

# KSCAA

Karnataka State Chartered Accountants Association ®

## NEWS BULLETIN

June 2021

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Karnataka State  
Chartered Accountants Association



@karnatakacaassociation

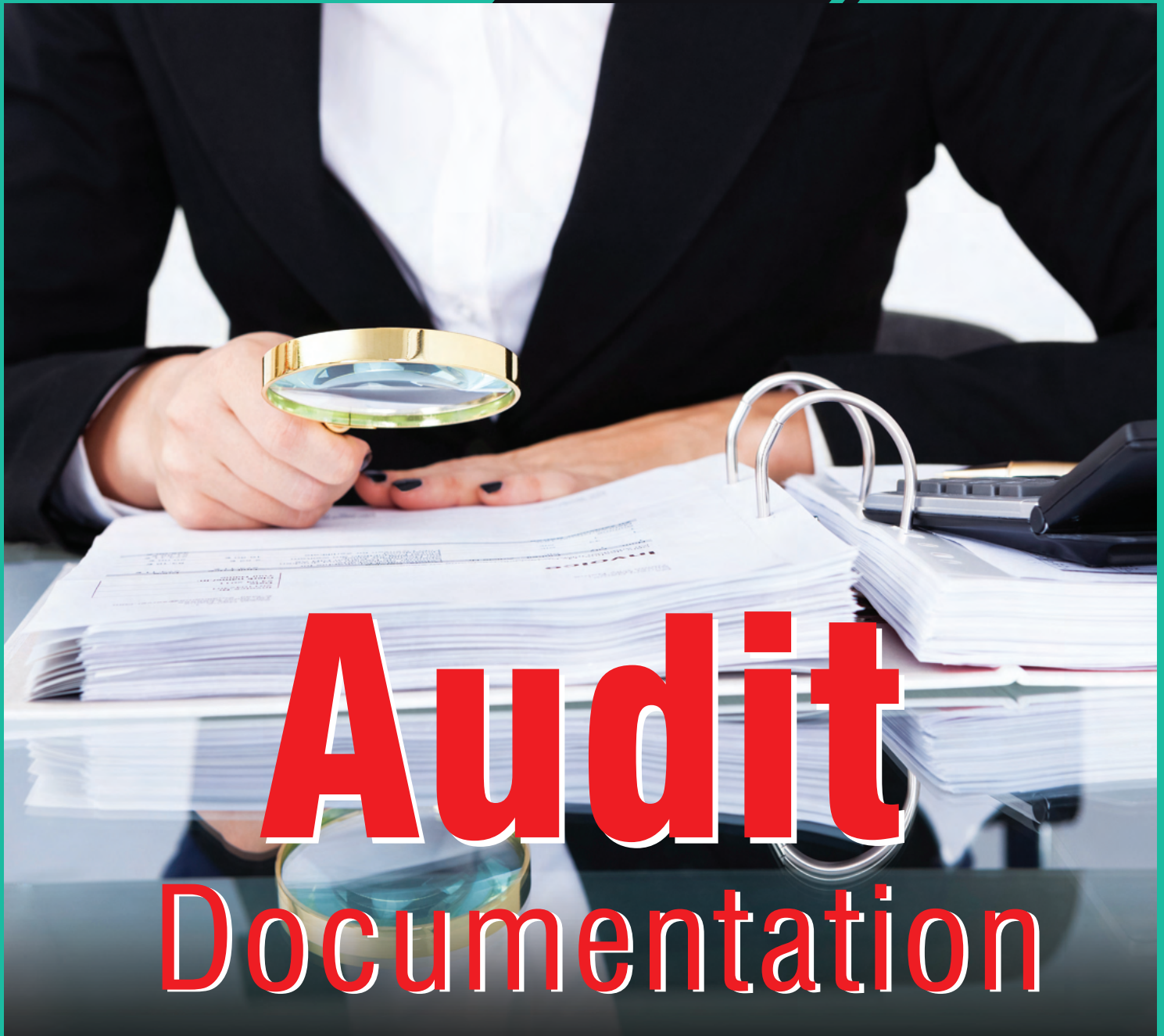


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English Monthly  
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- Analysis of Loss under IFHP
- IPR in India
- RERA
- Accounting Entries under GST
- GST on Vaccine & Vaccination
- 7 traits of Entrepreneurial Mindset



Dear Professional Friends,

In a unique show of strength and concern, Team KSCAA and the Bangalore Branch of SIRC of ICAI (hereinafter referred to as CA warriors) organized to join Vaccination Drive for the benefit of members, their staff, and family. Though the idea was conceived a little late, CAwarriors left no stone unturned to ensure wide reach and seamless booking-post booking-vaccination-post vaccination experience. Day 1 (05.05.2021) of the Drive @ Fortis La Femme COVAXIN witnessed 370 vaccinations and Day 2 (06.06.2021) @ Cloudnine COVISHIELD had 631 beneficiaries. End of 2 weeks' tireless and relentless efforts of CAwarriors saw 1001 vaccinated members, 1001 happy faces, 1001 safe members. It was an opportunity for us to walk the talk of placing health first and then work!

While the economic activity is poised to pick up on the backdrop of a 2-month low in fresh COVID cases, we need to continue exercising caution and follow appropriate behavior to avoid Wave 3. If stock markets are to be considered as a barometer of the market sentiments, underlying fundamentals remain strong and disruption caused due to Wave 2 seems to be short-lived.

After this lean period of May and June, we need to gear up for filing/audit season, due dates without few trainees (due to exams), a new IT website, a new MCA website, in short, a new life!

At KSCAA's activity level, every year the month of June was generally used for dispatch of financials and AGM would have been called for. This year with restriction in public assembly, we feel it apt to postpone the AGM event to a convenient subsequent date. We will let you know the same in the days to come.

## News Roundup Direct Tax

- CBDT amends annexure to Forms 26Q, 27EQ & 27Q to incorporate changes related to Finance Act 2020 & 2021
- ITAT to launch e-filing portal
- New income tax e-filing portal has been launched on 07.05.2021. New features include ITR preparation interactive software, call center for taxpayer assistance;
- Limitation time for filing of appeals before CIT(Appeals) stands extended till further orders as ordered by the Hon'ble Supreme Court in suo moto writ petition (civil) no. 3 of 2020 vide order dated 27.04.2021
- Insertion of Rule 11UAE to IT Rules dealing with computation of Fair Market Value of Capital Assets for the purposes of section 50B of the Act;
- Extension of time limits of certain compliances to provide relief to taxpayers in view of severe pandemic Circular No. 9 Of 2021 [F. No. 225/49/2021-ITA-LI], Dated 20-5-2021
- Section 269ST of the Act: Mode of undertaking transactions - non-application of said section to specified persons or class of persons providing COVID treatment to patients on receipt of payment in cash during 1-4-2021 to 31-5-2021 on obtaining PAN or Aadhaar.

## Indirect Tax

Even COVID has not been able to bring down the GST Collections to below 1 lakh crores as the collections for the

month of April has crossed 1 lakh crores, however we need to wait and watch what would be the collections for the month of May as most of the country was under lockdown. We, Chartered Accountants must note that the due dates for filing the monthly returns under GST has not been relaxed, the relaxations have been provided only on the interest and late fee that accompanies with belated filing of the returns and hence must advise clients to ensure the returns are filed on time. GST Council met on 28th May, 2021 and has agreed to implement various business friendly decisions wrt Interest, Late Fees, Exemption to certain goods and services related to treatment of COVID, further the council has also clarified that the annual returns for FY 20-21 shall continue in GSTR-9 and 9C without CA/CMA Certification and has also promised to simplify the form. Even in our state, due dates for Annual Payment of Professional Tax have been extended to 30th June, 2021 and limitation period for assessments getting time barred under KVAT Act, 2003 has also been extended, I urge all professionals to utilise this much needed relief.

## Company Law

MCA vide a circular dated 20th May 2021 has clarified the following that:

1. If a company has contributed any amount to 'PM Cares Fund' on March 31, 2020 and the said contribution is over and above the minimum amount as prescribed under section 135(5) of the Companies Act, 2013 for the FY 2019-20
2. The same can be set off against the CSR obligation for FY 2020-21 (only) subject to the following conditions:
  - a. The unspent amount, if any, of the previous years, should have been factored;
  - b. The Chief Financial Officer and Statutory Auditor shall certify that such amount was contributed on March 31, 2020;
  - c. The details of such contribution shall be disclosed separately in the Annual report on CSR and Board's Report for the FY 2020-21.

The MCA vide notification dated 7th June 2021, has notified new E-form AGILE-PRO-S. By filing the AGILE PRO-SE-form together with the SPICE incorporation form, companies would be enrolled automatically for GST, EPFO, ESIC, Professional tax registration, Opening of bank account and Shops and Establishment Registration in one go.

After a month' of house arrest, we need to value the freedom of movement when lockdown is eventually lifted. No amount of technological adoption is enough. While we should continue to work from home to the extent possible, venturing out should be limited and in strict adherence to protocols. It is in our hands to stop Wave 3 - Get vaccinated, stay home, and stay safe!!

We wish to express the deepest gratitude to frontline workers, EC members of KSCAA, MC and staff at the Bangalore Branch of SIRC of ICAI, for their selfless services to mankind. Also, wish to thank the beneficiaries for their professional and responsible conduct during the vaccination process.

## Happy Reading!

Yours' faithfully,

**CA. Kumar S Jigajinni**  
President



Since 1957



# KSCAA

## NEWS BULLETIN

June 2021

Vol. 8 Issue 10

No. of Pages : 40

## CONTENTS

### DIRECT TAX

- ANALYSIS OF LOSS UNDER THE HEAD  
"INCOME FROM HOUSE PROPERTY"** 4  
CA. Krishnan S

### INDIRECT TAX

- ACCOUNTING ENTRIES UNDER THE GST  
LAW** 7  
CA. Annapurna Kabra

- INDIRECT TAX UPDATES** 9  
CA. Raghavendra C R  
CA. Bhanu Murthy J S

- GST ON SUPPLY OF VACCINE AND  
VACCINATION** 13  
CA. G. B. Srikanth Acharya  
Adv. Vasanth Kumar

### IN FOCUS

- APPLYING AUDITING STANDARDS** 16  
CA. Mohan R Lavi

### RERA

- MUST KNOW PROVISIONS UNDER RERA  
ACT 2016** 18  
CA. Vinay Thyagaraj

### FINANCIAL REPORTING

- FINANCIAL REPORTING AND  
ASSURANCE** 23  
CA. Vinayak Pai V

### NON-TECHNICAL

- SEVEN TRAITS OF AN ENTREPRENEURIAL  
MINDSET** 28  
CA. V Pattabhi Ram  
Kirthika Soundarajan

### IPR

- TRADITIONAL KNOWLEDGE AS A SOURCE  
TO START A MSME** 30  
Adv. M G Kodandaram

### HEALTH & FITNESS

- YOU ARE WHAT YOU EAT....** 34  
Dr. Raviganesh Mogra

- REPRESENTATION** 36

- BRAIN TEASERS** 38

## KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION®

### VISION

- KSCAA shall be the trusted and value based knowledge organisation providing leadership and timely influence to support the functional breadth and technical depth of every member of CA profession;
- KSCAA shall be the nucleus of activity, amity and unity among members aimed at enhancing the CA profession's social relevance, attractiveness and pre-eminence;
- KSCAA shall in the public interest, be a proactive catalyst, offering a reliable and respected source of public statement and comments to induce effective laws and good governance;
- KSCAA shall be the source of empowerment for leadership and excellence; disseminating knowledge to members, public and students; building a framework for new opportunities and partnerships that enhance life in the community and beyond; encouraging highest ethical standards and professional integrity, in realization of India global leadership vision.

### MISSION

- The KSCAA serves the interests of the members of CA profession by providing new generation skills, amity, unity, networking and leadership to strengthen the professional capabilities, integrity, objectivity, social relevance, standards and pre-eminence of India's Chartered Accountants nationally and internationally through; becoming gateway of knowledge for Chartered Accountants, students and public; helping members add value to their customers/employers by enhancing their professional excellence and services; offering a reliable and respected source of public policy advice and comments to bring about more effective laws and policies and transparent administration and governance.

### MOTTO: KNOWLEDGE IS STRENGTH

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

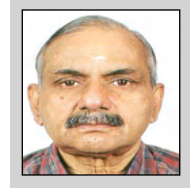
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# ANALYSIS OF LOSS UNDER THE HEAD “INCOME FROM HOUSE PROPERTY”



■ CA. Krishnan S

## Introductory Remarks

1. The Income-tax Act 1961 (the Act) is a wonderful and comprehensive piece of legislation and unless all the relevant provisions with regard to the particular subject / topic on view is studied with focused concentration, the reader is likely to miss important aspects of law and likely to be misled, as for understanding the particular topic reference may have to be made to different Chapters of the Act though there may not be a reference in the earlier section appearing in the earlier Chapter about a later section in the later Chapter though the later section would refer to the earlier section.

At the same time, we should also understand what is meant by the term “non obstante clause.” This can be explained by referring to Section 47 of the Act which starts with “*Nothing contained in section 45 shall apply to the following transfers*” and it can be stated that this section starts with what is called as “*non obstante clause*”. Section 47 of the Act deals with such transactions which are not regarded / treated as transfers, for the purpose of Section 45 of the Act, which deals with taxability of capital gains. One such item which is not regarded as transfer is provided in Section 47(iii) of the Act which reads as “*any transfer of a capital asset under a gift or will or an irrevocable trust*”

The Supreme Court in the case of **Union of India vs. G.M. Kokil AIR 1984 SC 1022** held that non obstante clause is a legislative device which is usually employed to give overriding effect to certain provisions over some contrary provisions that may be found either in the same enactment or some other enactment that it to say to avoid the operation and effect of all contrary provisions.

It is to be stated that loss arising out of house property is also covered by non obstante clause as sub-section 3A of Section 71 of the Act starts with “*Notwithstanding anything contained in sub-section (1) or sub-section (2) -----*.” The provisions of these sub-sections (1) and (2) of Section 71 do not contain any such overriding provisions like sub-section 3A.

In this article sections dealing with loss arising under the head “Income from House Property” have been analysed.

## Section 71B of the Act - Carry forward and set off of loss from house property.

2. Where for any assessment year the net result of computation under the head “Income from House Property” is a loss to the assessee and such loss cannot be or is not wholly set off against income from any other head of income in accordance with the provisions of Section 71, so much of the loss as has not been so set-off or where he has no income under any other head, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and—

- (i) be set off against the income from house property assessable for that assessment year; and
- (ii) the loss, if any, which has not been set off wholly, the amount of loss not so set off,

shall be carried forward to the following assessment year, not being more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.

