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NEWS BULLETIN

Karnataka State Chartered Accountants Association (R)

July 2022

Vol. 9, Issue 11

₹ 25/-

49th ANNUAL REPORT 2021-22



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Dear Readers,



Let me wish you all a very Happy Independence Day in advance. By completing 75 years of Independence, the Country reaches a small milestone after being Independent. The date provides us an opportunity to celebrate on landmarks achieved and resilience to move higher and greater. Azadi Ka Amrit Mahotsav is an initiative

of the Government of India to celebrate and commemorate 75 years of independence and the glorious history of its people, culture, and achievements. It is matter of pride and happiness that we enter 75th year with so much hope. This year we are currently moving a notice to conduct an extra ordinary General Meeting to raise the membership fee of the association. The membership fees was last raised in the year 1998 and the cost of conducting the operations of the association has substantially raised. For detailed understanding, request you to notice and explanatory notes of the notice. The Annual report is also attached along with this newsletter, this wraps all the events which worked for past one year. We need your constructive feedback to improve the ways organization improve. Annual general meeting of the association is planned to be conducted on 25th of August 2022 and I welcome you to the AGM event to participate and suggest any changes and need. Associations are always bettered when members participate and improve the way it functions. The best way option to run a voluntary professional forum is always with participative method, this triggers the rightful conscience of the organization.

News Roundup

Direct Tax

Executive developments :

- ✓ **CBDT** : Gift vouchers, rewards points and website subscription is excluded from definition of virtual digital assets.
- ✓ **Govt.** keeps interest rates of small saving schemes unchanged for second quarter of FY 2022-23.
- ✓ **CBDT** notifies Form 26QF for filing of statement of tax deposited u/s 194S by 'Exchange' for virtual digital assets.
- ✓ **CBDT** : Applicability of TP Safe Harbour Rules extended till AY 2022-23.
- ✓ **Net Direct Tax** collections for FY 2022-23 grown at over 45% over collections of preceding year.
- ✓ **CBDT** notifies '331' as Cost Inflation Index for Financial Year 2022-23.

Judicial developments :

- ✓ **ITAT Raipur** : TDS credit appearing in Form 26AS can't be taxed without disputing method of accounting employed by assessee
- ✓ **Bombay HC** : Remuneration received from firm can't be construed as gross receipt for purpose of tax audit u/s 44AB.
- ✓ **Gujarat HC** : Time limit provided by sec. 132B for release of seized doc. after 120 days is mandatory and not directory.
- ✓ **SC** : No deemed registration of trust if application filed under sec. 12AA isn't disposed of within 6 months.

Indirect Tax

It is raining changes under GST consequent to decisions of 47th GST Council meeting. Ranging from rate change, relaxation of few procedures, clarifications on certain issues including on fake invoicing and more.

Few of rate changes require careful consideration and is not left without certain ambiguities. We have to make our opinion and suggest the client. A clarification from Government on certain issues arising out of these entries would clear the air.

Buoyancy in GST continues with 1.44 lakh crore collections for June 2022. As we approach closer to due date for completion of Income Tax returns, it is ideal to consider all aspects of GST and give required effect in GST returns to be filed as the option to correct would be available till Sep 2022 return.

Corporate and Allied Laws

Company Law

- ❖ Further relaxation in paying Additional Fees for delay in filing Form-11 by LLP's upto 15th July 2022
- MCA vide its General Circular No. 07/2022 dated 29.06.2022 has further extended the time limit for filing Form 11 (Annual Return of Limited Liability Partnerships) for the Financial Year 2021-22 without paying additional fees up to 15th July 2022.

Consumer Protection Act, 2019

- ❖ **Person empanelled as mediator not required to undergo training in conducting mediation**
- The National Consumer Disputes Redressal Commission vide Notification F. No. A -119/MC/NCDRC/2020 has amended regulation 9 of the Consumer Protection (Mediation) Regulations, 2020, whereby the following provisos shall be inserted, namely:-

“Provided that a person empanelled as mediator under clauses (I), (ii), (iii), (iv), (v), (vii) and (viii) of regulation 3 shall not be required to undergo training in conducting mediation:

Provided further that the training for conducting mediation shall not be required for a person empanelled as mediator under clauses (vi) and (ix) of regulation 3, if he has already undergone training in conducting mediation.”

Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Amendment Regulations, 2022

The Insolvency and Bankruptcy Board of India vide Notification No. IBBI/2022-23/GN/REG089 dated 04-07-2022 amends the Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) Regulations, 2016, namely for regulation 8, the following regulation shall be substituted, namely: -

“**Disciplinary proceedings** - The disciplinary proceedings shall be conducted in accordance with the provisions of the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017.”

Let me conclude the message with a quote by veteran Kannada writer Dr. K. Shivarama Karantha - “ಮರದ ಮೇಲೆ ಕುಳಿತ ಹಕ್ಕಿಗೆ ಕೊಂಬೆ ಮುರಿದು ಬೀಳುವ ಭಯವಿರದು. ಏಕೆಂದರೆ ಅದು ನಂಬಿರುವುದು ತನ್ನ ರೆಕ್ಕೆಗಳನ್ನೇ ಹೊರತು ಕೊಂಬೆಯನ್ನಲ್ಲ. ಹಾಗೆಯೇ ನಮ್ಮ ಸಾಮರ್ಥ್ಯದ ಮೇಲೆ ನಮಗೆ ಸದಾ ಆಶ್ರಯವಿರಲಿ.” which translates to ‘A bird sitting atop a tree branch is not scared about falling down because it trusts its wings and not the tree branch. One should always trust one's own abilities and instincts, and put a strong foot forward.’

One should not worry too much about failures as they essentially give new learning and are a stepping stone to success. Therefore, I urge everyone to have belief in your inherent abilities and strive hard to succeed, because, people will be remembered not for aiming at the target but for hitting the target.

Happy Reading !

Yours' faithfully,

CA. Chandan Kumar Hegde A.

