation Guide provides guidance on reporting responsibilities of the auditors for the audit of:

a) Ind AS financial statements prepared for the first year in which Ind AS are applicable to the company.

b) Ind AS financial results prepared by a listed entity under SEBI Listing Regulations during the first year of adoption of Ind AS.

c) Special purpose financial statements for the corresponding period and opening balance sheet as per Ind AS which will be presented by the company as part of its first Ind AS financial statements.

Responsibility for reporting on opening balance sheet / corresponding figures in case the prior period financial statements were audited by another auditor:

13. Ind AS 101 requires first-time adopters to prepare an opening Ind AS balance sheet at the date of transition to Ind AS (hereinafter referred to as the “opening balance sheet”). For the companies that will adopt Ind AS in the financial year 2016-17, the opening balance sheet will be as at April 01, 2015.

14. In accordance with Ind AS 101, a company applies the same accounting policies in its opening balance sheet and throughout all periods presented in its first complete set of Ind AS financial statements. Those accounting policies should comply with all applicable Ind AS (subject to exemptions and other stipulations in Ind AS 101).

15. Ind AS 101 also requires certain reconciliations to be included in the first complete set of Ind AS financial statements. Thus, information reconciling the financial statements, for the earlier period(s) presented, prepared in accordance with the Accounting Standards (‘AS’ or ‘previous GAAP’) with those prepared in accordance with Ind AS will be covered by the auditor’s report in the first complete set of Ind AS financial statements.

2. ICAI – Implementation Guide:

IND AS 24 deals with ‘Related Party Disclosures’. It shall be applied in:

(a) identifying related party relationships and transactions;

(b) identifying outstanding balances, including commitments, between an entity and its related parties;

(c) identifying the circumstances in which disclosure of the items in (a) and (b) is required; and

(d) determining the disclosures to be made about those items.

Definitions:

The following terms are used in this Standard with the meanings specified:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The following are not related parties:

(a) two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.

(b) two joint ventures simply because they share joint control of a joint venture.

(c)(i) providers of finance,

(ii) trade unions,

(iii) public utilities, and

(iv) departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).

(d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

Disclosures:

13. Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

24A. Disclosure of details of particular transactions with individual related parties would frequently be too voluminous to be easily understood. Accordingly, items of a similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.

3. **SEBI (Listing Obligation & Disclosure Regulation):-**

Among the series of amendments made to Clause 49 of the Listing Agreement ("Clause 49"), SEBI issued yet another circular on 15th September, 2014 amending Clause 49 aligning it with the Companies Act, 2013 ("Act"). This circular came into effect from October 1, 2014.

SEBI modified the concept of related party transactions by the present amendment and has amended the definition of "related party" to mean an entity related to the company, if such an entity is a related party (i) under section 2(76) of the Act; or (ii) under the applicable accounting standards.

The amended Clause 49 provides that a company shall formulate a policy on materiality of related party transactions, and dealing with related party transactions. Additionally, through this amendment SEBI has provided that the transaction shall be considered material if the transaction(s) either individually or taken together with previous transactions. during a financial year, exceeds 10% of the annual turnover as per the last audited financial statements of the company.

SEBI had previously provided that all related party transactions shall require prior approval of the audit committee. However, pursuant to these amendments an audit committee may also grant omnibus approval for related party transactions proposed to be entered into by the company subject to the conditions as prescribed there under. The audit committee can grant such approval only for a period of 1 year and the company shall apply for a fresh approval after the expiry of one year.

In addition SEBI has exempted the following related party transactions from obtaining approval from the audit committee:

1. Transactions entered into between two government companies;
2. Transactions entered into between a holding company and its wholly owned subsidiary

All provisions relating to Related Party Transactions (RPTs) are more or less the same as in the Companies Act, 2013.

<u>B. "RELATED PARTY</u> [2]<u>TRANSACTION"</u> means

Condition-1

- A transfer of Resources,
- A transfer of Services or
- A transfer of obligations

Condition-2: *Between* a Listed Entity and a Related Party.

Condition-3: *Regardless* of whether a price is charged and

Non Applicability: This definition shall not be applicable for the units issued by mutual funds which are listed on a **recognised stock exchange(s);**

♣ These provisions shall be applicable to all *prospective transactions.*

Regulation (24)

I. POLICY OF MATERIALITY: Listed entities shall formulate a policy on [3]*Materiality of Related Party Transaction* and on dealing with related party transactions.

Materiality of Related Party Transaction:

A transaction with a related party shall be considered material,

- if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year,
- exceeds 10% of the annual consolidated turnover of the listed entity
- As per the latest Audited Financial Statements.

II. Condition for Related Party Transaction:

1. *Prior approval* of the audit committee is required and omnibus approval may be given.(sub regulation 2)
2. All material related party transactions shall require *approval of the shareholders* through a resolution[4]. (sub regulation 4)
3. Related parties shall abstain from voting on such resolutions, whether the entity is a related party to the particular transaction or not – Regulation 23(4).(sub regulation 4)

III. Related Party Transactions already entered (Sub Regulation 8):

All existing material related party contracts or arrangements

- Entered into prior to the date of notification of these regulations and
- which may continue beyond such date

Shall be placed for approval of the *shareholders in the first General Meeting* subsequent to notification of these regulations.