## Purpose for which Section 71B of the Act was introduced

- It is to be stated that prior to the assessment year 1999-2000 the unabsorbed loss i.e., the loss remaining under head "Income from House Property" during the assessment year after adjusting against income from other heads was allowed to lapse.

Clause 30 of the Finance (No.2) Bill 1998 explained the purpose for which Section 71B of the Act was inserted.

*"Under the existing provisions loss from house property is not allowed to be carried forward for set-off against income arising in subsequent years. It is proposed to insert a new Section 71B so that where the net result of computation under the head "Income from house property" is a loss then such loss will be adjusted against income under other heads in the same assessment year and any balance loss remaining shall be allowed to be carried forward and set off in subsequent assessment years up to a maximum of eight assessment years against income from house property. The proposed amendment will take effect from 1<sup>st</sup> April, 1999, and will accordingly apply in relation to the assessment year 1999-2000 and subsequent years."*

In other words, with effect from assessment year 1999-2000 the assessee is permitted to adjust loss from house property against any other income from other heads of income and is also permitted to carry over loss for a maximum period of eight assessment years to be adjusted against income from house property of later years.

## Insertion of Section 71 (3A) of the Act.

- In Section 71 of the Income-tax Act, after sub-section (3), the following sub-section was inserted with effect from the 1<sup>st</sup> day of April, 2018, namely: —

*'(3A) Notwithstanding anything contained in sub-section (1) or sub-section (2), where in respect of any assessment year, the net result of the computation under the head "Income from house property" is a loss and the assessee has income assessable under*

*any other head of income, the assessee shall not be entitled to set off such loss, to the extent the amount of the loss exceeds two lakh rupees, against income under the other head.'*

The amendment has been made in such a way that interest payments mentioned in Section 24 of the Act with regard to self-occupied property and let out properties have not been disturbed in that section but Section 71 of the Act, as extracted above, has been amended by way of insertion of sub-section 3A the Finance Act, 2017 with effect from 01-04-2018 i.e., assessment year 2018-19 restricting the loss adjustment to Rs.2 lakhs.

## Purpose for which sub-section 3A was inserted

- The purpose for which this sub-section 3A was inserted was explained in para.no 35.2 by Circular No. 2/2018, dated 15<sup>th</sup> February, 2018 under the heading "Restriction on Set-Off of Loss from House Property" as under-

*"In line with the **international best practices**, a new sub-section (3A) has been inserted in the said section to provide that set-off of loss under the head "Income from House Property" against any other head of income shall be restricted to two lakh rupees for any assessment year. However, the unabsorbed loss shall be allowed to be carried forward for set-off in subsequent years in accordance with the provisions of the Act."*

**International Best Practice** means using standards, practices, methods and procedures conforming to applicable law and exercising that degree of skill, care, diligence, prudence and foresight that would reasonably and ordinarily be expected of a skilled, and experienced person engaged in a similar type of undertaking under similar circumstances.

## Understanding the provisions as on date

- So, the position as on date has been explained below-  
Suppose a person has self-occupied property as well as let out property and has borrowed in investing in both the properties. The ALV for self-occupied is zero and the interest can be deducted to show a

minus figure. For let out property compute income after deducting property tax and 30% rebate. From this computed income deduct interest and arrive at the figure. If the figure is positive then adjust against minus figure from self-occupied property and if the resultant figure is less than Rs. 2 lakhs minus then adjust it against other heads of income. But if the resultant figure is more than Rs. 2 lakhs adjust Rs. 2 lakhs against other heads of income of the current year and carry forward the loss to the next assessment year for adjustment in later year (s). But if the net figure from let out property is loss add it to self-occupied loss and if the total sum is less than Rs. 2 lakhs minus adjust it fully against other heads of income. But if the figure of loss individually- self-occupied and/or let out- or totally is more than Rs. 2 lakhs adjust Rs. 2 lakhs out of the total amount of loss against other income for the current assessment year and carry forward the balance of loss to the next assessment year for adjustment in later year (s) as stipulated in Section 71B of the Act.

In other words, though there is no cap on interest claim directly, there is a cap of Rs. 2 lakhs on the amount that can be adjusted against other income. Therefore, if a person has property income of say Rs. 7 lakhs from let-out property and interest payment of say Rs. 8.50 lakhs then the minus income from let out property is Rs.1.50 lakhs. Suppose the same person has a self-occupied property also and has an interest element of say Rs.0.50 lakhs then the total property loss is Rs. 2 lakhs which can be adjusted against other income and such a person is not affected. To take one more example, if a person has property income of say Rs. 4 lakhs from let-out property and interest payment of say Rs.7.50 lakhs then the minus income from let out property would be Rs. 3.50 lakhs. Suppose the same person has a self-occupied property also and has an interest element of say Rs. 1.50 lakhs then the total property loss would be Rs. 5 lakhs out of which Rs. 2 lakhs can be adjusted against other income and the balance of Rs.3 lakhs can be carried over to next year and the maximum period of 8 years from the assessment year in which the loss occurs. But the persons who are likely to be affected are those who

take loan for 15 years for their self-occupied property and/or for let out property, the income from which does not match with the huge interest payment.

### Concluding Remarks

7. The following important conclusions can be drawn from the above discussion-

- (a) The provisions of Section 139(3) of the Act stipulate that *“if any person has sustained a loss under the head “Profits and Gains of Business or Profession” or under the head “Capital Gains” and claims that the loss or any part thereof should be carried forward under the relevant sections then he has to furnish the relevant return of loss within the due date in the prescribed form and all the provisions of this Act shall apply as if it were a return under sub-section (1).*

In the light of the above it is to be stated that there is no restriction with regard to filing of return before the due date where there is loss under the head “Income from House Property”

In other words, though this section refers to the heads “Profits and Gains of Business or Profession” and “Capital Gains” and corresponding sections dealing with losses from these heads, it does neither refer to loss under the head “Income from House Property” nor to Section 71(3A) of the Act wherein therein restriction in adjusting loss against other heads of income to Rs.2 lakhs.

- (b) The loss incurred under the head “Income from House Property” can be carried forward up to next 8 assessment years from the assessment year in which the loss was incurred.
- (c) The brought forward loss incurred under the head “Income from House Property” can be adjusted only against Income from house property.

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# ACCOUNTING ENTRIES UNDER THE GST LAW



■ CA. Annapurna Kabra

The Accounting Entries is a formal record that documents a transaction. The GST law does not envisage the determination of the taxability from accounting entries. The manner of passing the accounting entries will have no bearing on the application of taxes on taxable activities. Even the nomenclature in the accounts is not material for classifications of the goods or services when the taxable entry specified the legislative intent.

To implement proper accounting system, if chart of accounts or ledger accounts is defined in a systematic manner then it will help in preparation of such GST Returns and statements seamlessly without spending much time and efforts. In simple terms, if the ledgers are in place, then the filing of returns will be simple. The data under various sections must be reflected in the returns. Major accounting entries pertaining to GST along with new ledger accounts is to be added to capture the reporting requirements under GST.

The ledgers of GST in books of Account should reconcile with the GST portal ledgers. Business entities are passing the closing accounting entries either at the end of the tax period or at the end of the financial year. In many instances, the errors and mistake in accounting entries have been detected at the time of finalization of accounts or preparation of Income Tax Returns which can lead to payment of interest and penalties at later point of time. If the appropriate accounting entries are not passed for input tax credit, then it may lead to non availment of credit beyond the stipulated period. Therefore, it is appropriate to pass the GST impact accounting entries in the books of accounts simultaneously with the filing of data in the GSTN portal.

In case if the taxes are paid shortly due to wrong accounting entries or the taxes are paid shortly due to faulty software or system error like system is calculating taxes in invoice at old rate though there was an

amendment in the rate of taxes, then even that cannot be cause for non-payment of taxes under GST law. It is held in case of **Commissioner of Central Excise and Service Tax LTU Chennai Vs Sify Technologies Ltd 2018 (17) G.S.T.L. 24 (Mad.)** that system error of faulty software cannot be reasonable cause when there was no ambiguity in statue about liability to service tax. In the above case the respondent has manipulated the accounts and paid lesser taxes even though entire taxes were collected from the client. They cannot take shelter under a faulty software when they themselves handled the system. The service tax could not have been calculated on the basis of amount received minus TDS and therefore the order was set aside based on the above contentions.

The correctness of accounting entries is truly relevant to evidence the transactions and to avoid the further litigations. It was held in case of **Jindal Steel & Power Ltd Vs Commissioner of Central Excise and Service Tax Raipur 2017 (348) E.L.T. 367 (Tri. - Del.)** wherein the appellant held that proper accounting entries have been passed by the appellant in their books of Accounts showing that excess paid excise duty has not been passed to the buyer of the goods and the incidence of such duty amount has been borned by the appellant itself for which the doctrine of unjust enrichment has no application. The appellant has explained the accounting entries as passed in the books of Accounts which prove that tax is borned by the appellant itself.

Basically, the GST credit is debited to a separate account like GST Credit receivable account and the appropriate accounting entries are required to set off against the output tax payable. The GST Credit Receivable Account is shown as asset side of Balance sheet. If there are any reversal of input tax credit, then in such instance appropriate accounting and adjustment entries are to be accounted. The Tax law requires the matching of supplier and recipients returns so the provisional ledgers





can be created with different taxes and cess accounts. To reconcile the input tax credit in books with the provisional credit based on statement GSTR 2A and GSTR 2B, it can be routed through input tax credit control accounting entries and on its eligibility, it shall be transferred to respective input tax credit account.

There are certain common inputs which are used for taxable supplies as well as for exempted supplies. The GST credit is to be computed only in respect of those inputs which are used for making taxable supply and GST credit pertaining to exempted supplies should be expensed and reversed. If there is variation between the monthly and yearly credit under Rule 42 then the registered person should pass the appropriate adjustment entries in books of Accounts. It is also general tendency that reversal of consolidated input tax credit is dumped in Rates and Taxes expense account but capturing of such input tax credit under respective expense head through appropriate accounting entries is right approach though it is quite cumbersome exercise.

Basically, the eligible credits are reflected in the returns and ineligible credits or blocked credits are generally not disclosed in the returns. All the ineligible credits are dumped along with the expenses in the books of Accounts. Therefore, lack of such data leads to under reporting of ineligible input tax credit under Section 17(5) in GSTR 3B. Therefore, appropriate accounting entries can be passed to disclose the eligible credits and blocked credits in books of Accounts.

As per the provisions of GST law, if the supplier of goods and services is not paid within 180 days the input tax credit must be reversed along with the Interest and such credit should be parked in reversal account as it can be re credited once the payment is made to the vendors without any time limit. These accounts must be maintained vendor wise. Therefore, accounting entries for ITC reversal accounts, and interest must be maintained separately.

As per the provisions of time of supply, the GST liability is to be paid on advances on services. To track the liabilities on advances it must be accounted separately and can be reconciled on monthly basis and issue of receipt voucher

and refund voucher should be entered separately to add or reduce the tax liabilities. The tax collected or payable on outward supply or on reverse charge should be credited to GST payable account and the adjustment entries can be passed when GST payable account is set off with the GST Credit receivable account and the credit balance if any in GST payable account will be shown on the liabilities side of balance sheet.

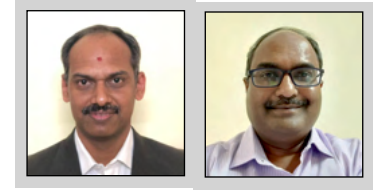
The appropriate accounting entries should be accounted to disclose the refund received and refund receivable and also the refund pending in case if the proceedings are pending with the departments. There is possibility of mismatch of receipt of IGST refunds in case of exports with payment of taxes and IGST paid as per books due to difference in exchange rate difference (mismatch in value of export invoices as per books Vs Shipping bills). IGST is payable on export transaction based on FOB (Free on Board) value (costs incurred up to the port of exportation) and in cases where the contract is FOR (Free on Road), the Export invoice will have freight element up to the port of destination, which will result in excess payment of IGST when compared with shipping bill and consequently there will be short realisation of IGST refund as shipping bill is deemed to be refund application as per Rule 96A in case of export of goods with payment of IGST. The difference due to above reasons needs to be expensed of in books of accounts by passing the appropriate accounting entries.

There are various other scenarios where the accounting entries and adjustment entries are to be passed to reflect the tax dues and tax credits. In the reconciliation statement it is expected to show the reconciliation between the annual return filed for GST with the financial data. There should be different ledgers for tracking the liability, credits, recoveries under GST else it will be a challenge. It will be real time challenges to reconcile the GST data with the financial data especially when there are multiple amendments under the GST law.

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# INDIRECT TAX UPDATES



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

## A. Recent amendments:

1. **Section 50:** Retrospective amendment with effect from 1.7.2017 to Section 50 providing that interest for delayed payment of GST, would be payable on net basis and not on gross basis is notified on 1.6.2021. [Notification NO. 16/2021 dt. 1.6.2021 read with Section 112 of Finance Act, 2021]

## 2. Amendment to GST Rules:

a. **Rule 36(4):** Restriction on ITC admissibility in terms of Rule 36(4) of the CGST Rules shall be applied cumulatively for the period April, May and June 2021. Further, the return in FORM GSTR-3B for the tax period June 2021 shall be furnished with the cumulative adjustment of input tax credit for the said months.

b. **Rule 59(2):** The said sub-rules provides that in case of registered persons filing quarterly return, for the first two months of the quarter the registered person shall furnish details of outwards supplies using Invoice Furnishing Facility (IFF) from 1<sup>st</sup> day of month succeeding such month till 13<sup>th</sup> of the said month.

The said rule has been amended to provide that time limit to submit such IFF for the month of April 2021 is extended till May 28, 2021 and similarly the time limit for the month of May 2021 is extended till 28<sup>th</sup> June 2021.

c. **Rule 23(1):** Section 30 has been amended vide Finance Act, 2020, to empower the Additional Commissioner of Commissioner to extend the time limit for making an application seeking revocation of cancellation of registration. Consequently, Rule 23 has also been amended to provide for such an extension. Consequently, form REG-21 is also amended.

d. **Rule 90(3):** Where the officer notifies deficiencies in the refund claim and the assessee is required to file a fresh application in terms of Rule 90(3). In terms of the amendment, the period between filing RFD 01 (original application) to date of communication of deficiencies in RFD 03, shall not be counted in computing the limitation of 2 years for filing fresh refund claim as required under Rule 90(3).

e. **Rule 90(5) & 90(6):** The new sub-rules provide for withdrawal of refund claim in form RFD-01W at any time before issuance of RFD 04 (provisional refund sanction order) or RFD 05 (payment order) or RFD 06 (final refund sanction order) or RFD 07 (refund withhold order) or RFD 08 (notice).