President

KSCAA[®]

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SEMINAR ON TAX IMPLICATIONS ON VIRTUAL DIGITAL ASSETS

[Direct & Indirect Taxes]

Venue: Centenary Building, FKCCI, KG Road, Bangalore

Mode: Hybrid (Physical & Virtual)

Date: Saturday, 06 August, 2022

Registration & Hi-Tea: 2.45 pm to 3.00 pm (Participation in-person)

Session Time: 3.00 pm to 6.00 pm (Sharp)

Registration Fee: Nil

First 50 delegates
(in-person) to get free copy
of the FKCCI publication on
'Tax on Virtual
Digital Assets'

Time	Topic	Speaker
3:00 pm to 3:05 pm	Welcome Address	Dr. CA I S Prasad President, Federation of Karnataka Chamber of Commerce and Industry (FKCCI)
3:05 pm to 3:15 pm	Key Note Address	CA. Sujatha Raghuraman Secretary, Karnataka State Chartered Accountants Association (KSCAA)
3:15 pm to 4:30 pm	Understanding Blockchain, Virtual Digital Assets and its implications under Indirect Tax	CA. Deepak Kumar Jain Founder, Accolet Advisors & India GST & Member, GST Committee, FKCCI
4:30 pm to 5:40 pm	Direct Tax Implications on Virtual Digital Assets	CA. Pankaj Sancheti Founder, Kevalin Consultants, Hyderabad
5:40 pm to 5:55 pm	Q & A Participant interaction with Speakers	Session Moderator: Adv. K S Naveen Kumar Co-Chairman, GST Committee-FKCCI & Chairman, CGPI-South Zonal Committee
5:55 pm to 6:00 pm	Vote of Thanks	Shri. B T Manohar Chairman, GST Committee, FKCCI

Note:

- For online participation: Zoom Meeting ID: 83365164733 Passcode: 123456
- Participants through Virtual Mode can send in their queries during the course of the session
- Booklet published by FKCCI on 'Tax on Virtual Digital Assets' can be downloaded on India GST App, available on iOS and Android [In the App, under Section Tutorial >> Literature >> Tax on Virtual Digital Assets]
<https://apps.apple.com/in/app/indiagst/id1438405868> (iOS)
<https://play.google.com/store/apps/details?id=com.accoletadvisors.indiagst> (Android)

Dr. CA I.S. Prasad President, FKCCI	CA Chandan Kumar Hegde A President, KSCAA	CA Sujata Rangnekar President, CGPI
B.V. Gopal Reddy Sr. Vice President, FKCCI	Ramesh Chandra Lahoti Vice President, FKCCI	Dr. Perikal M Sundar Imm. Past President, FKCCI
B.T. Manohar Chairman, GST Committee, FKCCI		

Contact for Registrations: Bhagyalakshmi: 94497 11705 email: statetaxes@fkcci.in

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

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CA. Annapurna Kabra

RECENT UPDATES UNDER THE GST LAW

With the celebration of completing five years of journey of the evolving GST law bursting with enormous amendments and radical changes, the author discusses the recent notified amendments which were recommended by the 47th GST Council meetings.

1. Exemption from Filing Annual Return GSTR -9

The registered person whose aggregate turnover in the financial year 2021-22 is up to two crore rupees is exempted from filing annual return for the said financial year.

2. Composition Scheme Taxpayer

- Extension for filing GST CMP-08 by 31st July 2022 for the first quarter of financial year 2022-2023.
- Waiver of late fee for filing annual Return in GSTR-4 for the financial year 2021-2022 if filed before 28th July 2022.

3. Exclusion of specified period for demand and Refund application

The Pandemic time limit with effect from 1st day of March 2020 to 28th February 2022 is excluded for issuing adjudicating order under section 73 of CGST Act and filing of the refund application under section 54 of CGST Act 2017.

4. Automatic Revocation of Suspension of Registration

Where the registration has been suspended for non-filing of returns, then suspension shall automatically revoke upon filing all the pending returns.

5. Value of Duty Credit Scrips Not forming Part of Exempted Turnover for Reversal of Input Tax credit

Prior to the amendment the value of duty credit scrips was forming part of the exempt supply for computing reversal of common credit under Rule 42 and Rule 43 of CGST Rules 2017. After the Amendment the value of duty credit scrips will be excluded for computing reversal of common credit under the GST law.

6. Declaration for Non-Applicability of E-Invoice:

The declaration is required to be given in the content of invoice especially in case of B2C Invoice or SEZ Invoice

where provisions of E-Invoice is not applicable as “We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule.”

7. Time limit for Rectification for E- Commerce Operator

The rectification of any omission or incorrect particulars in GSTR 8 (For E-commerce operator) shall not be allowed after the thirtieth day of November following the end of the financial year or the actual date of furnishing of the relevant annual statement whichever is earlier.

8. Re-credit of Erroneous Refund (Form GST PMT-03A)

Where the taxpayer deposits the erroneous refund along with Interest and Penalty through DRC-03 through electronic cash ledger, then the amount equivalent to erroneous refund shall be re-credited to the electronic credit ledger by the proper officer through GST PMT 03A within 30 days. (Reference Circular No. 174/06/2022-GST)

9. Payment Mechanism

The deposit of tax, interest, penalties can also be made through Unified payment Interface (UPI) from any bank, Immediate Payment Services (IMPS) from any Bank in addition to internet banking, credit card payments, RTGS, NEFT payments and over the counter payments.

Where the payment is made by NEFT. RTGS, IMPS the mandate form should be generated along with challan on common portal and the same shall be submitted to the bank from where payment is to be made.

The registered person may transfer the tax, interest, penalty, fee, or any other amount available in electronic cash ledger to the electronic cash ledger of a distinct person in GST PMT- 09 and no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register. It is yet to be activated in GSTN Portal.

10. Retrospective Amendment under Section 50(3)- Interest

- Section 50(3) of CGST Act has been substituted retrospectively which state that “where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four percent as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed”.

11. Computation of Interest for delayed payment of taxes- Rule 88B

Where the supplies are declared in return after the due date of filing return then interest must be computed on gross basis at 18%. In all other cases interest shall be computed on net basis from the period when the tax is due till the date when such tax is paid at such rate as the rate of 18%. The interest is payable on the amount of input tax credit availed and utilised at the rate of 18% under the GST law.