Non Applicability:

The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:

(a) Transactions entered into between Two [5]Government Companies;

(b) Transactions entered into between a Holding Company And Its Wholly Owned Subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

[6]*OMBIOUS APPROVAL BY AUDIT COMMITTEE:[7]*

Audit committee *MAY* grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

Conditions for omnibus approval:

a) The audit committee shall lay down the

- *Criteria For Granting* the omnibus approval in line with the policy on related party transactions of the listed entity and
- Such approval shall be applicable in respect of transactions which are *REPETITIVE in nature*;

b) The audit committee shall *Satisfy Itself* regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

c) the omnibus approval shall specify:

- The name(s) of the related party,
- Nature of transaction,
- Period of transaction,
- Maximum amount of transactions that shall be entered into,
- The indicative base price / current contracted price and
- The formula for variation in the price if any; and
- Such other conditions as the audit committee may deem fit:

Approval of Omnibus transaction without fulfilling the above criteria:

Special Condition: where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value *Not Exceeding Rupees One Crore per Transaction*.

DUTY OF AUDIT COMMITTEE:

The audit committee shall review, at least on a *Quarterly Basis*, the details of related party transactions entered into by the listed entity pursuant to *Each* of the omnibus approvals given.

TERM OF OMNIBUS APPROVAL:

Omnibus approvals shall be valid for a period *not exceeding one year* and shall require fresh approvals after the expiry of one year.

Compliance requirement: regulation 27(2):

Details of all material transactions with related parties shall be disclosed in compliance report.

The listed entity shall submit a *Quarterly Compliance Report* on corporate governance in the format as specified by the Board from time to time to the recognized stock exchange(s) within 15 (fifteen days) from close of the quarter.

Disclosure requirement:

1. The listed entity shall disseminate on its website policy on dealing with related party transactions. regulation 46(2)(g)
2. The annual report of the listed entity shall contain disclosures related party disclosures as specified in Para A of Schedule V. regulation 53 (f)

Role of audit committee:

1. The audit committee shall mandatorily review statement of

significant related party transactions (as defined by the audit committee), submitted by management.

4. COMPANIES ACT, 2013:

Section 188—RELATED PARTY TRANSACTIONS:

1. Board Consent by a Resolution.
2. In Certain Cases, Prior Approval by Special Resolution.
3. Exempt often the Ordinary Course of Business – Arms length transaction.
4. Definitions:

a) Office or place of profit

b) Arms length transaction.

c) Board's report—Reference.

d) Voidable under Stated Circumstances.

e) Contravention Consequences — Punishment with imprisonment / fine.

5) Section 2(76)(vi) defines related party as

i) A director or his relative;

ii) A key managerial personnel or his relative;

iii) A firm, in which a director, manager or his relative is a partner;

iv) A private company in which a director or manager is a member or director;

v) A public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid-up share capital;

vi) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii) Any company which is –

A) A holding, subsidiary or an associate company of such company; or

B) A subsidiary of a holding company to which it is also a subsidiary;

ix) Such other person as may be prescribed;

6) Section 2(85) defines "Relative" as

i) They are members of a Hindu Undivided Family;

ii) They are husband and wife; or

iii) One person is related to the other in such manner as may be prescribed;

7) REPORT OF THE COMPANIES LAW COMMITTEE:

1. Second proviso to section 188(1): a) MCA Circular No. 30/2014 in relation to section 188(1) to be withdrawn.
2. Related party transactions: b) Related parties in case of joint ventures and closely held public companies where they are not allowed to vote, to be specifically excluded from the requirements of the second proviso.

5. FILING WITH ROC:

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso is given below:

1. Details of contracts or arrangements or transactions not at arm's length basis.
2. Details of contracts or arrangements or transactions at arm's length basis.

6. AUDITING STANDARD 550:

This Standard on Auditing (SA) deals with the auditor's responsibilities regarding related party relationships and transactions when performing an audit of financial statements. Specifically, it expands on how SA 315—**"Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment."**

SA 330 — **"The Auditor's Responses to Assessed Risks".**

SA 240 — **"The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements"** are to be applied in relation to risks of material misstatement associated with related party relationships and transactions.

7. From Published Accounts: "PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES: There were no contracts or arrangements entered into by the Company in accordance with the Section 188 of the Companies Act, 2013. However, there were material related party transactions in terms of Clause 49 of the Listing Agreements. All material related party transactions that were entered by the Company during the financial year were in the ordinary course of business and on an arm's length basis. All related party transactions are presented to the Audit Committee and the Board for approval. The policy on materiality of related party transactions and dealing with related party transactions as approved by the Board can be accessed on the Company's website. The Details of the transactions with related party are provided in the accompanying financial statements (Mac Charles (India) Limited Annual Report 2015-16 Director's Report Pg 4)

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GST – Impact on Sales for Manufacturers

CA. Madhukar N Hiregange and **CA. Mahadev R**

Manufacturing sector has been given prime importance by the present Central Government and 'Make in India' program is one such initiative. It is hoped that such schemes along with GST could bring India on the world map as hub for manufacturing. India is among the top ten manufacturing countries in the world and presently this sector contributes 10% of GDP. The new proposed GST law which could replace the present indirect tax laws from 1st April 2016 would have huge **positive impact** on manufacturing sector in India generally. In this article, few of the important aspects having impact on sales of manufacturing sectors have been discussed.

Under the present indirect tax laws, both central and state governments levy taxes such as Excise duty, VAT/CST, Entry tax, Octroi etc., on goods which results in cascading effect of taxes at certain stages. The tax rates are not uniform across the States in India on goods. Credit is restricted by State as well as Central laws. It was expected that the cascading effect of taxes on goods would get reduced with seamless credit concept and passing of credit without much restrictions in GST. GST could bring substantial change in the present sales pattern.

Reduction in sale price for goods presently liable for Standard tax rate

Most of the goods manufactured and sold by manufacturers in India would be liable for Central Excise duty at around 12.5% along with VAT at general rate of around 15%. Adding Octroi, entry tax, in between CST purchases, limitations on credit on petroleum, electricity where inputs and capital goods suffer duty/ tax. This results in total tax of around 28 – 32 % on sale of standard rated goods. In GST regime, the standard rate of goods could be around 20% thereby reducing the tax burden on the customers by around 8-12 %. This would put the manufacturer in better position to bring down the prices of their vendors as well as themselves. Final customers also would be benefited by this to the extent this benefit is passed on.