On submission of application for withdrawal of refund in FORM GST RFD-01W, any amount debited by the applicant from electronic credit ledger or electronic cash ledger, as the case may be, while filing application for refund in FORM GST RFD-01, shall be credited back to the ledger from which such debit was made.

f. **Rule 92, Rule 96 and Form GST RFD-07:**

Proviso to Rule 92(1) provided for adjustment of outstanding amounts against refund and details of such adjustment shall be reported in Part A of GST RFD-07. The said proviso has been omitted.

Further, rules and GST RFD-07 has also been amended to provide for withholding of refund and intimation of such withholding in Part-A of GST RFD 07 and release of such a withheld refund in Part B of GST RFD 07.

g. **Rule 138E:** Earlier, in respect of registered person listed out in this rule, no person (consignor/consignee or transporter /e-commerce operator/

courier agency) would be allowed to furnish the information in PART A of FORM GST EWB-01. This rule has been amended to provide that such restriction is only for the outward supplies by such listed person.

**3. Extensions dates to complete/comply with certain actions/provisions by the authorities.**

**A. Completion of certain proceedings as detailed below:**

Completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other action, by whatever name called, by any authority, commission or tribunal, by whatever name called, under the provisions of the GST Act; or

Filing of any appeal, reply or application or furnishing of any report, document, return, statement or such other record, by whatever name called, under the provisions of the GST Act.

- i. **Time limit within which the above proceeding should have been completed originally** - April 15, 2021 to June 29, 2021
- ii. **Time limit extended up to** - 30<sup>th</sup> June 2021
- iii. **The above extension is not applicable to the following category of activities:**
  - a. Chapter IV [Time & Value of Supply];
  - b. Section 10(3) [Composition scheme option will lapse once prescribed threshold limit exceeds];
  - c. Section 25 [Procedure for registration];
  - d. Section 27 [Special provisions relating to casual taxable person and non-resident taxable person];
  - e. Section 31 [Tax Invoice];
  - f. Section 37 [Furnishing details of outward supplies];
  - g. Section 47 [Levy of late fee];
  - h. Section 50 [Interest on delayed payment of tax];

- i. Section 69 [Power to arrest];
- j. Section 90 [Liability of partners of firm to pay tax];
- k. Section 122 [Penalty for certain offences];
- l. Section 129 [Detention, seizure & release of goods & conveyances in transit];
- m. Section 39 [Furnishing of Returns], except w.r.t TDS, ISD and NRTP;
- n. Section 68 [Inspection of goods in movement], in so far as e-way bill is concerned.

**B. For verification of the registration application and approval.**

Where time limit falls between May 1, 2021 to May 31, 2021 the same is extended till June 15, 2021.

**C. Where a notice has been issued for rejection of refund claim, in full or in part and where the time limit for issuance of order in terms of sub-section (5) read with sub-section (7) of Section 54 of the CGST Act.**

Where the time limit falls between April 15, 2021 to May 30, the same could be done within 15 days after the receipt of reply to the notice from the registered person or May 31, 2021, whichever is later.

[Notification No. 14/2021 - Central Tax dated May 01, 2021 & Notification No. 24/2021 - Central Tax Dated 01/06/2021]

**4. Reduction in rate of interest for delayed payment of taxes and reduction in late fee for delay in filing returns:**

A) Rate of interest on delayed payment of taxes has been reduced and late filing fee for delay in filing of returns has been waived for a specified set of registered persons, as below:

Sl No.	Registered persons to whom applicable	Tax period	Rate of interest	Late fee	Period for which late fee is waived
1	Taxpayers having an aggregate turnover of more than Rs. 5 crores in the preceding FY	March, April and May 2021	9% - first 15 days* & 18% thereafter	No late fee shall be payable.	15 days from the due date of furnishing return
2	Taxpayers having an aggregate turnover upto Rs. 5 crores in the preceding FY who are liable to furnish the return as specified under Section 39(1) i.e., monthly filing of GSTR-3B	March, April and May 2021	Nil - first 15 days* 9% for the next (45 days for March 2021) /30 days for April 2021 /15 days for May 2021) & 18% thereafter	No late fee shall be payable.	60 days from the due date of furnishing return for the Month of March 2021/ 45 days and 30 days respectively for the months April and May 2021
3	Taxpayers having an aggregate turnover of upto Rs. 5 crores in the preceding FY. who are liable to furnish the return as specified under proviso to Section 39(1) i.e. quarterly filing of GSTR-3B (based on due date for payment)	March, April and May 2021	Nil - first 15 days* & 9% for the next (45 days for March 2021) /30 days for April 2021 /15 days for May 2021) & 18% thereafter	No late fee shall be payable.	60 days from the due date of furnishing return
4	Taxpayers who are liable to furnish the return as specified under Section 39(2) i.e. Composition dealers	Quarter ending March 2021	Nil for first 15 days* & 9% for the next 45 days & 18% thereafter		-

\* From the due date for payment

**B) Waiver or reduction of late fee in certain cases of default in filing return in Form GSTR-3B during the period from July 2017 till April 2021:**

Taxpayers who have failed to furnish the returns in FORM GSTR-3B for the tax periods from July, 2017 to April, 2021, the late fee would be waived as below:

In case of NIL return	In excess of Rs 250
Other than NIL returns	In excess of Rs. 500

The above said benefit is available only if the returns are furnished between 01.06.2021 to 31.08.2021.

**C) Further, late fees leviable under Section 47 for delay in furnishing of return in FORM GSTR-3B the tax periods June 2021 onwards has been capped as under:**

Sl. No.	Class of registered persons	Amount (INR)
1.	Registered persons whose total amount of central tax payable in the said return is nil	250
2.	Registered persons having an aggregate turnover of up to rupees 1.5 crores in the preceding financial year, other than those covered under S. No. 1	1000
3.	Taxpayers having an aggregate turnover of more than rupees 1.5 crores and up to rupees 5 crores in the preceding financial year, other than those covered under S. No. 1	2500



D) Late fee in case of other filings:

Form	Maximum cap
GSTR-4	Rs. 250 per return in case of NIL return and Rs. 1000 per return for other cases
GSTR-7	The late fees payable has been reduced to Rs 25 per day per return subject to a maximum of Rs 1000 per return.

[Notification Nos. 18 to 22/2021 - Central Tax dated 01.06.2021]]

5. Certain due dates have been extended as below:

Form	Extended till	Notification reference
GSTR-4 [Return for financial year of registered person who has opted for composition levy or availing benefit of Notification No. 02/2019- Central Tax (Rate)] for FY ending March 31, 2021	31.07.2021	Notification No. 25/2021 - Central Tax dated 1 <sup>st</sup> June, 2021

Form ITC-04 in respect of goods dispatched to a job worker or received from a job worker, during the period from January 1st 2021 to March 31st 2021.	Extended upto June 30, 2021.	Notification No. 26/2021 - Central Tax dated 1 <sup>st</sup> June, 2021
Form GSTR-1 in respect of details of outward supplies, for the tax period May 2021	Extended upto June 26, 2021	Notification No. 17/2021 - Central Tax dated 1 <sup>st</sup> June 2021

6. Relaxation from issue of e-invoice:

Notification No. 13/2020 – CT has been amended to exempt the Government departments and Local Authorities from the mandatory requirement of generating e-invoices.

[Notification No. 23/2021 – Central Tax Dated 01/06/2021]

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KSCAA Welcomes New Members May & June 2021

Sl. No.	Name	Place
1	Abhishek Raja	Delhi
2	Amit Babaji	Hubballi
3	Kushal Jain	Bengaluru
4	Neha B L	Bengaluru
5	Karthik BS	Bengaluru
6	Suman Y K	Bengaluru
7	Ganesh Nanjunda	Mysore
8	Ravi Kumar R C	Bengaluru
9	Vaishnav S Shhivapuja	Mysore
10	Jagadish G C	Bengaluru
11	Shailee K.Nainani	Bengaluru
12	Shankar Shetty C	Bengaluru
13	Vijay Ranganatha Babu Vantaminta	Bengaluru
14	Vivek Ganapati Hegde	Bengaluru

Sl. No.	Name	Place
15	Sanil Kumar Nair	Bengaluru
16	Aneesh K Ongot	Bengaluru
17	Ankit Bansal	Bengaluru
18	Arjun VN	Bengaluru
19	Narasimha Murthy J	Bengaluru
20	Raghavendra	Bengaluru
21	Raghavendra NL	Kolar
22	Santhosh R	Bengaluru
23	Chandrashekar	Bengaluru
24	Naveen Kumar K	Bengaluru
25	Mahesh Krishnan	Chennai
26	Narayan KBV	Bengaluru
27	Pavankumar Bhat	Sirsi
28	Rajagopalakrishnan K R	Chennai
29	Kashinath Madhusa Pawar	Rannebennur

# GST ON SUPPLY OF VACCINE AND VACCINATION



■ CA. G. B. Srikanth Acharya & Adv. Vasanth Kumar J

The terms **Vaccine** and **Vaccination** are not one and the same. The general meaning of “**Vaccine**” is a substance used to stimulate the production of antibodies and provide immunity against diseases. Whereas “**Vaccination**” is treatment with a vaccine to produce immunity against a disease; inoculation in other words **Vaccination** is the administration of a vaccine to help the immune system develop protection from a disease

**Manufacture - Distribution - Administration:** - Due to Covid-19 pandemic disease there is ample demand for Covid-19 Vaccine. It is an accepted rule that, wherever there is a demand there is always commercial and business activities are involved. This demand leads to manufacture of Vaccine, distribution of Vaccine and administration of Vaccine (i.e., Vaccination).

**Applicability of GST:** - Right from manufacture to administration, there involves applicability of GST. Before we get into the applicability of GST, it is important to understand as to how and when supply of Vaccine becomes Sale of Goods and Provision of Service.

## Important Definitions

Section 7 of CGST & SGST Act, 2017 deals with Scope of Supply, which include both sale of goods as well as provision of service. The terms “Goods” as well as “Service” are defined under GST Law.

**Goods:** - According to Section 2(52) of CGST & SGST Act 2017, “Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

**Service:** - According to section 2(102) of CGST & SGST Act, 2017 “Service” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a

separate consideration is charged.

Combined reading of the above definitions it is understood that the Legislature intended to cover all other activities under service definition, other than those which are not covered under goods definition. However, it is to be kept in mind that, “**anything**” cannot be everything always. ‘Anything’ needs to be understood depending upon the context where it is being used. While interpreting any statute taking the contextual meaning is very important.

The term ‘**Goods**’ has been very well explained by Hon’ble Supreme Court in **TATA Consultancy** case [Civil Appeal No.2582/1998, Dt: 05/11/2004] “It would become goods provided it has the attributes thereof having regard to (a) its utility; (b) capable of being bought and sold; and (c) capable of transmitted, transferred, delivered, stored and possessed”

To levy tax on service, the activity is to be seen from the recipient’s perspective, what benefit is accrued to him. Definition of services can be said to be a residual definition. Services have defined to mean anything other than goods, money and securities. Thus, what’s not goods have been treated services

Serial No. 74 of the **Notification No.12/2017-Central Tax (Rate) dated 28-06-2017** under heading 9993 exempts **Health Care Services** from tax. It is reproduced as under:

- (a) **health care services** by a clinical establishment, an authorised medical practitioner or para-medics;
- (b) services provided by way of transportation of a patient in an ambulance, other than those specified in (a) above “

**Clause (zg) of the Notification No.12/2017-Central Tax (Rate) defines Health Care Services** as – “**health care services**” means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in

India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

**Clause (s) of the Notification No.12/2017-Central Tax (Rate) defines Clinical Establishment** as – “clinical establishment” means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases.

**Clause (k) of the Notification No.12/2017-Central Tax (Rate) defines Authorised Medical Practitioner** as – “authorised medical practitioner” means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognised by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force.

**Paramedics** have not been defined anywhere in GST but according to medical dictionary it means – **Paramedic a person** trained to manage the emergency care of sick or injured persons during transport to a hospital, including administration of injections and intravenous fluids, reading of electrocardiograms, and performance of defibrillation and other advanced life-support measures if ordered by a physician. **Nursing staff, physiotherapists, technicians, lab assistants etc. may be covered under the definition of Paramedics**

To sum up, **Health Care Services** shall only be liable for exemption from tax if it is provided by:

- by a Clinical Establishment;
- by an Authorised Medical Practitioner or
- by para-medics

Application of the above provisions to the chain link i.e., Manufacture – Distribution - Vaccination, supply can be categorised into ‘Sale of Goods’ and ‘Provision of Service’ as under;

Manufacturer – Distributor	Vaccination [Hospital – Individuals]
Supply of Goods	Supply of Service
Sale of Vaccine has qualities of movability, utility, marketability, capable of being stored, bought and sold.	Since the principle supply is healthcare, supply of vaccine becomes incidental to the main supply i.e., Vaccination
	Vaccination is administered by medical professionals
	As Vaccination is given to develop the immunity against the chronic illness, as per definition of healthcare service, this has to be considered as care for illness, administered by authorized medical professional or paramedics
<b>Taxable</b> – Treated as supply of goods	<b>Exempted</b> – Treated as Healthcare Service as supply of service
<b>Classification</b> – HSN 3002 / 3006 – Animal or Human Blood Vaccination	<b>Classification</b> – HSN 9993 – Health Care Service by a clinical establishment, an authorised practitioner of para-medics;

However, the other school of thought is of the view as to why Vaccination can be treated as Supply of Goods and liable for GST for the following reasons;

- Presently vaccine is not recognised as medicine, it is a substance used to stimulate the production of antibodies and provide immunity against covid and is not medicine for curing covid-19 disease;
- Presently nothing is diagnosed at the time of vaccination. Only the precautionary information is collected and given for pre and post vaccination;
- Merely it is injected, does not fall under healthcare service; and
- Think if this vaccine is in the form of tablets or powder and given over the counter;
- Individuals to whom Vaccinated were not treated as “**in-patients**” in terms of clarification issued by AAR - *The supply of medicines and*



allied items provided by the hospital through the pharmacy to the **in-patients** is part of composite supply of health care treatment and hence not separately taxable. The supply of medicines and allied items provided by the hospital through the pharmacy to the out-patients is taxable [M/s. CMC Vellore Association (Tamil Nadu AAR), TN/50/AAR/2019 DATED 25.11.2019; M/s. Shifa Hospitals (Tamil Nadu AAR)- TN/42/AAR/2019 dated 23.09.2019; KIMS Health Care Management Ltd (AAR-KERALA) ; Terna Public Charitable Trust (Maharashtra AAR) GST-ARA- 135/2018-19/B- 55 Mumbai dated 21.05.2019 ; M/s. Rajagiri Healthcare & Education Trust, KER/ 24 /2018 Dt.06.10.2018; M/s MEDIVISION SCAN AND DIAGNOSTIC RESEARCH CENTRE (P) LTD, (GST AAR Kerala; M/s. AMBARA – KAR ADRG 51/-2020 – 08/10/2020]; Hence supply of Vaccine to **other than “in-patients”** is liable to GST being a taxable supply as sale of goods;