12. Furnishing of information regarding interstate supplies made to unregistered persons, composition taxable persons and UIN holders. (Circular 170/02/2022-GST)

Table 3.2 of Form GSTR 3B is required to be furnished place of supply wise even though such supplies are forming part of Table 3.1 of Form GSTR 3B.

Particulars	Form GSTR 3B	Form GSTR 1
Supply to unregistered person	Table 3.2 of Form GSTR 3B	Table 7B or Table 5 or Table 9/10 of Form GSTR 1
Supply to Composition Scheme Person/ UIN holders	Table 3.2 of FORM GSTR3B	Table 4A or 4C or 9 of FORM GSTR-1,
Amendment details	Table 3.2 of FORM GSTR3B	Table 9 or Table 10 of FORM GSTR-1 or any entry in Table 11 of FORM GSTR-1

13. Furnishing of information regarding ITC availed, reversal thereof and ineligible ITC in Table 4 of GSTR-3B

- The reversals on account of Rule 42 and Rule 43 must be disclosed in Table 4(B) of Form 3B.
- The credit available in Form GSTR 2B should be carried in Table 4 of Form GSTR 3B except the credit pertaining beyond the limitation period and the credit is not eligible due to place of supply provisions.

- The input tax credit pertaining beyond the limitation period and credit which is not available due to place of supply provisions, then such credit should be disclosed in Table 4(D)(2) of form GSTR 3B.
- The registered person should identify the ineligible Input tax credit as well as reversal of Input tax credit to arrive the net Input tax credit available. The registered person should report reversal of input tax credit which are absolute in nature like credit pertaining to exempt supply and blocked credit in Table 4(B)(1) of Form GSTR 3B.
- The registered person should report reversal of input tax credit which can be reclaimed later in Table 4(B) (2) of Form GSTR 3B. Such Input tax credit can be reclaimed in Table 4(A)(5) of Form GSTR 3B. Such reclaimed input tax credit should be shown in Table 4(D)(1) of Form GSTR 3B.
- Table 4 (B) (2) may also be used by registered person for reversal of any ITC availed in Table 4(A) in previous tax periods because of some inadvertent mistake.
- The details of ineligible input tax credit should be disclosed in Table 4(B) and not in Table 4(D)1 of Form GSTR 3B.

14. Demand and penalty provisions in respect of transactions involving fake invoices (Circular 171/02/2022-GST)

- If the registered person ‘A’ has issued the invoice to another registered person ‘B’ without supply of goods, then no demand and recovery can be made against ‘A’. But he will be liable for penal action under section 122(1)(ii) of the Act.
- If the registered person ‘A’ has issued the invoice to another registered person ‘B’ without supply of goods and B has availed input tax credit, then demand and recovery can be made against ‘B’ under section 74 and section 50 of the Act for fraudulent utilisation of input tax credit.
- If the registered person ‘A’ has issued the invoice to another registered person ‘B’ without supply of goods and B has availed input tax credit by issuing invoice to C, then no demand/recovery is required to be made under section 73 or section 74 of CGST Act. But ‘B’ will be liable for penal action under section 122 (1)(ii) and section 122(1)(vii) of the Act.
- The person who has retained the benefit of transactions under section 122(1A) of the Act shall

also be liable for penal action and confiscation under section 132 of the Act. The Input Tax Credit of tax paid on deemed export supplies, allowed to the recipients for claiming refund of such tax paid, is not Input tax credit as per the provisions of GST law.

15. Clarifications under GST law (Circular 172/04/2022-GST)

- The Input tax credit so availed by the recipient of deemed export supplies would not be subjected to provisions of Section 17 of the CGST Act, 2017.
- Even such input tax credit should not be included in the Net Input Tax credit for computation of refund of unutilised input tax credit on account of zero-rated supplies and inverted duty structure under the GST law.
- The term leasing referred in section 17(5)(b) refers to leasing of motor vehicles, vessels, and aircrafts only and not to leasing of any other items.
- The perquisites provided by employer to employee in terms of contractual agreement will not be subject to GST when the same are provided in terms of contract between the employer and employee.
- Any payment towards output tax, whether self-assessed in the return or payable because of any proceeding instituted under the provisions of GST Laws, can be made by utilization of the amount available in the electronic credit ledger of a registered person.

- The electronic credit ledger can be used for making payment of output tax only under the CGST Act or the IGST Act. It cannot be used for making payment of any interest, penalty, fees, or any other amount payable under the said acts.
- The electronic credit ledger cannot be used for payment of erroneous refund sanctioned to the taxpayer, where such refund was sanctioned in cash.
- The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees, or any other amount payable under the provisions of the GST Laws.

16. Inverted Duty Structure (Circular 173/05/2022-GST)

The refund under the Inverted duty structure shall be allowed where the rate of tax on output supply is less than the rate of tax on input supply of same goods at the same point of time due to supply of goods by the supplier under concessional notification as notified under the GST law.

The Government has made certain amendments under the GST law but simultaneously the challenges to GST are getting added with different judicial decisions, multiple advance rulings and awaited clarifications for food industry and other sectors. Therefore, it is imperative to understand the implications of the amendments which is affecting almost every aspect of the operations in the business.

Author can be reached at :
annapurna@hskaadvisors.com



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- Revised Schedule III Financials Auto Linked With Trial Balance
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CA. Madhukar N Hiregange

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ANALYSIS SC DECISIONS – EMPLOYEE SECONDMENT & OCEAN FREIGHT

Recently, there have been 2 important Supreme Court decisions on employee secondment liable as an import of service and Ocean freight (CIF) levy. In the past, both decisions were held in favour of the assessee. The positions taken in both the SC rulings are having many more ramifications.

Northern Operating Systems (NOS) – ST under RCM on Employee Secondment:

(Civil appeal No. 2289-2293 of 2021)

Secondment is where an employee of one organization is working for one or more other organization(s). Secondment is a temporary phase of arrangement where an employee is transferred from one job to another, usually in the same group of company for a definite period of time for the mutual benefit of all parties involved in the arrangement.