Increase in sale price for goods presently liable for Concessional tax rate

There are certain goods like steel products, carton packing materials which are manufactured by small scale industries also where no excise duty is paid, thereby excise duty on value addition is avoided. Further these goods are eligible for concessional / lower rate of VAT of around 5% in most of States in India. Total tax in such cases could be in the region of 15%. In these cases, the final price of goods would get increased to the customers as they would end up paying 20% GST. It may be noted that in the initial years these goods may also be merit rated at 12%. In such a scenario, it would be very critical for manufacturers to plan for GST impact on sale at the earliest by ensuring that their procurement is also tax efficient.

Pricing of goods which are presently exempted from indirect taxes

Goods like agricultural implements, solar energy goods are presently exempted from excise duty and also from VAT in many States. In these cases the value addition is entirely not subjected to tax/ duty. The total tax cost here maybe only 6-9 %. There are few goods which are exempted from excise duty but liable for VAT or vice versa. In GST regime, the general exemptions are unlikely to continue. These exempted goods could be liable for GST at the merit GST rate of around 12%. Here also the increase would be felt when sale is to the end consumer. In case of intermediate goods manufacturer, it would be advantageous as net cost of goods would be reduced.

Therefore, the manufacturers of the goods should plan for revising the final price of the goods considering the fact that credit would be eligible on all goods and services used in relation to manufacture of goods liable for GST. Seamless credit of taxes paid on purchases and expenses would definitely reduce the cost of production and provide leeway for decrease in sale price of goods.

Decision on continuation of multiple depots / sales offices / branches

Most manufacturers have set up sales offices / depots / branches which could be on account of tax planning or need to cater to regional market etc. The tax planning could have been made considering levy of CST on interstate supplies which is ineligible for input credit setoff for customers, different VAT rates in various states for same products. In some cases it may have been due to Just In Time concept adopted by the customers.

In GST regime, rate of taxes are expected to be same in all States (with minor differences). There is levy of GST on all supplies including stock transfers to branches / depots / sales offices. The taxes paid on interstate supplies would be eligible for setoff against the output tax liability. Considering these factors, manufacturers should take decision to continue / discontinue such additional place of business. The other factors to be considered in decision making are as follows:

a) Transportation cost involved in sending goods to depots and sale there from.

b) Cost of compliance in each location under GST like payment of taxes, filing returns.

c) Cash flow involved on account of GST levy on stock transfers

d) Administrative cost like rent, office maintenance etc. for additional places.

Cheaper exports and impact on Form H purchases

Even under present tax regime, most of indirect taxes paid like excise duty, VAT, service tax in relation to export of goods is eligible for either exemption or refund. The exemptions / refund are resulting in cheaper exports. In GST regime, manufacturers could expect even cheaper exports due to following factors:

a) Traders would be eligible for IGST on imports and service tax credit to extent admissible.

b) Taxes like CST paid on procurements would not be a cost in GST as all taxes paid on procurements are either eligible for credit or refund.

c) There would be no levy of entry tax.

d) Number of forms and compliance expenses involved presently, like obtaining exemption certificate from excise department, filing multiple refund applications would get reduced.

e) Faster refunds are expected under GST (80% immediately) as compared to present refund schemes. Present schemes are dead slow and expensive as it involves satisfaction of VAT officers / service tax officers / Excise officers.

Sales / marketing officers could consider these factors for the purpose of pricing of goods to be more competitive in the international market.

Discount schemes to be relooked into

There could be various types of discounts such as cash discount, trade discount, seasonal discounts etc. Under present indirect tax laws, the discounts allowed to customers would be eligible for deduction mainly:

a) When discounts are allowed as regular practice or in terms of agreement entered and

b) When the discounts are disclosed on the invoice.

There have been decisions allowing deduction of post removal discounts only when the discounts are linked to specific invoices through which goods are cleared.

However, in GST regime (Section 15- Value of supply), discounts allowed at the time of supply would be eligible for deduction. However, the post supply deduction would be allowed for deduction only when:

a) Discount is established as per the agreement and is known at or before the time of supply

b) Discounts are specifically ***linked to relevant invoices***

Therefore, the discounts would be allowed if discounts can be linked to specific invoices. In this regard, proper planning is required in framing the discount policy in such a way that the same could be linked to invoices.

Arrangement with dealers / consignment agents

In case of entities which have appointed dealers / consignment agents, there is a need to relook at the agreement clauses. Under the present laws, the goods could be transferred without payment of any taxes. However, in GST regime, the supplies including transfers would be liable for GST. Such dealers / consignment agents would be treated as separate taxable persons for GST purpose. Considering all these changes, there is a need to educate dealers / agents.

Conclusion

The points discussed above are only illustrative and list can go on. There is a need for GST impact study for all manufacturers to understand the impact of GST on the goods being manufactured. The impact study for business should result in net inflow for the businesses. It is a very good opportunity for the professional who is taking care (CFO, GM – Finance etc) as well as the practitioners to serve the employer/ clients respectively. While the professional learns and earns, his clients get value / benefit. This window of service, however, is going to be value additive only upto 1 month prior to GST implementation.