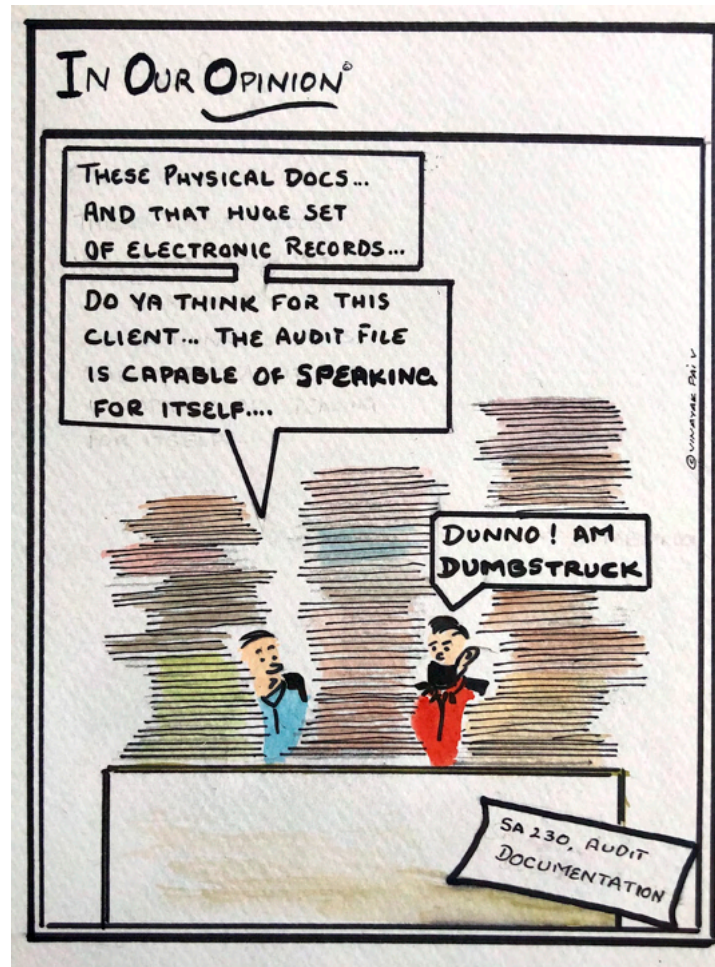
From the above discussion it can be understood that, supply of Vaccine from manufacturer to the distributor / hospital is treated as ‘sale of goods’ and is taxable supply.

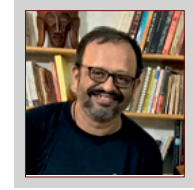
However, Vaccine given by the Hospitals to the individuals through Vaccination needs proper clarification to remove the confusion as to whether it is ‘supply of goods’ or ‘supply of service’

### GST Council Meeting Highlights – Exempting certain drugs:

The 43rd GST Council meet decided to exempt certain covid-19 relief material from GST till August end. The council also decided that certain drugs used to fight black fungus will also be given exemption. Hon’ble Finance Minister **Smt. Nirmala Sitharaman** said that a Group of Ministers (G.o.M) will be formed that will discuss and decide on the matter of taxation on covid-19 related materials. The G.o.M will submit a report by June 8.

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# APPLYING AUDITING STANDARDS

■ CA. Mohan R Lavi

In Focus

## Background to Auditing Standards

Section 143(9) of the Companies Act states “Every auditor shall comply with the Auditing Standards”. This is followed by Section 143(10) which clarifies that the Institute of Chartered Accountants of India in consultation with the National Financial Reporting Authority would recommend auditing standards for the Central Government to adopt. Till that time, the auditing standards issued by the ICAI would have to be followed.

The ICAI has issued 40 Auditing Standards segregated into 7 different areas

Sl. No.	Area	No. of Standards
1	Standards on Quality Control	1
2	General Principles and Responsibilities	9
3	Risk Assessment and response to assessed risks	6
4	Audit Evidence	11
5	Using the work of others	3
6	Audit Conclusions and reporting	6
7	Specialised Areas	3
8	Standards on Review Engagements	2
9	Assurance engagements other than audits or reviews of historical financial information	3
10	Related Services	2
	Total	46

The opinion of the Auditors’ in their Audit Report is based on their conducting the audit on the basis of auditing standards prescribed by Section 143(10) of the Companies Act, 2013.

In the present environment where business transactions are becoming complex and technology drives almost everything, the task of auditing becomes riskier. Recently regulatory investigations and interventions also focus on compliance with auditing standards.

## SA 230- Audit Documentation

The importance for an auditor to maintain appropriate audit documentation can never be over-emphasised. To enable readers to get a perspective of the importance of auditing standards, we would analyse SA 230- Audit Documentation.

SA 230 contains 16 paragraphs of the main standard on auditing and 25 paragraphs of Application and other Explanatory Material. In essence, SA 230 mandates that an auditor shall prepare audit documentation that is sufficient for an experienced auditor having no connection with the audit to understand:

- The nature, timing, and extent of the audit procedures performed to comply with the SAs and applicable legal and regulatory requirements
- The results of the audit procedures performed, and the audit evidence obtained;
- Significant matters arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

In documenting the nature, timing and extent of audit procedures performed, the auditor shall record:

- The identifying characteristics of the specific items or matters tested
- Who performed the audit work and the date such work was completed; and
- Who reviewed the audit work performed and the date and extent of such review.

The Institute of Chartered Accountants of India (ICAI) has also issued an Implementation Guide (IG) to SA 230 with answers to 38 FAQs on Audit Documentation and also a checklist for audit documentation. The IG also gives indicative documentation for other Standards on Auditing. To the FAQ on what the auditor should document, the IG states:

“The auditor shall document discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed and when and with whom the discussions took place. The documentation is not limited to records prepared by the auditor

but may include other appropriate records such as minutes of meetings prepared by the entity's personnel and agreed by the auditor. Others with whom the auditor may discuss significant matters may include other personnel within the entity, and external parties, such as persons providing professional advice to the entity”

From an auditing point of view, auditors would need to take into consideration the following factors while complying with SA 230:-

1. What is the extent of documentation needed?
2. To what level should the documentation be sourced?
3. For a particular area, how much of documents should be test checked?
4. Should multiple sources of documents be maintained for some critical areas?
5. In case some documents have been updated, should the old documents also be maintained?

To take an example, an auditor auditing the revenue transactions for an entity with a turnover of Rs 100 crores could respond to the above in the following manner:

Factor	Auditor judgement
What is the extent of documentation needed?	This would depend on the number of invoices the auditor chooses to audit as per SA. – Sampling.
To what level should the documentation be sourced?	For the samples selected, the auditor should keep copies of all the invoices and accompanying documents which could be purchase orders, e-way bills etc
For a particular area, how much of documents should be test checked?	In the example given, depending on the number of invoices and the average amount of each invoice, test checking 50-60% of the total revenue of Rs 100 crores would appear appropriate.
Should multiple sources of documents be maintained for some critical areas?	Being a critical area of audit, the auditor could probably verify revenue recorded in the books of account with the GST returns.
In case some documents have been updated, should the old documents also be maintained?	In case some invoices have been reversed with the issue of a credit note, the auditor would do well to maintain copies of the invoice that was cancelled as well as the credit note.

In short, documentation under SA 230 can be categorised into two types:

Type	Details
Documents as evidence	These are documents that the auditor would need to maintain to prove that he has checked these documents as a part of his sample. In the example given above, it could be copies of all the invoices on revenue that he has audited.
Documents as defence	These are documents that the auditor would need to keep to defend the judgements made by him to reach conclusions in his audit report. In the above example, it could be an analysis and explanation as to why the auditor has accepted revenue recognition on a “ Bill and Hold” Sale transaction as per Ind AS 115. The explanation should confirm that the entity is holding the goods on the instructions of the customer and at the risk of the customer- the entity itself bears no risks.

As an illustration as to what could be considered to be a shortage in documentation, let's assume that the “ bill and hold” sale transaction mentioned above is for an amount of Rs 2.5 crores. The minimum documents that the auditor would be expected to maintain would be:

1. Copy of the Purchase Order
2. Copy of the Invoice
3. Documentary evidence that the buyer has asked the seller to hold the goods on his behalf.
4. Documentary evidence that the goods are being held at the buyer's risk ( insurance policy)

On the basis of the above documents, the audit team should narrate as a part of the audit working papers that revenue has been recognised.

### Conclusion

None can dispute that all auditors maintain documentation. In the present time of Audit from Home (AFH), it is not only the quantity of documentation but also the quality that becomes important. Documenting the conclusions reached is one of common documents that is missed out.

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# MUST KNOW PROVISIONS UNDER RERA ACT 2016

(Part II of RERA Series)



■ CA. Vinay Thyagaraj

Land is an essential natural resource, both for the survival and prosperity of humanity, and for the maintenance of all terrestrial ecosystems. Over millennia, people have become progressively more expert in exploiting land resources for their own ends. The limits on these resources are finite while human demands on them are not!

Over the years, movement of human from small places to the cities made concentration of human in a limited place / city / locality resulting into vertical development of buildings. The vertical development of buildings can be called as Apartment complexes.

The shift from individually owning land to common ownership of land (under group housing schemes) call for common rights, responsibilities and continuity of common ownership of the property. Even though the concept of group housing exists since 1970's, the actual and real challenges are not experienced unless the redevelopment stage is reached.

The increase trend of human greed, narrowing the trust, ethics and loyalty factors in business environment leading to uncertainty with various stakeholders. To bring certainty and protect the stake holders, government brought a policy by way of statute. The state government has enacted THE KARNATAKA OWNERSHIP FLATS (REGULATION OF THE PROMOTION OF CONSTRUCTION, SALE, MANAGEMENT AND TRANSFER) ACT, 1972 (Act 16 of 1973). One of the main objectives of this statute was, *"In the interest of the intending purchasers who advance funds it is necessary to regulate the construction, sale, management and transfer of flats or apartments by individuals or group of individuals who construct such multi-storeyed buildings."*

However, till today (49 years), the state government has neither appointed the proper officer nor regulated this statute, similar situation prevails in other states also. Hence the central government has stepped in

with an intention to regulate and develop the industry, resulting in enactment of The Real Estate (Regulation & Development) Act 2016 (Act 16 of 2016), which came into effect from 1<sup>st</sup> May 2017.

The Real Estate (Regulation & Development) Act 2016 (otherwise called as RERA) empowers state government to appoint the Real Estate Regulatory Authority to perform functions within the framework of the statute – with the enactment of RERA, the endeavor of the Government is to regulate this sector.

Important and must know provisions / terms / requirements under RERA. Which may be useful as a professional, individual or a home buyer etc –

1. Sale of Real Estate (building) in Carpet Area – Unit of Measurement
2. Deposit of money (minimum 70%) realised from Allottees in a separate designated bank account for the specific Project – Financial Regulation under RERA
3. Conveyance of Carpet Area to the Allottees and delivery of possession of Common area to the Association of Allottees along with all project related documents.
4. Project Land shall be conveyed to the Association of Allottees in accordance with Section 17 of the RERA Act
5. Formation of Association of Allottees in accordance with local laws within 3 months of the majority booking in the real estate project.
6. Maximum Rate of interest for delay in delivery of project by the promoter or delay in payment of installments – SBI MCLR + 2 %
7. Agreement for Sale is Mandatory to be executed and mandatory registration of such agreement for sale.

8. Format for Agreement for sale is notified. Mandatory to follow the same format without diluting the provisions of the Act, Rules – Sec 13 and Rule 8 A
9. Non-adherence, non-compliance Penalties are up to 10 % of estimated cost of the Real Estate Project.
10. Adjudication, Appeal mechanism, redressal mechanism under the Act by excluding jurisdiction of other dispute redressal forums including civil courts.

Will deliberate each of these provisions and share the practical experience with the readers of the journal month on month. To start with will discuss and deliberate on the unit of measurement for the transaction in Real Estate Project - **CARPET AREA**

Sl No	Provisions	Change in Practice	Impact
	<b>CARPET AREA - Unit of measurement</b>	<p>Prior to RERA, the Real Estate industry followed the practices depending upon market acceptability, ability to convince the stake holders etc.</p> <p>E.g., Built up Area, Saleable Area, Super Built up Area, loading factor.</p> <p>There exists an imprecision of measurement of the unit.</p> <p>The inclusion of definition of Carpet Area under RERA made industry to practice a Common Unit</p>	<p>The introduction of Carpet Area resulted in -</p> <ol style="list-style-type: none"> <li>a) Transparency</li> <li>b) Standardisation in business and trade practices.</li> <li>c) Certainty and measurability of Carpet Area.</li> <li>d) building trust and confidence</li> <li>e) All marketing collaterals, communication shall mention the Carpet Area of the unit</li> <li>f) Sale Price / consideration of the unit shall be based on Carpet Area.</li> <li>g) Any variance in carpet area results in adjustment of consideration.</li> </ol>

		<p>of Measurement in the trade.</p> <p>While filing the application for grant of RERA Registration for the Real Estate project, the promoter shall submit the Carpet Area Statement of the building, individual units.</p>	
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*Sec 2(k) of the RERA Act defines - carpet area" means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.*

*Explanation— For the purpose of this clause, the expression "exclusive balcony or verandah area" means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee; and "exclusive open terrace area" means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee;*

*Further the requirement of a Promoter of the Real estate project to disclose the number, type and the carpet area of apartments for sale in the project along with the area of the exclusive balcony or verandah areas and the exclusive open terrace areas apartment with the apartment in accordance with Sec 4(2)(h) of the Act, makes it that much more transparent for a home buyer while purchasing an apartment.*

**Allottees / Customers do understand, appreciate when they have common comparison - lets understand the sensitivity of Carpet Area with a small Example -**

Details	Project A	Project B	Other factors
Apartment	2 BHK Unit	2 BHK Unit	
Super-built-Up Area	1200 Sft	1200 Sft	Both are good, similar location equally good

Total Price	54 Lacs	60 Lacs	Generally, everyone tries to compare the price. Lower one would be considered
Carpet Area	800 Sft	900 Sft	
Rate per Sft of Carpet Area	Rs.6,750 per sft	Rs.6,666 per Sft	Given the details of Carpet Area, one would prefer Project B, even though the total price is more.  As the price per square feet of carpet area is less and the purchaser gets more area in the apartment.