Basis of SC Ruling – The secondment was considered to be a taxable service in the form of manpower supply which was held to be liable under reverse charge as an import of service.

The Judgement in NOS was based on substance over form: if the secondment is for securing any specific contract or for completion of any specific task by the Indian entity then such secondment is for quid pro quo for such specific contract or specific task and service tax is leviable. The other reasons why the judgement went in favor of the revenue:

- In this case, there were cost-to-cost reimbursements, perquisites, and cost plus margin payments being made from the Indian entity.
- The seconded employee still maintained his social security status in a foreign country and continued to be on their payroll.
- The Seconded Employees were seconded to the assessee for the use of their specific skills which were required by the assessee to secure contracts that required highly trained and skilled personnel.

- All payments were described in foreign currency which supported the fact that he is an employee of the foreign entity.
- The Indian entity did not have complete control over the employee and did not have the right to terminate the employment contract.

It is also important to note that the court has directed that the extended period of limitation does not apply.

Basis in previous ST rulings – This latest decision appears to have ignored the favourable past decisions in a similar set of facts such as - *Commissioner vs Volkswagen India Pvt. Ltd.* (2016 (42) STR J145 (Supreme Court)), *Collector of Central Excise & Service Tax v. Nissin Brake India (P) Ltd Civil Appeal Diary No(s). 45344/2018*. The Northern Operating decision supra seems to have concluded on taxability without appreciating that the services to the employer by an employee in course of employment have historically been excluded from the tax net.

Impact of decision –

- Liability exists as there is a taxable service and hence tax should be paid. Although, the time limit to raise SCN under the Service Tax period has passed and therefore, suo-moto payment for the pre-GST regime may not be warranted.
- GST period – as there is no variance in the taxability of manpower supply and the employee-employer activity has also been kept outside the tax net, the SC decision would hold good under the GST regime.
 - o Liability exists as there is a supply of service and hence tax should be paid and credit could be availed with intimation to the department

appropriately. Interest would become a cost.

- Not all secondment contracts would have to follow the above decision, therefore it is imperative to study the finer text in the contracts to discern taxability.
 - o Review done by competent professionals of the existing agreements/proposed agreements and other documents for deputation/secondment of employees from overseas seems prudent.

Update – In the 47th GST Council recommendations - The time limit to raise demand orders for FY 2017-18 is expected to be extended up to 30th September 2023.

Mohit Minerals – GST on Ocean Freight (CIF):

(Civil Appeal no. 1390 of 2022 dated May 19, 2022)



Basis of SC ruling – The Indian importer is liable to pay IGST on the ‘composite supply’, comprising of supply of goods and supply of services of transportation, insurance, etc. The levy imposed on the ‘service’ aspect of the transaction amounts to double taxation and is in violation of the principle of ‘composite supply’ enshrined under Section 2(30) read with Section 8 of the CGST Act.

Important Elements of ruling – Various decisions in the Gujarat HC ruling were overturned, and insight into GST constitutionality was provided as explained below:

- The recommendations of the GST council made by virtue of Article 279(4A) are

not binding on the legislature’s power to enact primary legislation. They only have a persuasive value to foster cooperative federalism and harmony between the constituent units

- The importer in the CIF contract is not the recipient of service, i.e. the foreign exporter who is liable to pay the consideration against transportation services is the recipient of service. This was overcome by the reading of sections 2(11), 13(9) of IGST Act read with 2(93) of CGST Act and concluded that importer can be the recipient of service.
- The importer cannot be validly termed as a ‘taxable person’. This was overcome by stating that notification 10/2017-IT(R) considers the importer to be the recipient liable to pay tax.
- The transaction takes place beyond the territory of India and cannot be subjected to GST levy. This was overcome by proving a clear nexus to India, i.e. the import of goods and that services are rendered for the benefit of Indian importers. GVK Industries 2011 (4) SCC 36 decision was relied upon.
- Gujarat HC struck down the entry w.r.t Ocean freight in notification 10/2017 considering it to be ultra vires the IGST Act but this was also overturned in the Supreme Court decision. (Refer analysis in Para - 107,109, 93, 94, 145 of decision)

Note - The department’s Review application was dismissed.

Impact of decision –

1. Where the ocean freight liability was paid and credit was availed and utilized – no action is required.
2. Where the ocean freight liability was paid and credit availed but not utilized – reverse ITC now and claim a refund.

3. Where demands are pending on similar grounds – can contest and not pay such liability.
4. There is a real possibility that the department may overcome the issue by amending the GST law to nullify the SC decision. For tax dispute averse assessee option to pay and utilise ITC could be suggested.
5. Where there is an import of goods not under the GST levy, the concept of composite supply would fail as it applies only to 'taxable supplies'. This may lead to demands of GST under ocean freight even for CIF contracts.
6. Ocean freight on FOB contracts would remain liable under GST.
7. Ocean freight on CIF contracts is not liable under GST.

Update - In the 47th GST Council recommendations
- The time period from 01.03.2020 to 28.02.2022 is

to be excluded from the calculation of the limitation period for filing a refund claim.

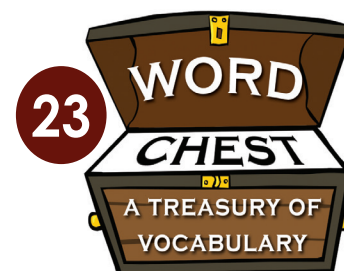
Conclusion

With all due respect to the Hon'ble Supreme Court, the decisions taken in the aforementioned cases do not provide full clarity to the various issues mentioned therein. The law of the land is that decisions of the Supreme Court (subject to review petition) are binding and have to be followed. Therefore, the way forward must be considered carefully even if logically we feel the law is not fair. The review of all major contracts of employment, and sharing of manpower among branches, group companies, and expatriates may be advisable.

Author can be reached at :
madhukar@hiregange.com
akshay@hiregange.com

Solution to Sudoku - 22 June 2022

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



Finance Tech Term of the Month:

Litecoin

What is this?

Litecoin (LTC) is a cryptocurrency created from a fork in the Bitcoin blockchain in 2011. It was initially designed to address the developer's concerns that Bitcoin was becoming too centrally controlled, and to make it more difficult for largescale mining firms to gain the upper hand in mining.