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TRANSITIONAL PROVISIONS UNDER MODEL GST LAW 2016 FOR KARNATAKA VAT DEALERS

CA. Sanjay Dhariwal and CA. Annapurna Kabra

The Draft GST law which has come on public domain on 14th June 2014 discusses each component in detail. We have to understand why we need GST, why we all want to know about GST, how it is transforming the manufacturing, sale, provision of services to supply of goods and services. The introduction of GST will be one of the biggest reform in the country and will be one of the most significant tax reforms in the fiscal history of India to consolidate present multiple layers of Indirect taxation. The Model law also includes the draft of Integrated GST as well as Draft Valuation Rules. The GST law covers various aspects relating to supply of goods and services, time and place of such supply, Input tax credit, Valuation Rules, tax administration and the transition provisions. The GST model law is provided to understand the framework of GST and accordingly the transitional provisions are discussed in below Para as may be applicable to VAT dealers in Karnataka.

VAT Credit on Inputs: The registered taxable person will be entitled to take credit of the amount of VAT availed under the existing law subject to the following that amount is reflected as carry forward in the return and such credit is admissible under the earlier law and GST law. The VAT Credit can be availed as SGST Credit. Input tax credit as per the return furnished for the period ending will be carried forward as SGST under GST law

VAT Credit on Capital Goods: A registered taxable person shall be entitled to unavailed Input tax credit in respect of capital goods not carried forward in a return will be allowed in certain situations. Under the KVAT law the input tax credit can be availed on capital goods only after the commencement of commercial production. The GST law specifically allows unavailed Input Tax credit in respect of only capital goods and not inputs and input services. The VAT Credit should have been admissible under both the earlier law and GST.

VAT Credit on Exempted Goods: The Taxable person has not been registered under the earlier law. The person must be a registered taxable person under the GST laws. The goods must have been exempted under the State level VAT / CST laws but those goods must be liable to tax under GST law. The inputs should be intended for use in making taxable supplies under the GST law. Such inputs should be held in stock on the date of introduction of GST.

Credit of eligible taxes on inputs held in stock to be allowed to a taxable person switching over from composition scheme under the existing law to regular scheme in GST Scheme: The person must be a registered taxable person under the GST Laws. The taxable person must have also been registered under the earlier law and should have opted for payment of tax at a fixed rate or fixed amount under the composition scheme under the earlier law. Specified taxes / duties paid on 'inputs' would be allowed as transitional credit. The taxable person should opt for payment of tax under the regular scheme under the GST law (cannot be a composition taxpayer u/s 8 of GST Laws). The relevant inputs should be held in stock on the date of introduction of GST. Inputs may take any of the following forms – (i) inputs as such (in the same form as it was procured / received – may be raw materials, consumables, packing materials, traded goods etc.), (ii) may be contained in WIP or semi- finished goods or (iii) may be contained in the finished goods. Such inputs must be used or intended to be used for making taxable supplies under the GST Laws. Such goods should qualify as eligible inputs under the GST law. The taxable person should be in possession of the invoice and such other documents (as may be prescribed). The invoice / other document should evidence the payment of duty / tax on such goods. The invoice should not be more than 12 months prior to the date of introduction of GST.

Amount payable in the event of a taxable person switching over to the composition scheme under GST regime: The person working under the composition scheme under the GST law does not carry forward credit from the old regime. The taxable person should be registered under the regular scheme in the old law. The taxable person should have an unutilized portion of input credit under the old law. He must have opted for composition scheme under the GST law in terms of section 8. He should pay an amount by way of debit in the electronic credit ledger or electronic cash ledger equivalent to input tax credit in respect of stock held on the day immediately preceding the date of such switch over. The balance of Input tax credit lying in electronic credit ledger shall lapse

Exempted goods returned to the place of business on or after the appointed day: It provides for non-payment of GST on return of exempted goods sold under the earlier law and the return of such goods is under the GST law. Exempted or duty paid goods returned within six months from appointed day to any place of business then no tax payable under GST law and If not returned within six months of appointed day to any place of business then tax payable by person returning the goods if such goods are liable to tax under GST.

Duty paid goods returned to the place of business on or after the appointed day: In case the duty paid goods sold six months prior to the appointed date of GST should be returned to the place of business within six months of the appointed date. In case the duty paid goods returned to the place of business after six months of the appointed date then it shall become taxable. If the goods are returned by the buyer to the seller within 6 months from the date of GST coming into effect, the seller can take credit of tax paid under the earlier law.

Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract: In case of upward price revision in contract a supplementary Invoice or debit note is required to be issued within thirty days of revision and tax is required to be paid to the extent revision under GST regime. And in case of downward revision a supplementary Invoice or Credit Note is required to be issued within thirty days of revision. The tax liability will be reduced to the extent of revision under GST regime.

Claim of credit to be disposed of under the Earlier law: Where any matter in respect of input credit is pending in an appeal or revision or review or reference under any of the earlier laws and if the input credits are finally allowed then in such instance refund would accrue in cash. And if the input credit is disallowed then it would become recoverable as an arrear of tax under the GST law. The amount so recovered would not be allowed as input tax credit under the GST laws. The recovery of taxes will be conducted under the GST law

Finalization of proceedings relating to output duty Liability: The Section applies where any matter in respect of output tax / duty liabilities are pending in appeal, review, revision or reference proceedings under any of the earlier law. If the output liability is finally payable then it should be recovered as an arrear of tax under relevant GST Act. The amount so recovered would not be allowed as input tax credit under the GST laws.

The GST law will change the tax incidence, tax computation, tax structure, credit utilization, Input tax credit mechanism etc. which will completely transform the current indirect taxation system and accordingly the dealers should gear up from the current indirect taxation to the impending Goods and Service Tax law.