**CARPET AREA = NET USABLE FLOOR AREA + INTERNAL WALLS**

Excludes External Walls

Excludes Service Areas like utility, balcony, service shafts etc.

Inside the Darker line in this diagram represents the Carpet Area (



Hope you understood the CARPET AREA of the Apartment with this diagram.

The common question is - will the price of the apartment come down / reduced with implementation of Carpet Area under RERA?

The answer is NO. There will not be any reduction or change in transaction value between the buyer and the builders.

Eg., Apartment with 1200 Square Feet of Super built up Area (900 Square feet of Carpet Area) Costs Rs.60.00 Lacs. Means Rs.5,000/- per square feet of Super built up Area.

Post RERA, the cost of the Apartment continues to be Rs.60.00 Lacs. However, it would mention as (Rs.60.00 Lacs / 900 square feet) Rs.6,666/- per square feet of Carpet Area.

Next Question, what will be called for Areas like utility, balcony, veranda, private terraces, service shafts?

RERA Act has a definition of Carpet Area and Common Area. It is assumed that anything other than Carpet Area is called Common Area. Hence, Areas like utility, balcony, service shafts, private terrace (inside the unit) are also fall into the category of Common Area.

However, these are exclusive use for a particular owner of the apartment / unit. Hence, by practice, it will be mentioned as Exclusive common Area. i.e., the owner of the unit will have exclusive right to use of these Areas.

The formula is Built up Area of the Unit = Carpet Area + Exclusive Common Area

However, there exist a common area in the project for use of all residents etc, i.e., common passage, lobbies, staircase, lift area, parking area, service shaft etc (refer Sec 2(n) of the RERA Act for the Definition of Common Area)

The possession of the common areas in the real estate project are vests with the Association of Allottees. In turn each allottee gets a right in these Common Areas in proportionate to undivided share in land or based on Carpet Area.

Now the formula of Saleable Area / Super built up Area =

**Carpet Area + Exclusive Common Area + Share (in Common) Areas**

Sl No	Area	Includes / Defines	Measurement in Sq. Feet
1	Carpet Area	Net Usable Floor Area + Internal Walls	900
2	Exclusive Common Area	Utility, balcony, veranda of the unit for the purpose of Exclusive use of the apartment or unit	100
		BUILT UP AREA of the APARTMENT	1000
3	Share Area	Sec 2(n) - the staircases, lifts, staircase and lift lobbies, fire escapes, and common	200



		entrances and exits of buildings, the common basements, terraces, parks, play areas, open parking areas and common storage spaces;	
		SALEBLE AREA / SUPER BUILTUP AREA	1200

#### Points to note -

1. RERA Carpet Area = Net Usable Floor Area + Internal Walls (excluding outer walls)
2. Built up Area = RERA Carpet Area + Exclusive common Area
3. Super built-up Area = Built up Area + Share Area
4. Carpet Area statement shall be prepared with the Assistance of Architect as per the provisions of RERA. The statement shall be accurate and error free.
5. It is mandatory to mention the Carpet Area in all documents, marketing collaterals, legal documents, communication with the Allottees, Bankers, lenders etc.
6. Landowners and promoters (builders or developers) shall consider the concept of RERA Carpet Area and accordingly arrive, mention the sharing ratio in Joint Development Agreement.
7. All marketing collaterals like brochures, pamphlets, websites etc shall mention the Carpet Area of the units.
8. Customer Allotment letter, Agreement for Sale, Sale Deed shall have Carpet Area details of the unit / apartment in the project.
9. CA Certificate issued by the practicing Chartered Accountant shall mention the Carpet Area in Annexures under sold and unsold Table.
10. Presently registration of the unit / apartment with sub registrar is based on Super built up Area. Home Buyers, Industry bodies has made a representation

to modify the registration of units / apartments based on Carpet Area, which is in line with RERA Act.

- a. Government Of Karnataka Department of Stamps and Registration has given a converter to convert the Carpet Area to Super Built-up Area for the purpose of calculation of stamp

Super built-up area in square meter = 1.25 X Carpet Area in square meter.

ಉದಾ:- ಒಂದು ಪ್ಲಾಟ್‌ನಲ್ಲಿ 120 ಚ.ಮೀ. ಕಾರ್ಪೆಟ್ ವಿಸ್ತೀರ್ಣ ಇದ್ದಲ್ಲಿ

ಸೂಪರ್ ಬಿಲ್ಡ್ ಅಪ್ ವಿಸ್ತೀರ್ಣ = 1.25 X 120 = 150 ಚದರ ಮೀಟರ್ ಸೂಪರ್ ಬಿಲ್ಡ್ ಅಪ್ ವಿಸ್ತೀರ್ಣದ ಮೇಲೆ ದರಬಂದಿಯಲ್ಲಿರುವ ಅನಾರ್ಬಿಡ್ ಸ್ಟಾಂಪ್ ಸೂಪರ್ ಬಿಲ್ಡ್ ಅಪ್ ವಿಸ್ತೀರ್ಣದ ಮೇಲೆ ದರ ರೂ. 25000/-

ಪ್ಲಾಟ್‌ನ ಒಟ್ಟು ಮೌಲ್ಯ = ರೂ 150 X 25000 = ರೂ 37,50,000/-

"ಅಥವಾ"

ಪ್ಲಾಟ್‌ನ ಒಟ್ಟು ಮೌಲ್ಯ = (1.25 X 120) X 25000

= Rs. 37,50,000/-

11. Haryana RERA has issued direction to sell flats only on carpet area -

- a. The Haryana Real Estate Regulatory Authority (HARERA), on April 27<sup>th</sup>, 2021, said that builders can sell apartments in their projects only based on carpet area. While stating that the sale of flats on a super area or any other bench will be treated as fraudulent and an unfair trade practice, the state RERA said penal proceedings would be initiated against builders for violating these instructions.
- b. *"The property in real estate projects is not properly described by way of mentioning super area without specifically giving details and breakup of the components included in the super area. The practice of sale of the real estate on super area basis is misleading, ambiguous, opaque and gives rise to confusion and complexities and at times results into avoidable litigation,"* said Haryana RERA chairman KK Khandelwal.
- c. *"The practice of sale of real estate on super area basis is misleading, ambiguous, opaque, and gives rise to confusion and complexities, and at times, triggers avoidable litigation,"* – Mr. Khandelwal.

12. Refer to clause 1.7 to the Agreement for Sale as notified by Karnataka, in case of *reduction in carpet area compared to agreement for sale*, the promoter shall refund amount along with interest. On the other side, Promoter may demand for the increased carpet area only if the increase is more than 3 % compared to agreement

for sale – extract of the clause is mentioned here –

- a. *The Promoter shall confirm to the final carpet area that has been allotted to the Allottee after the construction of the building is complete and the occupancy certificate\* is granted by the competent authority, by furnishing details of the changes, if any, in the carpet area. The total price payable for the carpet area shall be recalculated upon confirmation by the Promoter. If there is any reduction in the carpet area then the Promoter shall refund the excess money paid by Allottee within sixty days with annual interest at the rate prescribed in the Rules, from the date when such an excess amount was paid by the Allottee. If there is any increase in the carpet area, which is not more than three percent of the carpet area of the apartment, allotted to Allottee, the Promoter may demand that from the Allottee as per the next milestone of the Payment Plan as provided in Schedule-C. All these monetary adjustments shall be made at the same rate per square feet as agreed in para 1.2 of this Agreement.*

13. Non-adherence to the provisions of the RERA Act may attract penal provisions. The Authority may issue a Show Cause Notice for levying penalty U/s. 61 of the RERA Act, which may extend up to 5 % of the estimated cost of the Real Estate Project.

#### Conclusion –

Professionals (engineers, architects and chartered accountants) shall understand the concept of RERA Carpet Area and its relevance while preparing various applications, details, documents, professional certificates etc. Understanding the concept of RERA Carpet Area also helps the professionals while advising / providing service to any individual / home buyers on property purchase / investments.

Value added services can be given to the promoters of the real estate project while advising on Joint development agreement, investment agreements, MOU's, application for grant of RERA Registration, document preparation for financial assistance with financial institutions etc.

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#### Solution to Sudoku -9 May 2021

2	4	6	8	7	3	5	9	1
5	1	8	6	4	9	2	7	3
7	9	3	5	2	1	4	8	6
9	3	5	4	1	8	7	6	2
1	6	7	9	5	2	3	4	8
4	8	2	7	3	6	9	1	5
3	2	9	1	6	7	8	5	4
6	7	4	3	8	5	1	2	9
8	5	1	2	9	4	6	3	7



#### Word of the Month:

Pertinacious

#### What is this?

Very determined and refusing to be defeated by problems

#### Use instead of:

Insistent, Persistent

#### How can I use it?

- ✓ Like most successful politicians, she is **pertinacious** and single-minded in the pursuit of her goals.
- ✓ A **pertinacious** salesman who would simply not take “No!” for an answer.

# FINANCIAL REPORTING AND ASSURANCE



■ CA. Vinayak Pai V

## 1. UPDATES: Monthly Roundup<sup>1</sup>

AS   Ind AS	<ul style="list-style-type: none"> <li>ICAI FAQ <ul style="list-style-type: none"> <li>FAQ on <b>Accounting</b> for Amounts to be Incurred towards <b>Corporate Social Responsibility (CSR)</b> Pursuant to the Companies (CSR Policy) <b>Amendment Rules, 2021.</b></li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>ICAI Exposure Draft <ul style="list-style-type: none"> <li>Revised AS12, Income Taxes.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>IRDAI Notification <ul style="list-style-type: none"> <li>Insurance Regulatory and Development Authority of India (<b>Preparation of Financial Statements and Auditor's Report of Insurance Companies</b>) (First Amendment) Regulations, 2021 - <b>Manner in which Premium and Unearned Premium Reserve should be recognized by Insurers carrying on General Insurance Business.</b> [F. No. IRDAI / Reg / 5 / 177 / 2021 dated 5<sup>th</sup> May, 2021.]</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>ICAI Publication <ul style="list-style-type: none"> <li><b>Accounting Standards: Quick Referencer for Micro Non-company Entities.</b></li> </ul> </li> </ul>
Assurance	<ul style="list-style-type: none"> <li>ICAI Announcement: <ul style="list-style-type: none"> <li><b>Extension of Validity of Peer Review Certificate in the wake of Covid-19 Spurt.</b> [Extension granted to Peer Review Certificates expiring during the period 1<sup>st</sup> April, 2021 to 30<sup>th</sup> June, 2021 up to 31<sup>st</sup> July, 2021.]</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>ICAI Exposure Draft <ul style="list-style-type: none"> <li><b>Audit Quality Maturity Model – Version 1.0 (AQMM v1.0).</b></li> </ul> </li> </ul>
Company Law   SEBI	<ul style="list-style-type: none"> <li>SEBI Circular <ul style="list-style-type: none"> <li><b>Business Responsibility and Sustainability Reporting by Listed Entities.</b> [SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10<sup>th</sup> May, 2021.]</li> </ul> </li> </ul>
NFRA	<ul style="list-style-type: none"> <li>Publication <ul style="list-style-type: none"> <li>Provisional <b>Database</b> for the Companies under the <b>Regulatory Ambit of NFRA</b> - Provisional <b>Database of Companies and Auditors</b> as of 31<sup>st</sup> March, 2019. (<a href="https://www.nfra.gov.in/nfra_domain">https://www.nfra.gov.in/nfra_domain</a>)</li> </ul> </li> </ul>
RBI	<ul style="list-style-type: none"> <li>Notifications <ul style="list-style-type: none"> <li>Utilisation of <b>Floating Provisions / Counter Cyclical Provisional Buffer.</b></li> <li>Resolution Framework 2.0: Resolution of Covid - 19 related stress of <b>Individuals and Small Businesses.</b></li> <li>Resolution Framework 2.0: Resolution of Covid -19 related stress of <b>MSME's</b></li> </ul> </li> </ul>

IFRS	<ul style="list-style-type: none"> <li>Amendment to IAS 12, <i>Income Taxes</i> [Clarification of Accounting for Deferred Tax on Leases and Decommissioning Obligations] <ul style="list-style-type: none"> <li><i>Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.</i></li> </ul> </li> <li>IASB Exposure Draft <ul style="list-style-type: none"> <li>Revised IFRS Practice Statement 1 – <i>Management Commentary</i>. [ED/2021/06.]</li> </ul> </li> </ul>
USGAAP	<ul style="list-style-type: none"> <li>FASB Accounting Standards Updated (ASU) <ul style="list-style-type: none"> <li><i>Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-classified Written Call Options</i>. [ASU No. 2021-04.]</li> </ul> </li> <li>FASB Exposure Draft <ul style="list-style-type: none"> <li><i>Fair Value Hedging – Portfolio Layer Method</i>. [Derivatives and Hedging - Topic 815]</li> </ul> </li> </ul>

<sup>1</sup>Updates for the month of May 2021.

## 2. Exposure Draft: AS 12, *Income Taxes* – *Changes proposed to the threshold for recognizing Deferred Tax Assets*

On 12<sup>th</sup> May, 2021, the ICAI issued an **Exposure Draft** (ED/AS12/2021/12) of AS 12, *Income Taxes* that, once notified, would **replace** extant **AS 22, Accounting for Taxes on Income**. The ED is open for comments until 10<sup>th</sup> June, 2021.

### What Changes?

- Per the ED, Deferred tax asset (DTA) is recognised for all timing differences to the extent that it is **probable** that sufficient taxable profit will be available against which the timing difference can be realised. [**Current threshold** for recognition - **reasonable certainty**.]
- Per the ED, the criteria for **recognising DTA** arising from **unabsorbed depreciation and carry forward of losses** are the same as that for recognising DTA arising from timing differences (**Supra**). However, the existence of unabsorbed depreciation and carry forward of losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a DTA arising from unabsorbed depreciation and carry forward of losses **only to the extent that it has timing differences** the reversal of which will result in sufficient income or there is **other convincing evidence** that sufficient taxable income will be available against which such DTA can be realised. [**Current threshold** for recognition – **virtual certainty**.]

### The Transitional Provision in the ED:

- Retrospective Approach**- Deferred tax balances accumulated prior to the adoption of AS 12 shall be recognized as DTA/DTL with a corresponding credit/charge to the revenue reserves, subject to the consideration of probability in case of DTA.
- Pandemic: Control Implications arising from change in company's manner of working| Ability to execute audits when operating under restrictions – Audit Procedures**

Herein below are provided extracts from the audit report of a listed company related to audit procedures in light of the pandemic.