It shares similar features with Bitcoin but has a different algorithm. The cryptocurrency's goal is to become a medium for daily transactions. **Litecoin** has a faster transaction processing time compared to Bitcoin.



CA. Vinay Thyagaraj

RERA - BANKERS CIRCULAR ON RERA ACCOUNTS (PART - XIV OF RERA SERIES)

RERA

Section 4(2)(L)(D) of the RERA Act, mandates that every promoter of the real estate project shall open a bank account in a scheduled bank to deposit the money realised from the allottees.

To bring uniformity in practices, many banks have issued circulars with respect to RERA Bank Account operations. The contents of those circulars are deliberated in this article.

The circular broadly contains the following –

1. Account Opening Procedure & Features
2. Type and number of accounts opened for each project
3. Withdrawal of money from RERA project designated bank account
4. Due Diligence of the banker at the time of withdrawal of money from a project bank account
5. Closure of RERA Designated bank accounts
6. Freezing and De-freezing of Bank Account
7. Flow of funds in case of borrowings

1. Account Opening Procedure & Features –

- a. Banker shall open the bank account by following RBI guidelines of complying with KYC and AML requirements
- b. Bankers shall open three bank accounts together for each project (however in case the promoters wish to retain their operative account or Cash Credit or Overdraft accounts, then bankers may permit them to utilize the same, then 3rd account may not be opened by the bankers)
- c. Generally, all these three accounts are Current Accounts
- d. A special Agreement between Bank and the realtor has been drafted which contains the Indemnity clauses as well, wherein the promoter will indemnify the Bank.

- e. As the RERA Current Account will entail multiple deposits in one account, these accounts will be categorized as High-Risk Accounts.

2. Banker Will open the following type of accounts and features thereon –

a) RERA collection account (Pooling account) –

1. Also called a master collection account
2. No chequebook facility
3. No debit or credit card facility
4. 100 % money realised from the allottees shall be deposited into this bank account
5. Auto debit on every day/periodical intervals
 - a. 70 % transfer to RERA Designated bank account
 - b. 30 % transfer to Promoter operative account/CC/OD Account
6. No interest on the balance outstanding
7. No lien on the balance available
8. This account number shall be shared with the allottees
9. The balance in the project collection account will be zero at the end of each day

b) Project's RERA designated account-

- i. Type – Current Account
- ii. Separate bank account for separate projects
- iii. This account details shall be provided to RERA Authority during the application for RERA Registration
- iv. No debit or credit card facility
- v. Credits to this account is from 100% / pooling/ collection account
- vi. No direct credits are allowed in this account
- vii. Lien on the account balance not permitted

- viii. Excess money if any can be deposited into a Fixed Deposit account
- ix. Balance outstanding in the account does not carry interest
- x. Generally, the balance is transferred to the operative account after getting confirmation of an Architect, Engineer, and CA
- c) **Regular Current account of the promoter / builder-**
 - i. Normal current account
 - ii. Can be Cash Credit or an Overdraft account also
 - iii. 70 % account proceeds to be transferred to this account before making a payment towards the project cost
 - iv. The amount received from the 70 % account shall be utilized for the purpose of the project in accordance with section 4(2)(L)(D) of the RERA Act
 - v. All applicable charges applicable
 - vi. The promoter can continue the bank account even after the completion of the project development.
3. **Withdrawal of money from RERA project designated bank account**
 - i. Balance transfer shall be allowed only after confirmation of CA, Architect, and Engineer
 - ii. Declaration from promoter shall be obtained
 - iii. Formats of the professional certificates are as notified by respective RERA state authorities
4. **Due Diligence by Branch at the time of withdrawal:**
 - a) The Branch will cross-check the names (with signature & seal), addresses, Mobile numbers, and Registration Numbers of the CAs, Engineers, and Architects for the Project from the Designated File for the Project.
 - b) The withdrawal form will then have to be authorized by 2 officers i.e. the Current Account Desk Officer and Manager /Branch in Charge before executing the transaction.
 - c) The original withdrawal form with copies of certificates of CAs/Engineer/Architect should be filled in the designated file for the Project and a copy of the withdrawal form should be made part of the voucher record.

5. Closure of Accounts:

- a) RERA collection Current account (Pooling account) and Project's RERA designated Current account should be closed after completion of the project. Closure of these accounts is permitted provided:
 - i. The project has been completed and
 - ii. Completion Certificate has been obtained from RERA / Govt. Authorities.

6. Freezing and de-freezing of accounts:

The State RERA Authority, upon the revocation of the registration of the project, shall direct the bank holding the project bank account, specified under sub-clause (D) of clause (L) of sub-section (2) of section 4 of the RERA Act, to freeze the account, and thereafter take such further necessary actions, including consequent de-freezing of the said account, towards facilitating the remaining development works in accordance with the provisions of section 8 of the Act.

Important points as per the Circular-

1. Promoters shall submit the details of the Names (with signature & seal), addresses, Mobile numbers, and Registration Numbers of such Chartered Accountants, Architects and Engineers appointed for the designated project, which should be recorded at the time of opening of the RERA Account and filed in the designated file for the project.
2. Branches should keep a track of the accounts opened as well as end dates mentioned in the designated file from time to time and follow up with the realtor for closure of the accounts once the project is completed.
3. Operations in Regular Current accounts will be subject to verification online / offline by Concurrent Auditors/Internal Auditors.
4. Bank's concurrence for any change in CA/Engineer/Architect must be obtained by the Promoter. Changes, if any, in the certifying professionals will be recorded by the Branch in Charge/Authorized Official and filed in the designated file.
5. In view of the above, certifying professionals shall collect a letter of engagement from the promoters of the project.