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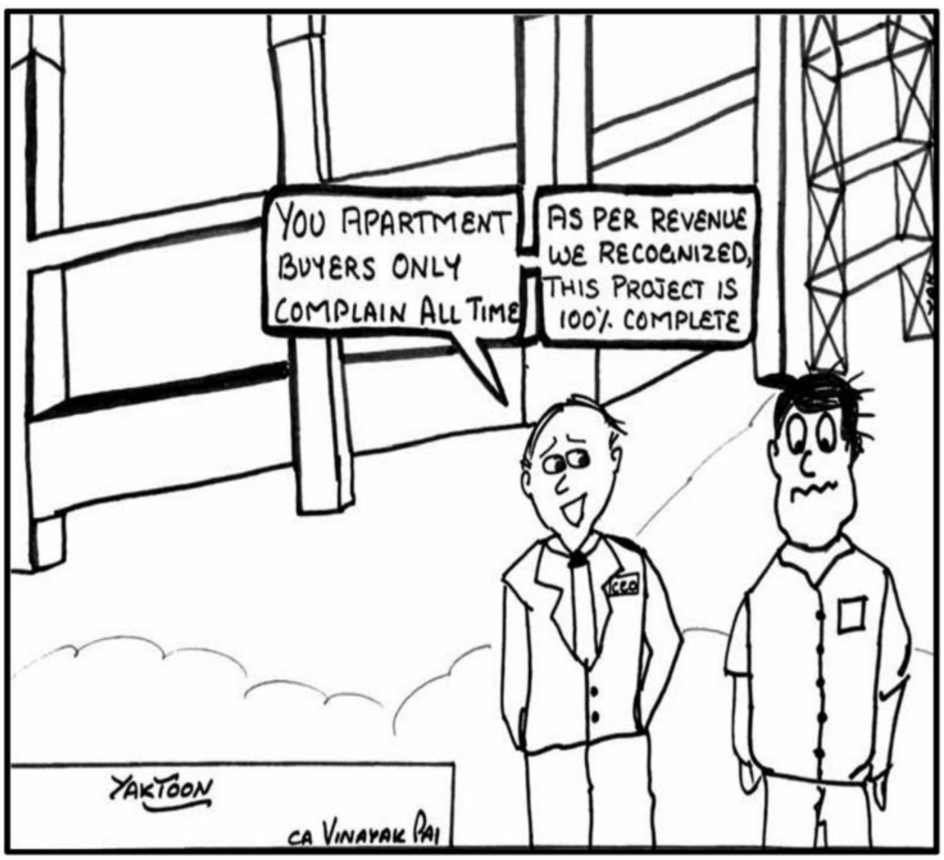

Additional Deduction for Interest on Housing Loan

CA. Prakash Hegde and **CA. Raghavendra N**

Under the provisions of section 24 of the Income Tax Act, 1961 ('the Act') a deduction is available for interest payable on the capital borrowed for acquisition or construction or repair or renewal or reconstruction of a house property. In the case of a house property which is self-occupied as stated in section 23(2) of the Act, the amount of deduction for interest is generally available up to Rs 30,000 per year. However, if the housing loan is borrowed on or after 01 April 1999 for the purpose of acquisition or construction and is self-occupied and the acquisition or the construction is completed within 5 years[1] from the end of the financial year ('FY') in which the loan was borrowed, the deduction available for interest on loan is Rs 2,00,000 per year. These monetary ceilings for deduction for interest are applicable only for the self-occupied house property. For the let out property, the deduction for interest is available without any limit.

Provisions of section 80EE introduced by Finance Act, 2013 provided an additional deduction of up to Rs 1,00,000 towards interest paid on housing loan, subject to certain conditions. This deduction was in addition to the above limits prescribed under section 24 of the Act. However, this additional deduction was restricted to a total amount of Rs 1,00,000 within a period of two FYs i.e. 2013-14 and 2014-15.

The Finance Act, 2016 has reintroduced the benefit under section 80EE with some minor modifications. The following are the important provisions relating to the claim of this additional deduction for interest on housing loan which is effective FY 2016-17:

- The additional deduction is available only to individuals.
- The deduction is available on interest payable (whether paid or not) on loan taken for acquisition of residential (not commercial) property.
- The loan should have been sanctioned by the financial institution (i.e. a bank or a housing finance company) between 01 April 2016 and 31 March 2017.
- The amount of loan should not exceed Rs 35 Lakh.
- The value of the house property should not exceed Rs 50 Lakh.
- The assessee should not own any 'residential' house property on the 'date of sanction of loan'.
- The amount of deduction for interest on housing loan shall not exceed Rs 50,000 for the FY.
- The deduction is available for FY 2016-17 and subsequent FYs.
- Double deduction i.e. deduction under the provisions of this section as well as under any other provisions of the Act is not allowed.

As one can note, the benefit is intended to help tax payers in the middle income class who do not own a house property and want to purchase within the limit of Rs 50 Lakh. Though the term 'value' of the house property is understood to mean that it includes the cost of registration etc. it would be better if the CBDT clarifies the meaning of the same. It may also be noted that under section 24, as the deduction for interest on housing loan for a let out property is available without any limit, this additional deduction is to no avail.

The above amendment has not altered the deduction which a house property owner can claim under section 80C in relation to repayment of principal amount of the housing loan. In this regard, it is important to note that the deduction of Rs 1,50,000 under section 80C for repayment of housing loan principal is inclusive of other investments like life insurance premium, provident fund, public provident fund etc.

Keeping in mind the benefits available under section 24, 80C and 80EE of the Act, one may note that a proper tax planning could help an individual to claim a total benefit of Rs 4,00,000 even in the case of self-occupied property.