### Key Audit Matter

*The COVID-19 pandemic has had a significant impact on the operations and recent trading performance of the Group. The extent of the impact of the pandemic on future trading performance is difficult to predict and will vary across the Group's portfolio of businesses. Therefore, there is inherent uncertainty in determining the impact of the pandemic on certain aspects of the company's financial statements.*

*In addition, management's ways of working, including the operation of key financial controls, have been impacted by COVID-19 as a result of employees working remotely and using technology-enabled working practices. There has also been an impact on our audit working practices as certain audit activities that have historically been undertaken in person, including inventory counts and component auditor oversight procedures, have had to be undertaken remotely.*



## How our audit addressed the key audit matter

- We revisited our audit risk assessment originally presented to the Group as further information about the impact of COVID-19 on the Company's operations and trading became available. We updated our planned audit responses to a number of key audit matters and areas of focus to address the financial reporting and audit implications of the COVID-19 pandemic.
- With respect to management's key accounting estimates, we evaluated and tested management's reassessment of these estimates and the methodologies applied to arrive at these estimates.
- We performed procedures to assess any control implications arising from the change in management's ways of working and we assessed the effectiveness of management's key control operation compared to prior periods.
- We assessed our ability to execute the audit when operating under the restrictions of national lockdowns and related international travel restrictions. We implemented alternative communication and review protocols with management and with component auditors. We agreed with the Group an extension to the planned timetable for the sign-off of the Annual Report and audit completion in order to provide adequate time for management to make its assessment of the business and financial reporting impacts of COVID-19 and for our Group and component audit teams to complete the required audit procedures. With respect to inventory counts, we attended certain counts virtually using a live video feed and we were able to obtain the level of evidence and support that we required.
- We reviewed management's disclosures in relation to the impact of COVID-19 in the Annual Report, considering whether the disclosures were consistent with the Group's scenario planning and with actual trading experience.
- Based on the procedures performed, we noted no material issues arising from our work.

## 4. Financial Statement Extracts: Ind AS Financial Instruments Disclosures – Currency Risk

Herein below is provided extracts related to Financial Risk Management Disclosure [Currency Risk] from a listed company's annual report.

### Financial Risk Management Disclosure – Currency Risk

#### • Potential Impact of Risk

The Company is subject to the risk that changes in foreign currency values **impact** the Company's **exports revenue and imports of raw material and property, plant and equipment**.

As at 31<sup>st</sup> March, 2021, the **unhedged exposure** to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency amounted to Rs. 67 crores payable (net) [31<sup>st</sup> March, 2020: Rs. 5 crores]

#### • Management Policy

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The Company **manages** currency exposures through **use of forward exchange contracts**. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time.

The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

#### • Sensitivity to Risk

A 5% strengthening of the INR against key currencies to which the Company is exposed (net of hedge) would have led to approximately an additional Rs. 3 crores gain in the Statement of Profit and Loss (2019-20: Rs.0 crore gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

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## List of Generous Donors towards KSCAA's COVID-19 Social Initiative

As at 10.30 AM 10<sup>th</sup> June 2021

Full Name	City	Amount
Vinay and Keshava	Bengaluru	1,00,000
D G Anil Kumar	Bengaluru	25,000
Kamal Kumar Shah	Bengaluru	21,000
Rajeshkumar T R	Bengaluru	15,000
T S Shiva Shankar	Bengaluru	11,111
Sarwan Kumar	Bengaluru	11,000
D Gopalakrishna Murthy	Bengaluru	10,100
Ajay BV	Bengaluru	10,000
Vemula Nagaraj	Bengaluru	10,000
Ravikumar R C	Bengaluru	10,000
S Senthil Kumar	Bengaluru	10,000
Harini R	Bengaluru	10,000
R Babu	Bengaluru	5,004
Venkatapathi M	Bengaluru	5,000
Avinash Chirania	Ballari	5,000
Viswanath Kuchimanchi	Bengaluru	5,000
Yogeesha	Bengaluru	5,000
Arunachalam Subramaniam	Bengaluru	5,000
G V Srinivasa	Mysuru	5,000
Basavaraj C Kusoogalla	Bengaluru	5,000
H K Nagendra	Bengaluru	3,501
Nikhil K S	Bengaluru	2,500
Prathima Vankadaru	Bengaluru	2,500
Appaji Parasa	Bengaluru	2,000
Others	Others	78,001

Full Name	City	Amount
Satwik S Nadgir	Bengaluru	25,000
Rajesh G Dhakappa	Hubli	25,000
Chandrashekar Patel S	Raichur	20,000
Ram Mohan Nagoji	Bengaluru	15,000
Kiranchand Nahar	Bengaluru	11,000
Ankit Parekh	Vijayapura	11,000
U S And Associates	Bengaluru	10,000
V Damodaran	Bengaluru	10,000
Venkatesh K G	Bengaluru	10,000
YSN Murty	Visakhapatnam	10,000
Santhosha Kumar	Bengaluru	10,000
Gajaraj D	Ballari	5,100
Prashanth M P	Bengaluru	5,000
M N Sunil Kumar	Bengaluru	5,000
Ramya N Bhat	Chennai	5,000
S Ananda Krishna	Bengaluru	5,000
Sunil Bhandary	Bengaluru	5,000
Guduthur Jagadish Babu	Bengaluru	5,000
Pratiksha M Pai	Bengaluru	5,000
D S Umesh	Bengaluru	5,000
Shashidhara B A	Bengaluru	3,000
Meenakshi Ambalavanan	Bengaluru	2,500
Venu Gopal Bayar	Bengaluru	2,001
Umashankar A V	Shivamogga	1,000



## COVID - 19 - Donation of Oxygen Concentrator & Vaccination Drive

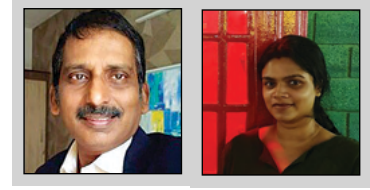


As a part of COVID-19 Social Initiative by KSCAA, oxygen concentrators were donated by KSCAA Covid-19 Task Force to Bengaluru and 11 districts all over Karnataka

Vaccination Drive jointly organised by Karnataka State Chartered Accountants Association and Bengaluru Branch of SIRC of ICAI on 5th and 6th of June, 2021 where 1000+ members and their families were vaccinated.



# SEVEN TRAITS OF AN ENTREPRENEURIAL MINDSET



■ **CA. V Pattabhi Ram & Kirthika Soundarajan**

**A** practising chartered accountant is a certain version of an entrepreneur.

Whatever it is, being an entrepreneur is not for the faint of hearts. Entrepreneurs create jobs, invent products or services, enhance economic development, and thus make the world a better place to live in. A successful entrepreneur thinks outside the box and creates larger-than-life ideas.

Everyone comes with a new idea every day, but building those ideas into a successful business is a challenge. There is and will be no magical formula to succeed in a business. It is the amalgamation of certain skills and traits of an entrepreneur that does the business he is running wildly successful.

The key is the entrepreneurial mindset, which is the DNA of winning.

## 1. REMAINING CURIOUS

This allows the entrepreneur to continuously seek opportunities, be queer and get fully engaged as entrepreneurship is a 'process of discovery. One should get curious enough to question and explore different avenues rather than settling with what he knows. The 1976 born Twitter founder, Jack Dorsey, has gone on record saying curiosity is the biggest reason for the success of his enterprise. While everyone writes an essay, Twitter wanted it captured in 160 characters!

## 2. PERSEVERENCE

How you frame failure is your trick. Silicon Valley is full of failed ghosts. Why J.K. Rowling, the creator of Harry Potter, was rejected by twelve publishers before Bloomsbury bit the bullet. Many companies had asked this single mother who lived on UK Social Security System and 'gets a day job which pays real money.' Rowling ignored the negative vibes, continued to write, and over time became richer than the Queen of England.

Today she is amongst the most celebrated authors in history.

Remember, you didn't fail as a person; your approach is failed. So, don't dig your head under the sand and ignore things that went wrong. Analyse the process, catch the mistakes, learn and make sure not to repeat. Thomas Alva Edison once said, "I have not failed. I've just found the 10,000 ways that won't work." When you are the boss, a positive outlook influences your team in a similarly positive way.

"When everything seems to be going against you, remember that the aeroplane takes off against the wind, not with it," said Henry Ford.

## 3. ADAPTABILITY TO CHANGE

The Earth is ever-changing, so is the nature of business. There is a new challenge and opportunity at every turn. No matter how big an entrepreneur you are, it is nearly impossible to be prepared for every happening in the future. When unexpected challenges or changes occur, evaluate the situation and adapt yourselves to keep moving forward.

Nokia did not adapt to change. "The traditional phones changed to smartphones, but Nokia did not change fast enough."

## 4. SPEED OF IMPLEMENTATION

The time is now! It is the key to transitioning from a wantrepreneur to a successful entrepreneur! This means being focused! Without focus and implementation, that 'eureka' moment counts for nothing! Bill Gates talked about 'Business @ Speed of Thought.' He could not have been more right.

The two things that stop the victory of any person is Procrastination and Excuses. The real Entrepreneurs will embrace the Time is Now mindset because they know that all of their power exists at the moment. To



live this mindset means enjoying the present and taking small, daily, purposeful steps towards your goals and dreams. The faster you work and implement things, the quicker you'll get ahead and achieve the results you want. Innovation

"Creativity is the mother of invention" has been more accurate in the world of entrepreneurship. Think of Steve Jobs and the iPhone. Edison and the light bulb. The Wright Brothers and the aeroplane. Each of these ground-breaking inventions would not have come to fruition were it not for healthy doses of creative gumption. Most entrepreneurs are inherently creative thinkers; otherwise, they would not be inspired to take the innovative leap to create their own business. So must you be in your entrepreneurship?

Take Netflix for instance, when people were going to shops for buying CD or DVDs of movies, Netflix announced that would mail you the CD or DVDs of your choice at your doorstep. Their people didn't think we have made an innovation by mailing CD.s, customers are happy, we are getting enormously paid, so let's stop all our innovations and enjoy the fruit. Instead, they thought, What next? In 2007, Netflix implemented a brand new technology into its business model called the 'Online Streaming'. Now having a Netflix account is like having 1000 theatres at home. The company has continued to restyle as it's evolved.

## 5. PASSION

It may sound cliched, but it is true. Without passion, you cannot go far as an entrepreneur.

Do you know what Walt Disney spent his time doing while growing up? Drawing! Disney must have been around seven or eight years old when he sold his first drawing (of a neighbour's horse). He took his passion in his hands, and it, on the other hand, took Walt Disney to a place where he is now. Interestingly, the famous character, 'Mickey Mouse', popped out of his mind when travelling on a train with his brother from Manhattan to Hollywood.

## 6. TEAM

Great businesses require teamwork – after all, Jeff Bezos didn't build Amazon alone. So, if you want to think like an entrepreneur, you need to think in terms of "we" instead of "I."

There's an African proverb that says, "If you want to go fast, go alone. If you want to go far, go together."

If one entrepreneur believes that he can achieve his dreams alone, he is not dreaming big enough. The true entrepreneur will lead by empowering his team, helping them to accomplish their work and realise their dreams and goals. Have the mindset to explore synergies in all relationships. The path to soaring achievement involves working with, for and through others. Treat the team you build, employees you hired as you treat your family and friend.

PepsiCo, one of the world's largest food and beverage companies, is working toward a more inclusive, diverse workspace. It has been committed to hiring capable people of all locations, religions, race, orientation. Genders and backgrounds.

## 7. NETWORKING

Networking is the No. 1 rule of success in an entrepreneurial journey. Regardless of how great and innovative your business idea is, ultimately, its success largely depends on one robust factor, i.e. other people. Networking refers to building and maintaining social contacts that can help businesses meet their needs. The business is all about who you know!

Many entrepreneurs talk about the significance of networking. Jason Nazar, Founder and CEO of Docstock. com, says he owes his current company's success to his networking efforts, particularly in the launching stage. He said that he used his networking aura to raise \$4 million in his start-up funds. Also, the same network gave him a co-founder with whom he developed and built the majority of his organisation. Networking is a strategy for the survival and success of businesses.

Today while you automate your office, while you bring AI into your workplace, remember not to forget that business is not about B2B or B2C. It is also about H2H— Human to Human. Maintain the human touch, and you will win.

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# INTELLECTUAL PROPERTY RIGHTS AND PROTECTION IN INDIA

## Traditional Knowledge as a source to start a MSME (Part-X of IPR series)

■ **Adv. M G Kodandaram, IRS, Assistant Director (Retd.), NACIN**

In the previous part, the ways and means to be followed for protection of the vanishing Traditional Knowledge was discussed. The value of TK is diminishing due to dilution and continued acts of piracy posing a challenge in ensuring as to how this ancient wisdom could be used by the Indian entrepreneurs - especially in the MSME sector for the purposes of wealth creation. This is the positive side, where one can use the TK to one's own advantage to serve the public with useful goods and services, and thereby establish meaningful business enterprises. This not only drives strength to Indian economy but also eliminates the illegal exploitation of TK by the fraudsters. In this part certain possible use of the TK by the entrepreneurs are deliberated.

### Application of Traditional Knowledge

Traditional knowledge is a living body of knowledge that is developed, sustained and passed on from generation to generation within a community and often forms part of its cultural or spiritual identity. TK has immense potential to provide suitable solutions to the challenges faced by human beings. Exploitation of this knowledge is crucial but at the same time recognition of the group of community from which it is borrowed must be done in a systematic manner and the proceeds from such knowledge must be shared in an ethical and moral way. Doing so paves the way for TK to be cared and shared, and this with usage of appropriate technology from the modern science could create and make way for new products and services. This makes the life meaningful as declared by our revered Dr. D.V. Gundappa, through the verse, "Tree with new leaves and old roots is wonderful; new knowledge (Yukti) with old principles (Tatva) make good operating principles (Dharma or ethics)".

The explanation of TK given in Article 8(j) of the Convention on Biological Diversity Convention reads: 'Traditional knowledge refers to the knowledge, innovations and practices of indigenous and local communities around the world. Developed from experience gained over the centuries and adapted to the local culture and environment, it tends to be collectively owned and takes the form of stories, songs, folklore, proverbs, cultural values, beliefs, rituals, community laws, local language, and agricultural practices, including the development of plant species and animal breeds. Sometimes it is referred to as an oral traditional for it is practiced, sung, danced, painted, carved, chanted and performed down through millennia. Traditional knowledge is mainly of a practical nature, particularly in such fields as agriculture, fisheries, health, horticulture, forestry and environmental management in general'. Promoting the Traditional Knowledge is an amalgamation of various ideas like human rights, conservation of resources, sustainable development, intellectual property rights and benefit sharing mechanism. Therefore it could be a potential source of innovation as the TK is the mine of wisdom in the field of ecological and environment protection, traditional agricultural methods, ancient technical industrial practices, herbal medicinal plants, skills in various activities, arts, culture, dances, folklores, etc., and this is often referred to as the Traditional Knowledge System (TKS) in the know-how of the people, gathered through day-to-day walk of life to overcome the hurdles and tap the potentialities from their immediate neighborhood.