Practical questions

Sl No	Questions	Answers
1	a) Allottees money shall be deposited 100 % Master collection / pooling account / 100 % bank account. b) This account number is not reflected in the RERA portal. c) How allottees/lenders/bankers ensure these account details while making payment.	Communicate the information to the Allottees of the project stating – 100 % Collection Account details, RERA Designated (70%) account details
2	Bankers are taking agreements having indemnification clauses	Read the indemnification clause, approach legal counsel for the opinion of the agreement

Sl No	Questions	Answers
3	Deposit of money realised from the landowners	Yes, landowners shall be aware that the sale proceeds shall be deposited into the RERA Account
4	Cancellation and refund	Amount so deposited into the 70% banks account can be withdrawn

Authors can be reached at :
vinay@vnnv.ca

Photo Gallery



Snapshots of 100th meeting of the
KSCAA Eloquent Professionals held on 18th June 2022

Constitutional Architecture

Confidential – First-cut draft for discussion purposes

- Why this issue has come up before the SC?
- ASG (Union Govt) contended that:
 - that the recommendations of the GST Council are binding on the legislature and the executive.
 - A combined reading of Articles 246A and 279A elucidates that the GST Council is the ultimate decision-making body in framing the GST law since it is a constitutional body that acts as a converging platform for both the Union and the States;
 - The functions and role of the GST Council are unique and incomparable to other constitutional bodies;
 - The ordinary legislative process for enacting a statute is that bills are introduced and voted on by the legislature.
 - Article 264A departs from this as the framing of the policy, discussion on the policy, and decision making are vested with the GST Council.
 - The Parliament or the State Legislature cannot legislate a law on GST under Article 246A independent of the recommendations of the GST Council.



Webinar on "Latest Judicial pronouncements on GST - Judgement on "Ocean Freight" by Hon'ble Supreme Court and Judgement on "Deduction for Land Value" by Hon'ble Gujarat High Court" by CA Naveen Rajpurohit held on 30th June 2022



Since 1957



49th

ANNUAL REPORT

2021-22

65
years



AGM Notice

Notice is hereby given to the members of the Karnataka State Chartered Accountants Association that the Forty Ninth Annual General Meeting of the Association will be held at 4 PM on Thursday, the 25th of August, 2022, at Wodeyar Hall, Bangalore City Institute, Pampa Mahakavi Road, Chamarajapet, Bengaluru - 560 004, to transact the following business:

AGENDA:

1. To confirm the proceedings of the Forty Eighth Annual General Meeting held on 27th August, 2021.
2. To consider & adopt the Annual Report of the Executive Committee.
3. To consider & approve the audited accounts for the year ended 31st March 2022.
4. To Appoint the Auditors for the year 2022-23 and fix their remuneration.
5. To elect Thirteen Members to the Executive Committee for the year 2022-2023.
6. To transact any other business for which a special notice is given under Rule 16 (e) of the Rules & Regulations of the Association.

By order of the Executive Committee

Sd/-

CA. Sujatha G
Secretary

Place : Bengaluru

Date : 15th July 2022



NOTES :

- i. Members who wish to send their nominations for the Executive Committee are required to submit the Nomination Form, duly filled in, at the Association Office. Nomination Form is provided at the end of this Annual Report.
- ii. Last date for submission of nomination: **Before 5.00 pm on Wednesday, 10th August, 2022**
- iii. Last date of withdrawal of the nominations: **Before 5.00 pm on Tuesday, 16th August, 2022**
- iv. Announcement of final list of candidates contesting for election: **At 6.00 pm on Tuesday, 16th August, 2022**
- v. The Final list of the Candidates shall also be uploaded at our website www.kscaa.com
- vi. Members are requested to bring their copy of Annual Report to the AGM; Extra copies will not be provided at the Meeting.
- vii. In the event of change of rules relating to restriction or otherwise due to prevailing pandemic by the government, alternative arrangement shall be updated and communicated by the association through its website.



EGM Notice

Notice is hereby given to the members of the Karnataka State Chartered Accountants Association that the Extraordinary General Meeting of the Association will be held at 2.30 PM on Thursday, the 25th of August, 2022, at Wodeyar Hall, Bangalore City Institute, Pampa Mahakavi Road, Chamarajapet, Bengaluru, 560004, to transact the following business:

AGENDA :

1. To amend the Rules and Regulations of the Association as appended below.

By order of the Executive Committee

Sd/-

CA. Sujatha G
Secretary

Place : Bengaluru

Date : 15th July 2022

In the event of change of rules relating to restriction or otherwise due to prevailing pandemic by the government, alternative arrangement shall be updated and communicated by the association through its website.

Changes in the Rules & Regulation of the Association (Bye Law)

Clause	Sub clause	Existing	Proposed
Membership Fees			
5	a	Any individual who is eligible to become a member and who makes an application for membership in the association and pays an Entrance Fee of Rs. 100/- (Rupees One Hundred) and Annual subscription of Rs. 500/- (Rupees Five Hundred) every year, shall be an ordinary Member.	<i>Any individual who is eligible to become a member and who makes an application for membership in the association and pays an entrance fee of Rs. 200/- (Rupees Two Hundred) and annual subscription fee of Rs. 1,000/- (Rupees One Thousand) every year shall be an ordinary Member.</i>
5	b. (i)	Any individual who is eligible to become a member and is a member of ICAI for less than five years and who makes an application for membership in the association and pays an Entrance Fee of Rs. 100/- (Rupees One Hundred) and Life Membership subscription of Rs. 1,000/- (Rupees One Thousand), shall be an Individual Life Member; and	<i>Any individual who is eligible to become a member and is a member of ICAI for less than two years and who makes an application for membership in the association and pays an Entrance Fee of Rs. 200/- (Rupees Two Hundred) and Life Membership subscription of Rs. 2,000/- (Rupees Two Thousand), shall be an Individual Life Member; and</i>
5	b. (ii)	Any individual who is eligible to become a member and has completed five years from the date of enrolment as member of the ICAI and who makes an application for membership in the association and pays an Entrance Fee of Rs. 200/- (Rupees Two Hundred) and Life Membership subscription of Rs. 2,000/- (Rupees Two Thousand), shall be an Individual Life Member.	<i>Any individual who is eligible to become a member and has completed two years from the date of enrolment as member of the ICAI and who makes an application for membership in the association and pays an entrance fee of Rs.500/- (Rupees Five Hundred) and life Membership subscription of Rs.5,000/- (Rupees Five Thousand), shall be an Institutional Life Member.</i>
5	c	Any Institution or Association of Persons, which has its Registered Office in the State of Karnataka and has as its objects similar to that of the Association may become a member by paying an Entrance Fee of Rs. 200/- (Rupees Two Hundred) and Life Member subscription of Rs.5,000/- (Rupees Five Thousand), shall be an Institutional Life Member.	<i>Any Institution or Association of Persons, which has its objects similar to that of the Association may become a member by paying an entrance fee of Rs.5000/- (Rupees Five Thousand) and life member subscription of Rs.25,000/- (Rupees Twenty Five Thousand), shall be an Institutional Life Member.</i>
Application Form			
6		The Application shall be in Form I annexed here to and shall be signed by the applicant. The application shall be forwarded to the Executive Committee. The Executive Committee shall admit the applicant to membership, if the conditions for admission to membership are satisfied.	<i>The Application for membership shall be in prescribed form duly signed by the Applicant, either in physical form or any other electronic means as decided by the Executive Committee from time to time. The Executive Committee shall admit the applicant to membership, if the conditions for admission to membership are satisfied.</i>