Below is a comparison chart of the maximum deductions that can be claimed by an individual tax payer for various FYs:

Deductions	For FY 2013-14	For FY 2014-15	For FY 2015-16	From FY 2016-17
Under Section 24 - towards interest on housing loan	Rs 1.5 Lakh	Rs 2 Lakh		
Under section 80C - towards repayment of principal of housing loan	Rs 1 Lakh	Rs 1.5 Lakh		
Under section 80EE – towards additional deduction for interest repayment on new house	Rs 1 Lakh in total[2]		Not Available	Rs 50,000
Total maximum deduction	**Rs 3.5 Lakh**	**Rs 3.5 Lakh**	**Rs 3.5 Lakh**	**Rs 4 Lakh**

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[1] Increased from 3 years with effect from financial year 2016-17

[2] The overall limit of deduction for FY 2013-14 and 2014-15 is Rs 1,00,000 only

Financial Reporting – Practioners Update

CA. Vinayak Pai V

The reporting on internal financial controls has been contentious particularly in the context of audit of the SME segment. Much needed succor has been provided by ICAI with the release of an implementation guide on the audit of internal controls of smaller entities.

Accounting for land and buildings held for investment purposes is set for a change from the current fiscal. Investment properties would now be subject to depreciation as they now fall under the purview of the cost model of accounting in comparison with the investment model of accounting so far.

The next fiscal is set to be more exciting for practitioners with the onset of IND-AS for mid tier of unlisted companies, expected go-live of the GST regime and revisions to standards on auditing in line with international auditing practices.

The audit of unlisted mid-tier companies IND-AS transition balance sheet and first annual IND-AS financials is going to be particularly challenging with respect to the top-line. Three different accounting standards in three financial years in quick succession is the reality.

a) **Audit of Internal Financial Controls for smaller companies**

Our Institute released an **Implementation Guide** on Audit of *Internal Financial Controls over Financial Reporting* ***(IFCFR)*** *with Specific Reference to Smaller, Less Complex Companies* on August 28, 2016. The Implementation Guide comes as a relief to auditors engaged in the audit of smaller companies where sophisticated state-of-the-art control systems and processes neither exist nor are they perceived to be warranted by some managements.

This Implementation Guide provides guidance related to reporting on the adequacy and operational efficiency of internal financial controls under section 143(3)(i) of the Companies Act. The current guide **supplements and does not substitute** the previous Guidance Note on Audit of IFCFR issued in 2015 that continues to be applicable for audit of all companies, big and small.

The key mantra of the Implementation Guide is that smaller companies could **achieve its control objectives differently** than a complex company. A small company in this context is **not a measurement based on size** but rather **based on the level of complexity of its operations**.

Some of the salient aspects of the Implementation Guide that provides valuable inputs to practioners in customizing, designing and execution of the audit engagement is summarized herein below.

- The audit of IFCFR needs to be combined with the audit of financial statements adopting an **integrated approach**.
- A combination of more than one control component, each with limited effect, could lead to satisfactory results and therefore the **presence of all the five components (ideally present in an internal control system) may not be necessary** in concluding on the adequacy and effectiveness of controls.
- The **evaluation of IT controls may not be necessary** where controls are non-IT and management does not rely on the IT system to operate controls.
- Process level controls that are relevant in the audit engagement of smaller clients are those that relate to the **financial reporting process** and **transaction processes** including AR, AP, Inventory, payroll, etc.
- Auditors need to satisfy themselves that controls actually operated through **corroborating evidence** since the absence of documentation evidencing the operation of controls is not a cause to conclude that controls are ineffective.
- Smaller companies can have **alternative controls to tackle SOD (Segregation of Duties) conflicts.**

b) **Changes to accounting for land and buildings (Non-INDAS)**

The notification of the Companies (Accounting Standards) Amendment Rules, 2016 on March 30, 2016 that is applicable for the audit of financial statements of entities for the ensuing year ending March 31, 2017 results in changes in the accounting for a specific category of land and building assets. AS 10 – *Property, Plant and Equipm*ent and AS 13 – *Accounting for Investments* have been amended by the said notification.

Land/Buildings that were categorized as Investment Property were accounted under the provisions of AS 13 until the last fiscal. The accounting for Investment Properties has been now moved to AS 10 (erstwhile Fixed Assets, now Property, Plant and Equipment). The salient aspects of the accounting are summarized herein below.

- Investment Properties are land/buildings that are held for earning income or capital appreciation and that are not intended to be occupied substantially for use by, or in the operations of the reporting entity
- Hitherto such investments were accounted applying the provisions of AS 13 where the subsequent measurement was based on the classification of the investment into either a "current" category or a "long-term" category.
- For the year ending March 31, 2017, such investments need to be accounted for **applying AS 10** – *Property, Plant and Equipment*.
- Further, the cost of any shares in a co-operative society or a company, the holding of which is directly related to the right to hold the investment property, is added to the carrying amount of the investment property.
- As per AS 10, such investment properties need to be accounted for strictly in accordance with the **"cost model".**
- The cost model in PPE accounting standard requires PPE to be measured subsequent to initial recognition (Day 2) at **cost less accumulated depreciation and accumulated impairment losses.**
- No specific transitional provisions have been prescribed for this switch over and hence the same **needs to be given effect retrospectively.**

c) **Upcoming changes to Standards on Auditing (SAs)**

Five Standards on Auditing have been revised and one fresh Standard on Auditing will be applicable for audits of financial statements for **periods beginning on or after April 01, 2017**. The up gradation of the auditing standards is in line with upgrades to its international counterparts. Audit teams need to plan now for imbibing these standards in the planning of the audits for the next fiscal.

i) **Revised Standards on Auditing**

- **SA 260** – *Communication with Those Charged with Governance*
- **SA 700** – *Forming an Opinion and Reporting on Financial Statements*
- **SA 705** – *Modifications to the Opinion in the Independent Auditors Report*
- **SA 706** – *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditors Report*
- **SA 570** – *Going Concern*

ii) **New Standard on Auditing**

- **SA 701** – *Communicating Key Audit Matters in the Independent Auditors Report*

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

a) Unlisted companies with a net-worth in the range of Rs.250-500 core (as of March 31, 2014) need to prepare their **financials for 2017-18** as per notified IND-AS.

b) Such companies need to prepare an **IND-AS balance sheet as of April 1, 2016** that is the starting point for IND-AS accounting.

c) Revenue accounting for such in-scope companies could be challenging particularly for those who have non-simple revenue arrangements as the transition to IND-AS revenue accounting would be in two phases.

d) Such companies would follow AS 7&9 till March 31, 2017, apply IND-AS 11 &18 for the year ending March 31, 2018 and would be required to transition to IND-AS 115 for the year commencing April 1, 2018.

e) This could require adequate planning from the audit teams.