The TKS is evolved in a specific location within certain physical and socio-cultural environment where it reflects people's specific knowledge, understanding as well as observational and experimental information about their



dwelling environments, along with skill and technology to design a lifestyle in that specific environmental context. It represents information, knowledge, skill and technology along with standard management practices, which are defined through the cultural systems. This form of protection focuses on the use of knowledge such as traditional technical know-how, or traditional ecological, scientific or medical knowledge. This encompasses the content or substance of traditional know-how, innovations, information, practices, skills and learning of TK systems such as traditional agricultural, environmental or medicinal knowledge. These forms of knowledge can be associated with Traditional Cultural Expressions (TCEs) or expressions of folklore, such as songs, chants, narratives, motifs and designs.

In the contemporary world wherein human civilization is facing the challenges of climate change, natural disaster, biodiversity loss, destabilized ecological services, food and nutritional inequality, problems of sanitation and health and many others, there is a need to emphasize on TKS for searching alternative solutions or ways to face the challenges and design a sustainable lifestyle. The experiences of a school dropout Mr. Murugesan illustrates how the Traditional Knowledge should be developed to form a profitable venture.

### Lessons from Murugesan

The person about whom I am going to write is Mr. P M Murugesan, a seventh standard school dropout from a remote village of state of Tamil Nadu, who used the available agricultural environment and wisdom to indigenously develop a machine which makes eco-friendly rope bags, baskets and more such products, out of banana fiber, which is a waste generated after harvesting. The poverty of the parents and the lack of proper schooling never acted as a barrier for this person in exhibiting his entrepreneur skills.

Mr. PM Murugesan, a resident of Melakkal village in Madurai district, grew in the midst of banana plantations, hearing about the banana plant's versatility and utility of every part of the plant in an eco-friendly way from his ancestors. He learnt about the use of the banana leaves as serving plates and the stem, flower, and fruit, as edible dishes. He noticed that the only waste that is generated

from a banana plant is the two outermost layers of sheaths of the banana stem, which are either burnt or dumped as garbage. Murugesan had seen the villagers using the banana fibre to thread flowers for garlands. Adapting his ingenious skills, he found a way to weave the residual banana fibre into ropes and to employ the same as a raw material to make various eco-friendly consumer products like mats, bags and similar consumer goods. It was becoming very difficult to make ropes by hand and further the handmade ropes either kept splitting or would not stay connected.

So, in his ingenious best, Murugesan thought of mechanizing the whole process so that strong ropes could be developed. In his native area, he had observed the use of some machines to de-husk the coconuts and converting such husks into ropes. He first tried processing the banana fibre also in the same machine but could not achieve the required standard. So, he modified the machine to make it work well for processing of banana fibre. He invented and added more modification to the machine that could be employed not only for making better products but also reduce the manual labour. Then he fixed a motor to it to ensure faster production. By continuous trial and error method and by using the traditional skill of making ropes, in 2017 he developed an automated rope making machine. The newly invented machine could perform dual functions of making the rope and braiding / twining it together. Desirous to better the process, he invested close to Rs 1.5 lakhs, built his own machine and patented the same. Later on he sought the assistance of the Biotechnology Industry Research Assistance Council (BIRAC) to recommend the patented machine to be used by other farmers for similar activities in the area. Mr. Murugesan, founded an enterprise named 'M S Ropes Production Center', which has become a successful and profitable enterprise. The new initiative created, in addition to bringing good economic relief to the poor farmers, opened up new avenues of employment in such manufacturing establishments. The company, owning a patented machine for 'utilizing waste Banana pseudo-stem for making value added products', has won many awards and accolades. Further details could be gathered by visiting <https://birac.nic.in/product-detail.php?product=31>.



## Profit sharing in place

The sportsmen use a drug named 'Jeevani' which is an anti-stress and anti-fatigue agent. The said drug, manufactured by the Arya Vaidya Pharmacy, an Indian company, is based on the herbal medicinal plant *arogyapaacha*. The medicinal knowledge of the Kani tribes in southern India led to the development of this sports drug based on the herbal plant. The Indian scientists at the Tropical Botanic Garden and Research Institute (TBGRI) used the tribal know-how to develop the drug.

This TK was revealed to the scientists by the tribal members. The scientists isolated the twelve active compounds from *arogyapaacha*, which lead to development of the drug *Jeevani*. The patents filed by TBGRI on the stated drug also succeeded. The technology was then licensed to the Arya Vaidya Pharmacy, Ltd., an Indian pharmaceutical manufacturer of Ayurvedic herbal formulations for manufacture. A trust fund was also established to share the benefits arising from the commercialization of the TK-based drug.

The above instances indicate how the TK have been patented and commercialized by individuals or focussed group.

## Lijjat Papads

The Traditional Knowledge of seven Gujarati women from Girgaum, Mumbai resulted in an edible product that has become widely used global food brand. The women wanted to start a venture to create a sustainable livelihood using the traditional skill they had i.e., cooking. The women borrowed Rs 80 from one Mr. Chhaganlal Karamsi Parekh, a social worker and a member of the Servants of India Society and started their march towards commercializing the popular traditional edible product. They gathered on the terrace of their building and started their activity in a smaller way by producing four packets of *papads* per day. They sold them to the known merchants nearby and made nominal profit for their livelihood. As days passed, through their self-belief, they developed this traditional knowledge to come up with a successful global cooperative enterprise. *Lijjat's* initial success was based on the production and sale of *papad*, the crispy-thin cracker or wafer that is a staple

food in India. As on date the cooperative has developed a number of quality products and brands, including wafers and breads as well as has involved itself in enhancing the skill of its members by various programs to maintain the quality.

Another innovation early on in the cooperative's operations was to establish organizational principles based on the ideas of the seed angel investor. They developed certain standards for producing *papad* which enabled them to maintain quality and self-sufficiency. Further, the cooperative has developed its branding and commercialization strategy by raising production standards, developing a niche market identity and creating a variety of products. *Lijjat*, primarily a cottage industry, urban by its origin, has spread to the rural areas. It is matter of pride that the annual exports of this establishment for the year 2019 are around 80 crores. This unique effort is considered as one of the most remarkable entrepreneurial initiatives by women that are identified with female empowerment in India. For further details visit <http://www.lijjat.com/Default.aspx>

## Grandmother's knowledge on hair care

The famous brand '*Aavaram*', a skin and hair care herbal powder which started its journey from home by grandmothers passing on the TK through the family for generations. This has grown into a good consumer product commanding huge goodwill as on date. Ms. Aishwarya Shankar Iyer, the enterprising person from the family, behind this venture, received the know-how of manufacturing the said herbal product from her mother, which she later developed to become a successful entrepreneur. The bath powder sold by *Aavaram* can be used for body and the hair cleanser works well for all types of hair. This traditional home-grown remedy is generating revenue of almost one lakh rupees per month. This clearly indicates that such small innovations available with family members, if suitably nurtured, could become a boon for the entire fraternity.

The above-cited examples clearly indicate that TK which are not new inventions have also gained huge commercial importance due to proper branding of the goods. Therefore, by use of suitable trademarks, such





TK products could be popularized around the globe. On the ways to create a good trademark and branding, and registering the same, referring the earlier lessons on trademark will help.

### Other resources of Traditional Knowledge

There is huge scope for using the TK in service sector also. The TK pertaining to the relationships between the plants, animals, natural phenomena, and the landscape that are used for livelihood and sustenance of life, such as resource gathering through hunting, fishing, agriculture, livestock farming, forestry, agro-forestry, etc, categorised as natural resource management of land, water, flora and fauna could be exploited to deliver many value-added services. The knowledge and skill in practices related to fisheries, animal husbandry, forestry, handloom and handicraft etc. could be used as services and may lead to innovative products. The traditional skills about the design and construction of housing, water harvesting structure, roads and bridges, etc also could also be similarly utilized. The Traditional Water harvesting practices like step well, an ancient water harvesting structure could have its role in economic water services in small group houses. The Vernacular Architecture, the traditional style and design based on local needs, depending upon the availability of local construction materials and reflecting local inhabitant needs and the related skilled labour could be a game changer in creating of economic and attractive housing facilities.

In many areas of the country, traditional agricultural practices are still considered important (Organic farming) as these practices are followed in selection of crop varieties, land selection, land preparation, soil fertility management, pest and disease management, irrigation, harvesting, post-harvest management, seed preservation, etc. Such knowledge and skills could be developed into valuable services and also in certain occasions into valuable goods. However, it requires an enterprising attitude and positive oriented approach by the individual or community/ group to act on all such skills to develop them into a profitable enterprise. This needs to be done by cooperative groups in rural areas together with various educational institutions. This kind of involvement by educational institutions makes them

the centers of innovation and growth for the society. This practical approach if used by such institutions will bring in quality and value based methods into the system, which could be a revenue generator to the faculty, students and to the institutions. This is being encouraged by some educational establishments who have established IPR and incubations centers, wherein the students and the faculty are encouraged to innovate and come out with creation of IP products and services and establish incubation centers with mutual benefit as a declared policy.

In the coming part, the law in place to preserve and protect the traditionally endured agricultural, natural or manufactured goods that are produced, processed or prepared in a particular territory due to which the product has special quality, reputation and/or other characteristics will be deliberated. Such knowledge owned by the public of the locality/ community could be safeguarded in the form of an Intellectual Property, known as Geographical Indications. The procedure for applying to obtain a GI and the efforts required to exploiting the same commercially will be deliberated in the ensuing parts.

By reiterating the famous words of DVG, with a prayer to instill in us the strength to convert the traditional knowledge into an economic and useful activity, we conclude this part.

ಹೊಸ ಚಿಗುರು ಹಳೆ ಬೇರು ಕೂಡಿರಲು ಮರ ಸೊಬಗು!

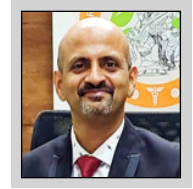
ಹೊಸ ಯುಕ್ತಿ ಹಳೆ ತತ್ವದಿ ಒಡಗೂಡೆ ಧರ್ಮ;

ಋಷಿವಾಕ್ಯದೊಡನೆ ವಿಜ್ಞಾನ ಕಲೆ ಮೇಳವಿಸೆ!

ಜಸವು ಜನಜೀವನಕೆ - ಮಂಕುತಿಮ್ಮ.

*Author can be reached at :  
mgkodandaram@gmail.com*

# YOU ARE WHAT YOU EAT....



■ **Dr. Raviganesh Mogra, MD(Ayu)**

**F**ood is the foremost need of the entire living world. Just to fulfill the need of craving tummy we all work and earn. The whole economy depends on how a human earns to fulfill his stomach. When it comes to health, maximum of it depends upon how and what we eat.

Changing centuries have changed from two meals a day to 3-5 meals a day. Developed world has not only helped us in cultural exchange with different countries but also led us to culinary exchange which influenced with lot of change in our food habits.

Presently we are locked up at home due to the increasing illness, caused due to invisible organism. Being at home it's better to think about what has led to this havoc and what we can do to improve our health. Half of our health depends on what we eat hence we better change the way we eat and adopt the ancestral treasure of preparing and eating food.

Ayurveda steer us with knowledge of food, few which we can follow easily even in busy life are explained here.

**Eat hot-** whatever we eat it should be hot, the idea behind it is to improve the digestive fire so that one does not land up in indigestion.

**Eat oil-** the food we intake should contain at least minimum amount of either oil or ghee this will help in maintaining *snighdata* (oil balance) in the body.

**Eat how much you can-** we the humans have unique habit of eating. We eat excess when we like the food whereas, if food is not tasty then the intake is reduced; Ayurveda says both are wrong, one should eat half of his stomach in other half  $\frac{1}{4}^{\text{th}}$  of the stomach one should drink water and other  $\frac{1}{4}^{\text{th}}$  to be left empty so that proper digestion takes place.

**Eat when you digest-** food to be consumed only when the previous meal gets digested. This we can find out by clear burp with lightness of stomach. Once the previous food gets digested it will be easy for the stomach to digest the fresh food.

**Do not eat hot and cold food together-** this is the common mistake which almost everyone does. Ice cream with hot carrot halwa, hot pizza with chilled soft drinks is just the few examples to note. This combination leads to hampering the digestion which leads to diseases.

**Sit and eat-** Busy life has changed the way we eat, any posture is ok till it fills the stomach is the new trend. But it is always better to sit on the floor and eat. This is because when we bend and eat we cannot eat till too full. Hence Indians had a habit of sitting on floor which could avoid overeating.

**Eat without hurry-** food should be eaten neither very fast nor very slow, both will affect digestion. There is common saying "hurry, worry and curry will cause gastritis". May be this is the reason; gastritis has been the part of everyone's life.

**Eat with concentration-** At present we eat while walking, while going to office or in front of the TV or the system just to save the time. Ayurveda says to eat with concentration, because when we see and smell the food all over digestive juices start secreting which help in proper digestion of food. Whenever we are working and eating we really don't know what we are eating or how much we are eating.

**Love the food you eat-** whenever we love the food what we eat it helps in proper digestion is what Ayurveda believes hence even though sometimes the preparation may not be as we like still it's better to eat with love, without much complaint.

**All the above said things mainly concentrates on avoiding indigestion,** as Ayurveda believes indigestion is the main problem for maximum diseases and following certain rules while having food will decrease the chance of indigestion.

Ayurveda never says to eat only vegetarian. We find lot of references where they have detailed about the usage of non vegetarian food even in diseases. The food which is freshly prepared, the meal which contains all the six

rasas that is sweet, sour, salt, pungent, bitter and astringent taste, the quantity which would not cause any disturbance in the abdomen is what we say the ideal one.

*"Eat the breakfast like a king, lunch like a prince & dinner like a pauper"*. This quotation holds good for all time. But at the present we are busy in the morning and afternoon hence we eat more at night, which may be cause for the minor to major diseases which we suffer. Obesity, diabetes and many other lifestyle diseases are also the contribution of the change in our lifestyle which mainly includes food.

*"Better be late than never"* we still have time to change the

way we eat and what we eat. Better to utilize the opportunity of sitting at home during lock down into something useful. The right step taken today may also improve the health and habits of our children. Avoiding the processed food, Maida, soft drinks, following the rules of eating food, doing some yoga will keep us healthy by improving our immunity. Let us eat healthy to remain healthy.