Explanatory note to amend the Bye Laws of the Association

1. For amendment of sub Clause (a), (b) and (c) of Clause 5 of the bye laws

Any individual or institution or Association of person who are eligible to become the members of the association have to pay the requisite entrance fee, life membership fee or annual membership fee at the rates specified the clause 5 of the bye laws. Summary of the fees for membership as per the clause is tabulated below.

Type of members	Existing Fees (Rs.)		Proposed fees (Rs.)	
	Entrance Fee	Subscription	Entrance Fee	Subscription
Ordinary Member	100	500	200	1,000
Member of ICAI of less than Five/ Two years *	100	1,000	200	2,000
Member of ICAI completed Five/ Two years of term*	200	2,000	500	5,000
Institutional Life Member	200	5,000	5,000	25,000

*the period Five years has been substituted by Two years in the proposed amendment

The previous amendment to the clause was carried on through an amendment in Extra Ordinary meeting held on 31st July 1998. The entrance fee, life membership fee or annual membership fee which is currently charged by the association is very low considering the ever increasing cost to the association and any other economic activity. The cost of printing of newsletter, salary cost, Information technology cost and other administrative cost has increased considerably along with steep cut of interest rates of deposits from the banks. The Executive committee is of the strong view that there is continuous increase of cost in the overall conduct of the association, the constant raise would rapidly burden the financial sustenance of the association in the long run and would eventually hamper the smooth conduct of the activities of association. In order to partially mitigate and provide value to its members and associations, executive committee proposes to rationally augment the cost of entrance fee, life membership fee and annual membership fee of the association.

2. For amendment of Clause 6 of the bye laws

Any eligible individual or institution can become a member of KSCAA, must submit the duly filled form along with documents and requisite fee through the prescribed mode. As an e-initiative measure, The Executive committee believes in paperless mode of application to become a member of KSCAA. This helps the members to fill the details online instantly, and upload supporting documents such as photographs, electronic signatures, etc. This will ease and speed up the process and encourage Chartered Accountants to come forward to become a member of KSCAA.

Roll of honour

TERM	PRESIDENT	SECRETARY
1957-61	CA. S Kaleeswaran (Late)	CA. M R Rangarathnam (Late)
1961-62	CA. B K Ramadhyani (Late)	CA. M R Rangarathnam (Late)
1962-68	CA. A Ramaswamy Iyengar	CA. J Gopalkrishnan
1968-69	CA. M R Rangarathnam (Late)	CA. P Shivaramakrishnan
1969-71	CA. J Gopalakrishnan	CA. A R Vishwanathan (Late)
1971-75	CA. K Y Shreshty (Late)	CA. J J Madan
1975-78	CA. O R Pandurang (Late)	CA. K Rahaman Khan
1978-79	CA. Premraj Singhvi (Late)	CA. D L Suresh Babu
1979-80	CA. K V Shanmukhaiah (Late)	CA. M R Krishnamurthy
1980-82	CA. A R Vishwanathan (Late)	CA. A K Subramaniam
1982-84	CA. M S Ranganath (Late)	CA. A K Subramaniam
1984-85	CA. J G Ostwal	CA. A K Subramaniam
1985-86	CA. K R Kumar (Late)	CA. N P Shivashankar
1986-87	CA. S Amarlal (Late)	CA. N Nityananda (Late)
1987-88	CA. N P Shivashankar	CA. R Ananda
1988-89	CA. M C Ramakrishna	CA. K Ramanath
1989-90	CA. R Ananda	CA. S A Narayana Setty
1990-91	CA. N C S Raghavan (Late)	CA. S Gowthamchand
1991-92	CA. SA Narayana Setty	CA. C Ganapathraj
1992-93	CA. R Subramanian	CA. Ravindra Raj Bhandari
1993-94	CA. A S Vishnu Bharath	CA. K Y Ningoji Rao
1994-95	CA. M Goutham Prakash Khariwal	CA. K Ravi



Leadership through the decades

TERM	PRESIDENT	SECRETARY
1995-96	CA. K Y Ningoji Rao	CA. D C Chhajer
1996-97	CA. C Ganapathraj	CA. D R Venkatesh
1997-98	CA. S Prakash Chand	CA. I S Prasad
1998-99	CA. D R Venkatesh	CA. Lalit M Sharma
1999-00	CA. K Ravi	CA. R Venkatakrishna
2000-01	CA. I S Prasad	CA. V Dwarakanath
2001-02	CA. Lalit M Sharma	CA. Ravi Prasad
2002-03	CA. H B M Muruges (Late)	CA. P R Suresh
2003-04	CA. T R Anjanappa	CA. H C Gulecha (Late)
2004-05	CA. P R Suresh	CA. A B Shivasubramanyam
2005-06	CA. S Krishnaswamy (Late)	CA. M V Lakshmikantha
2006-07	CA. Mallinath S Nainegli	CA. G Nataraj
2007-08	CA. M V Lakshmikantha	CA. K S Sreedhara Murthy (Late)
2008-09	CA. A B Shivasubramanyam	CA. Ravindra Beleyur
2009-10	CA. M. Marulasiddaiah	CA. Manoj Kumar G
2010-11	CA. Allama Prabhu M S	CA. Maddanaswamy B V
2011-12	CA. Anant H Mutalik	CA. Basavaraja H M
2012-13	CA. Maddanaswamy B V	CA. Raveendra S Kore
2013-14	CA. C R Dhavalagi	CA. Virupakshappa M Tuppad
2014-15	CA. Raveendra S. Kore	CA. Raghavendra Puranik
2015-16	CA. Dileep Kumar T M	CA. Raghavendra T N
2016-17	CA. Raghavendra Puranik	CA. Nagappa B Nesur
2017-18	CA. Raghavendra T N	CA. Chandrashekara Shetty
2018-19	CA. Raghavendra Shetty	CA. Kumar S Jigajinni
2019-20	CA. Chandrashekara Shetty	CA. Chandan Kumar Hegde A
2020-21	CA. Kumar S Jigajinni	CA. Pramod Srihari
2021-22	CA. Chandan Kumar Hegde A	CA. Sujatha G