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KSCAA WELCOMES NEW MEMBERS - SEPTEMBER 2016

Sl.No.	Name	Place
1	Sarvesh Maiya Udyavar	Bangalore
2	Sowmya B.S	Bangalore
3	Shankar M.S	Bangalore
4	Mundra Poonam Jayaprakash	Bagalkot
5	Hareesh B.E.D	Bangalore
6	Vaibhav Vinod Mutalik	Dharwad
7	Vijaykumar Patil	Sirsi
8	Sandeep C.	Bangalore
9	Bharath Holla B.	Bangalore
10	Anandbabu Naidu C.S.	Bangalore
11	Anantha K. Bhat	Bangalore
12	Padmanabha Kanchan K	Udupi

Will Only Skilling India Reap Demographic Dividend?

CA. Teertha G R R

Ever since the Chinese establishment has reduced its GDP growth projections to under 6.5%, in the last few months there has been a sense of euphoria among the Indian ruling dispensation, media, netizens and one and all that India is now officially the fastest growing economy and the story of India rising once again has gathered momentum. We could see everywhere, right from panel discussions to articles to editorials to blogs as to how Indian economy will double in the coming decade owing to its strong fundamentals, huge domestic demand, demographic dividend and most importantly the projected image of the popular government of the day as pro-business and pro-reforms, set the tone for the high decibel debate on the India growth story.

However it had to be a witty comment from our former RBI governor Dr. Raghuram Rajan who said, "*andhon mein kaana raja*" which meant a one-eyed king in the land of blind, that brought some sanity to the discussion table. Dr. Rajan, being a renowned economist across the globe, prudently raised the red flag when the whole country led by the government of the day was celebrating the India Inc. growth story. He rightly pointed out that the global economic uncertainties still exists and ***it may*** be a false dawn that we are celebrating. It is a different story that he had to pay a price for his prudency and face below the belt attacks from another Tam-Brahm intellect! Before I land into any trouble let me strictly confine myself to the fundamentals of economics and not venture into politics of economics.

As discussed earlier some of the major factors that has been driving our economy is strong fundamentals, stable political environment, robust domestic demand, liberal economic policies, improved investor confidence, etc. but what has really caught my attention is the "***Demographic Dividend***" that we brag about. Yes, we being a country of 1.25 billion people, are strategically positioned to reap the demographic dividend in the next 30 years. But what exactly is this demographic dividend and how is it a key factor to our economic growth and most importantly is there really a demographic dividend and should we analyse this as a quantitative terminology or a qualitative terminology? Let us answer the questions one by one.

What is Demographic Dividend?

Demographic dividend, as defined by the United Nations Population Fund (UNFPA) means, "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)." In other words, it is "a boost in economic productivity that occurs when there are growing numbers of people in the workforce relative to the number of dependents." UNFPA stated that, a country with both increasing numbers of young people and declining fertility has the potential to reap a demographic dividend.

To put it in a layman's language, demographic dividend means increase in the working force vis-à-vis the non-working force in an economy which leads to adequate supply of labour and when such labour is employed in an economic activity, it directly propels the economic growth.

Where does India stand?

- By the year 2026, India is expected to be the most populous country in the world with a headcount of 1.4 billion approx. says a UN report.
- India will add more than 100 million to her workforce during 2011-2020.
- More than 60% of India's population is expected to be in the working age group by 2025.
- India is set to become the world's youngest country by 2020 with an average age of 29 years.
- Most importantly India will enjoy this phase of demographic dividend from 2011-2040 while China has already begun to taper off since 2015. The indication being China's reversal of one child policy.

These are some of the general statistics that has been produced by various international agencies like IMF, World Bank and also by some of the leading research and consulting firms. The above basic data is in public domain for a long time now and is undisputed. Looking by the sheer numbers we can say that India is in the early stages of experiencing demographic dividend.

How do we reap the dividend?

Will the sheer numbers help us attain the demographic dividend? No. We must make the manpower employable first and then create enough jobs to employ them. Then only can India reap the demographic dividend. One of the most visible challenges in this is the qualitative aspect of the manpower i.e. making them employable.

The government has humongous task in imparting vocational skills through various programs like Skill India in the sectors of infrastructure, automobile, textiles, clothing, handlooms, gems and jewellery, food processing, leather, building construction, etc. Some of the key challenges the government will be facing in making the younger generation skilful is:

- Formulation and design of vocational training framework
- Reaching out to rural masses
- Meeting the industry requirements

With a robust training framework and an extensive outreach to the rural areas, India should be able to train its labour force and make them employable. Also with the government's focus on Make in India, it should be able to create enough jobs to absorb the trained manpower.

In a nutshell, we will be equipping our people with skillsets that meets the industry requirements and shift them from primary sector (agriculture) to secondary (manufacturing and related activities) and tertiary (services) sector. This would mean that in our pursuit of achieving higher economic growth rates by reaping demographic dividend, there would be further acceleration of urbanisation in the coming days.

What are we missing?