*The Author is Principal at Sharada Ayurveda Medical College & Hospital, Devinagar, Talapady, Mangaluru, Karnataka and can be reached at : [ravisankesa@gmail.com](mailto:ravisankesa@gmail.com)*

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# THE KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATIONS (R)

Date: 10<sup>th</sup> June, 2021

To,

Dr. K. Sudhakar,

Hon'ble Minister – Health and Family Welfare Department,

Government of Karnataka

Bengaluru

Respected Sir,

**SUBJECT: REPRESENTATION SEEKING INCLUSION OF CHARTERED ACCOUNTANTS IN TO 'PRIORITY GROUP' FOR COVID VACCINATION AND FOR PERFORMING PROFESSIONAL WORK AS USUAL**

The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an Association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and represents before various regulatory authorities to resolve the problems / hardships faced by Chartered Accountants and business community.

The Chartered Accountants are primarily the members of The Institute of Chartered Accountants of India (ICAI) a premier statutory body established by an Act of Parliament namely The Chartered Accountants Act, 1949 (Act No.XXXVIII of 1949) for regulating the profession of Chartered Accountancy in India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

We convey our congratulations and applaud the efforts of the Government of Karnataka and the entire Administration of the State for undertaking various measures in containing Corona virus spread in the state, due to which over past few days there is a steady and gradual reduction in the number of Corona positive cases. It is pertinent to inform that, we CA's possess professional expertise, vast experience and deep knowledge in the areas of financial controls, financial accounting, financial audit and risk management and these skillsets could be of great help and assistance to the Government in better financial management in relation to Covid relief and containment activities. It would be an endeavour of CA's to meet our social obligation by providing professional services beyond corporate sector and to the public at large by being true to our role of being a partner in nation building. At KSCAA it would be an honour and privilege for us to work in the public interest in collaboration with Government of Karnataka in fighting the war against Corona by helping ensure that the financial disciplines and financial controls are in place and operational in mobilization and use of public resources.

In the past 15 months, it is heartening to inform that KSCAA as it rightly considers itself as a responsible and socially conscious organ of the society in its pursuit of supporting and supplementing the Government's on-going Corona relief and containment efforts, in its humble endeavours it has made its valuable contributions by supplying more than 40 number of oxygen concentrators to the needy citizens across the length and breadth of our State, it has conducted Covid vaccination drive for its CA members, their staff and families covering around 1100 number of total beneficiaries at Bengaluru and has supplied more than 24,000 number of food packets to the migrant destitute workers & their families who were badly affected by first wave of this Pandemic. Few of the pictures of these noble activities that KSCAA has carried are herewith attached for your information. Further, KSCAA sincerely endeavours to organize Covid vaccination drive similar to its recent drive in Bengaluru, for its CA members, staff members and their families at various cities and districts locations in the state outside Bengaluru, however alas, due to shortage in the supply of vaccines and lack of infrastructural and technical support from authorised private hospitals, we are unfortunately handicapped to reach up to all and vaccinate our CA members, their staff and families who are residing in the State outside Bengaluru.

The Chartered Accountants (CA) fraternity has always worked and lived up to the spirit of Partners in Nation Building and it has been its ceaseless endeavour of working towards keeping India's economy and financial system afloat. The CA's work in close harmony with Government & its regulatory bodies on the one side and the diligent & hardworking taxpayers of our Country on the other side by ensuring that the taxpayers comply with all fiscal statutes for instance the GST and Income tax and pay their share of lawful taxes in a lawful manner to the Government on a timely basis. Aside from fiscal statutes, the CA's are also responsible for ensuring that the citizens and entities comply with other statutes related to Corporate laws, co-operative society, FEMA, etc.



By virtue of professional obligations of providing various services such as consultations, statutory compliance service, representation service and the mainly Audit & attest services, it is for CA's and their staff members an absolute necessity of venturing out and taking up travel within the states and across the country to the client's offices, plants, branches, warehouses and to departmental offices, tribunals, etc. These absolute and unavoidable necessities of travel present themselves with vulnerabilities and risks of CA's and their staff members being exposed to contraction with Corona virus. The Government has recently provided only a limited and temporary breathing space in performing various statutory compliances by the taxpayers by pushing forward their timelines; however these compliances which may be monthly, quarterly, half yearly or annual as the case may be have to be mandatorily completed over next few months as the second wave of the Corona slowly subsides. We would like to bring to your kind notice that, various statutory compliances under statutes such as GST, Income tax, Company law, Co-operative society's law, etc. (which are at present under temporary suspension mode) cannot just be completed without the active involvement, physical travel & movement and diligent efforts of CA's and its staff members by providing professional services to their respective client's.

The CA's in its true spirit are the Partners in Nation Building have no hesitation in taking up these professional challenges headlong especially in these difficult times the Country is facing; however it was disheartening to note that Government in its policy related to Corona has so far not recognized our fraternity as a class of PRIORITY GROUP to leeway to our CA members and their staff members in discharge of their professional functions and also to provide vaccination of our members, staff and their families on a priority basis. We urge your good selves to kindly recognize the significance of CA's role and their professional services in bringing back to normal track the Countries economy which is in slumber at present after it has suffered the shocks of series of lockdowns across the country and myriad of other restrictions in recent few months.

As there is a shortage in the supply of Vaccines in the State, we at KSCAA on behalf of all the CA's in the state humbly implore upon your good selves to do the needful in prioritising the vaccination of CA's, their staff and families of age group 18 to 44 by classifying the CA's as PRIORITY GROUP. This measure of your good selves should help to ensure that our CA members, their staff and their families to quickly get their vaccinations done especially at locations outside Bengaluru where there are no private hospitals providing this service. Aside from expediency and priority in vaccination, the classification of our CA members as PRIORITY GROUP would also help our CA members and their staff to undertake performance of their professional functions and assignments smoothly, efficiently and most effectively as lock down restrictions would relatively be relaxed to them. To re-iterate, from now onwards until January 2022 there are a myriad of statutory and regulatory compliances that are due to be met by taxpayers which could not be just possible and even envisaged without the active involvement and rendition of services by CA members and their staff. Therefore it becomes all the more important to categorise our CA members as PRIORITY GROUP to perform their functions in a smooth and unhindered way having regard and subject to adherence to limited restrictions or protocol, if any Government places.

We are optimistic that, your good selves would definitely make an 'all out' effort to ensure that necessary steps are taken in this regard to provide much needed relief by classifying CA's as **PRIORITY GROUP** and thereby help expediting vaccination of our CA members, their staff and their families and also help ensure that our CA members and their staff perform their functions in a very smooth, efficient and most effective manner.

Yours' Sincerely,

For Karnataka State Chartered Accountants Association (R)



CA. Kumar S Jigajinni  
President



CA. Pramod Srihari  
Secretary



CA. Ganesh V Shandage  
Chairman - Representaion Committee

CC to:

1. Shri. P Ravi Kumar, Chief Secretary to Government of Karnataka, Room No. 320, 3rd floor, Vidhana Soudha, Bengaluru
2. Dr. Arundhati Chandrashekar, Mission Director – National Health Mission, Bengaluru
3. Dr. V.C.Charantimath, MLA, Bagalkot

**KSCAA OTHER REPRESENTATIONS:** For full text of below representation, please visit: [www.kscaa.com](http://www.kscaa.com)

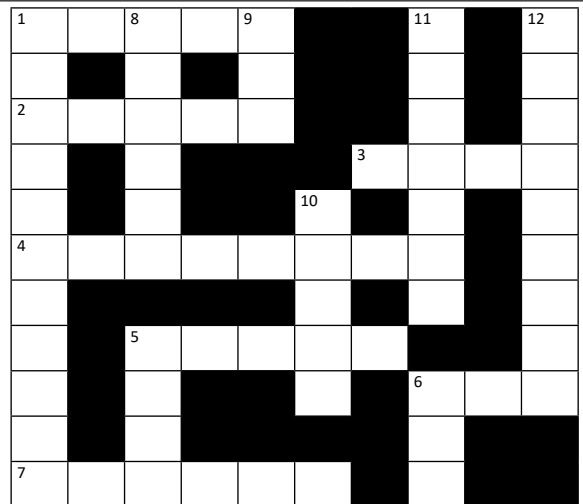
- 1) Representation Seeking Certain Relief Measures dated 18<sup>th</sup> May, 2021 to Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman.
- 2) Representation Suggesting Improvements to the Faceless Penalty Scheme dated 4<sup>th</sup> June, 2021 to The Chairman, Central Board of Direct Taxes, Shri. J B Mohapatra.
- 3) Representation Highlighting Anomaly in Re-Registration of Existing Trusts or Institutions u/s 12AB dated 13<sup>th</sup> June, 2021 to The Chairman, Central Board of Direct Taxes, Shri. J B Mohapatra.

# CROSSWORD

10

## ACROSS

1. A benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans (5) (abbreviation)
2. A ..... contract is a retroactive arrangement between two parties who have no previous obligations to one another (5)
3. .... analysis is a framework used to evaluate a company's competitive position and to develop strategic planning (abbreviation) (4)
4. An elected individual who, along with the other board members, is responsible for a company's corporate policy (8)
5. Funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, technology, or equipment (abbreviation) (5)
6. A unique identifier issued to all judicial entities identifiable under the Indian Income Tax Act, 1961 (abbreviation) (3)
7. A publicly commissioned official who serves as an impartial witness to the signing of a legal document (6)



## DOWN

1. The process of bringing a business to an end and distributing its assets to claimants (11)
5. An auditing method that uses computer software tools to query business data to produce reports that will enhance an audit (abbreviation)(4)
6. A ratio/valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth (abbreviation) (3)
8. A ..... instrument, is a type of fixed-income security in which no ownership information is recorded and the security is issued in physical form to the purchaser (6)
9. India's central bank and regulatory body under the jurisdiction of Ministry of Finance (abbreviation) (3)
10. The cryptocurrency of the Ethereum network, metaphorically speaking, can also be referred to as the "fuel" of the network (5)
11. A blanket term for viruses, worms, trojans and other harmful computer programs hackers use to wreak destruction and gain access to sensitive information (7)
12. A brokerage, commercial bank, or other type of institution that holds your money and investments for convenience and security (9)

Answers will be published in next month's News Bulletin.

## Answers to "Cross Word 9" (May 2021)

### Across

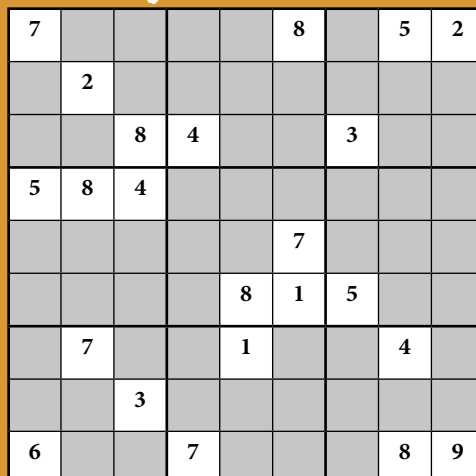
1. Regtech, 2. PE, 3. LTA, 4. OTC, 5. Hire, 6. GAP, 7. Affiliate, 8. Patent

### Down

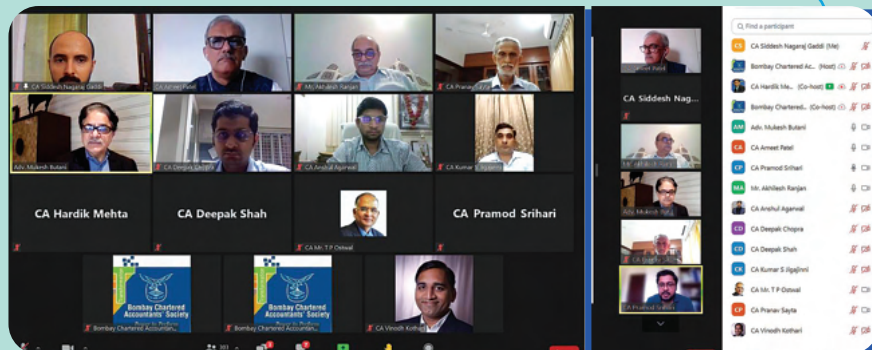
1. Rally, 2. Procurement, 9. NDA, 10. FOB, 11. Gearing, 12. Enron, 13. Hypothecate

Credits: CA. Archana Sridhar

## sudoku-10



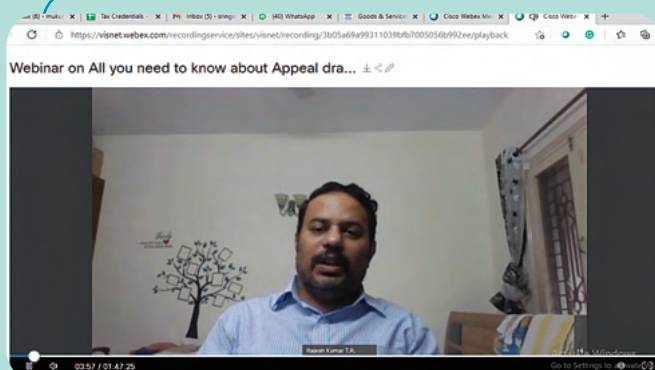
# Photo Gallery



Webinar series on "Direct Tax Home Refresher Course 2" - a 6 days program jointly organised by KSCAA in association with Bombay Chartered Accountants Society (BCAS) and others held between 20th May, 2021 to 1st June, 2021



Webinar on "A Special Talk on Covid19 2nd Wave : Myths vs Facts" by Dr. C N Manjunath held on 15th March, 2021



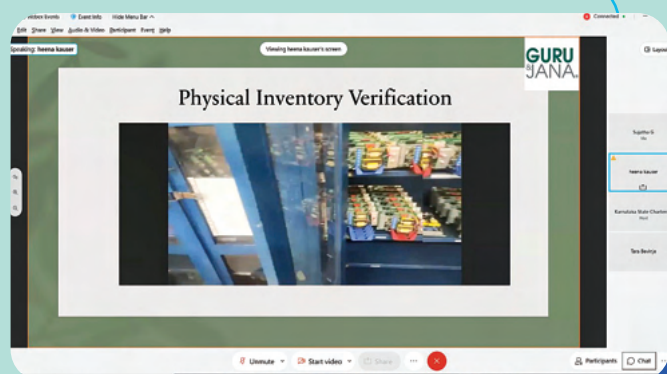
Webinar on "All about appeals under GST" and "All you need to know about Appeal drafting under GST" by CA. Rajesh Kumar TR, held respectively on 14th May, 2021 and 17th May, 2021



Webinar on "A Talk on Winning Strategies at Pandemic Times" by CA. Sudha Suresh held on 12th June 2021



Webinar on "Audit under Karnataka Co-operative Societies Act, 1959 & Its Recent Developments" by CA. Shreeram S S, Sagara held on 28th May, 2021



Webinar on "Audit Over the Wire" by CA. Heena Kauser A P, held on 28th May, 2021



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