Whatever discussed till now is readily available facts on the internet and every expert in economics broadly agrees with the whole concept of Demographic Dividend that has been explained above, be it the quantitative aspect or the qualitative aspect. Most of the discussions on Demographic Dividend ends at identifying the challenges of skill impartment and job creation. Yes, without any iota of doubt we all must accept the fact that skill imparting is the most important qualitative aspect of Demographic Dividend, because an unskilled labour is unemployable and such labour cannot contribute to the country's economic growth. But is skill the only qualitative aspect about manpower that we must worry about?

Urbanisation and its impact on manpower

Ever since the Y2K revolution happened, India has seen some unprecedented economic growth rates and also witnessed mass urbanisation. In spite of such mass urbanisation we still continue to have around 60% of our population dependant on agriculture, which we can't afford to. Hence further urbanisation is the only way to shift people to from primary to secondary and tertiary sectors. It is for the government and urban planners to not only think of ways and means to decongest already heavily urbanised cities like Bengaluru, Chennai, Mumbai, Hyderabad, etc. but also to have a planned urbanisation in the next two decades.

Let us now just focus on the impact of urbanisation on the qualitative aspects of manpower. As told earlier, skill education is the main qualitative aspect of manpower but it is not the ONLY aspect. Just like how we evaluate the qualities of a good human being, a good skilled manpower must possess most of such qualities, if not all, to reap the demographic dividend.

A skilled manpower can contribute to the economy only if he / she is a healthy manpower. Possessing skills and good health can't be mutually exclusive event. Today if we analyse the health scenario in urban India we are facing some major problems like diabetes, obesity, infertility, heart ailments, etc. Children are obese these days due to complete absence of physical activities, courtesy hectic school schedules and I-pads during their free time at home. Many youngsters in Urban India between the age group of 30 to 40 suffer from diabetes courtesy their hectic work schedules and wrong diet. Many young professionals who are in the child bearing age have begun to experience problems in conceiving a child. Today in Bengaluru we can witness IVF treatment centres have mushroomed like Iyengar's Bakery! Again if we analyse the reasons for it, it will come down to same reasons namely improper work life balance and undesirable dietary habits.

Coming to the other qualitative aspects of a young urban Indian professional like - Indian family values, Indian culture, celebrating Indian festivals, etc. there has been a constant decline in these. We are witnessing increased old age homes, increase in number of marital disputes ending in bitterly fought legal battles leading to divorce, offices celebrating thanks giving day instead of Independence Day, etc.

Now the above mentioned trends in the qualitative aspects of our labour force is quite worrisome. Our policymakers must focus on reversing this dangerous trend. In my opinion, the one common factor that is causing such trend is **"LACK OF INDIAN-NESS"** among our urban population. Today we witness parents celebrating their kid's birthday in McDonald's or Pizza Hut and not at home like how our parents used to celebrate our birthdays when we were kids. If you still want to go out on your kid's birthday why not go to an Indian restaurant and get your child some Indian food instead of the unhealthy and stale burgers that McDonald's has to offer? Today the whole of America is teaching its kids to start eating spinach and salads instead of burgers and pizzas why are we teaching something non-Indian to our kids? Similarly when you visit a multiplex what food do you get to munch upon? Anything Indian? Definitely NO. In this way, today's urban India is slowly losing its connection with the real Bharat. If we continue this dangerous trend, we may end up having a new generation of people who only knows pizzas and burgers, who only knows how to operate I-pad and who will use calculator to add 2+2. Such a generation will be detrimental to our economic growth prospects, USA being a case in point.

Conclusion

If India has to sustain high economic growth rates and reap rich demographic dividends we need to correct the above trend immediately. Among the qualitative aspects of our manpower, the X factor is **Indian-ness** and if we lose our X factor due to rapid urbanisation we are heading towards disastrous consequences. Back then in the 17th century we had the East India Company who made India as a British colony and today in the 21st century we have the capitalists who threaten to rule us again and usher in a new era of neo-colonialism. Beware and be Indian!

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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%.

TOUR COST INCLUDES
• Air ticket and Airport tax from Bangalore and Return by Cathay Pacific in Economy class. • 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

Tour is Organised by:
CHARIOT WORLD TOURS LIMITED

TOUR COST EXCLUDES
Any other services not mentioned under inclusions. Optional Tour Cost: Dancing on the Waters Show.
3 Types of Tickets available and entry Tickets are as below.
Category 1: USD 128
Category 2: USD 110
Category 3: USD 90

Contact for Registrations:
Ms. Geetanjali, 81477 33791
For more details about Tour please contact:
CA. Shravan Guduthur, +91 98445 46161
CA. Chandrashekar Shetty, +91 98807 22807





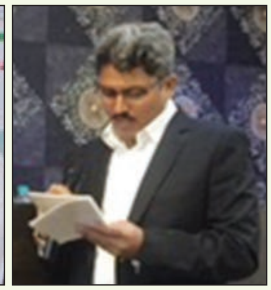

Itinerary with link : http://www.bangaloreicai.org/images/icons/2016/Announcement/16_08_Aug/itinerary.pdf
http://kscaa.com/2016/08/25/international-tour-to-hong-kong-macau-from-19th-january-2017-5days-4nights/

Seminar on Taxation of JDA & Tax Audit at Shivamogga







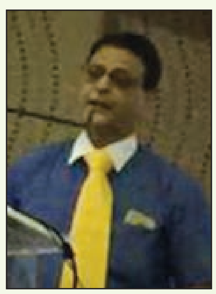


Seminar on Tax Audit at Tumkur



Seminar on Assessment of Charitable Trusts at Davanagere





Speakers at Basavanagudi CPE Study Circle



Student Seminar Inauguration at Bangalore Branch

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