President & Secretary's Message



CA. Chandan Kumar Hegde A
President



CA. Sujatha G
Secretary

If there was a positive end of the pandemic, it was quick pivoting and harnessing of technology. With lessening of the dire impact of Covid, and re-opening of brick and mortar businesses, and an encouraging outlook on the economy, our team took charge of the office of KSCAA for the year 2021-22.

The theme for last year was ACT – Aspire, Connect & Transcend. Despite the above challenges, we pushed for higher levels of performance, connecting and collaborating with other associations, and transcending limitations that may have cropped up. We functioned in a more optimal fashion, reaching wider audience through joint programs and even attracting members from other states.

As Peter Drucker once said, ***“Management is doing things right. Leadership is doing right things”.***

Our team efficiently switched operations from physical to online and to hybrid mode as the situation warranted while every program needed medical prediction and

safe precaution. It was extended to our yearly conference as well.

Next, we turn to our flagship event, the Annual Conference. This year, the conference took us to the next level of embracing promising times. In the past several years, this event has usually been held in the month of March and in the last term had to be held virtually.

While online programs can reach larger audiences with least cost, and can draw talent from anywhere in India, the virtual interactions suffered a downside in its lack of level of warmth, face-to-face, emotional and human connect that physical programs have.

As the saying goes “The organization is, above all, social. It is people.”

With that in mind, we wanted to get back to the physical presence that the earlier conferences embraced. With prior knowledge that March did not bode well for an in-person event, the team took a concerted decision to push the 34th Annual Conference to May'22. The conference committee worked meticulously to ensure that this year's event too went on smoothly, and we're glad to say, it was a resounding success, allowing members to meet and greet in person after a long time, and at the same time garner knowledge for best practices and varied interests.

There is no dearth of knowledge, skills, and experience amongst our members and sky is the limit on the

aspire connect transcend

impact that we could create as an association – flourishing as individuals in an ecosystem of growth and support and as a whole, to empower our community.

We are grateful for all the support we've had from our members to carry us through another productive year and aspire towards another great term in the future.

65 years



The triad in the theme is ACT, which is to aspire and believe in the dream. The world requires us to connect, which is the core of an individual or an organization's success in this global dynamic world. We aspire by connecting physically or through common ideas and the resultant outcome is to transcend.

Among all of this is to ACT, which is when the engine starts to roll to transcend. The 'aspirations' of professionals can be better achieved with greater 'connect'. When 'aspiration' meets 'connections' they have the ability to transcend all boundaries. Team KSCAA sported Aspire, Connect and Transcend (ACT) as a theme to encourage / foster ACTION-oriented approach.



The KSCAA®

We start this message with a great news. KSCAA now has more than 3450 members. The credit goes to #TeamKSCAA which has been at the forefront in conducting various programs for the benefit of the members.

Let us reiterate our unwritten preamble - KSCAA is of the members, by the members, and for the members.

65 years of tireless effort and 3450 member community is the compounded result of the collective efforts of our members.

Despite the uncertainty and threat of pandemic, the Executive Committee took the groundbreaking step of holding the 34th Annual Conference in the month of May instead of March. The conference, "Aparimitha" was attended by more than 1000+ members across India. The success could be witnessed through members from other states participating in the Annual Conference.

Considering the suggestions from the members and stakeholders, the Association made 8



representations before appropriate authorities. Indeed, numbers do not matter, but being the voice of members does.

As a unique initiative, a cultural program "Anavarana" by women members was organised to showcase the talent and best traditions followed in various states of India. We also delivered an environmental protection movement through our Plant a Sapling movement which was organised at the KSCAA land at Harohalli.

KSCAA stands by its focus on its initiatives that drive knowledge, rights, recreation and social responsibility of its member community.

This report highlights KSCAA's 2021-22 fiscal year, which ended on March 31, 2022. In order to provide an up-to-date picture of the Association, it also includes information on major activities and initiatives, as available, updated till July, 2022.



KSCAA has created numerous platforms for speakers, professionals and the public to share and exchange their knowledge for better life and profession.

The activities of KSCAA create a bonding between members and families and instigate to believe in togetherness.

- Proactively addresses the areas and issues which are of concern to the Chartered Accountants and fights for the member causes.
- At the behest of the members and/or on its volition represents before various regulatory authorities to resolve the professional problems faced by the Chartered Accountants.
- Provides opportunities for networking of Chartered Accountants, promotes new speakers and writers auguring their personal and professional development.
- Publishes News Bulletin in an easy to comprehend form with crisp articles on current changes in law, economy and matters of professional interest to keep the members updated.
- Conducts annual sports, cultural and talents meet for the CA fraternity and their family members to promote parallel talents of members.

₹ 20.64 L

Total Income for
the fiscal 2021-22

168

members added

3450+

Total Members

9425+

Professionals
participated in

80+

Activities

1000+

participants in
Annual Conference

115+

Sessions

80+

Webinars &
Seminars

8+

Representations
on matters
affecting trade
and profession



Financial Highlights : FY 2021-22

STATEMENT OF FINANCIAL POSITION

in Rupees

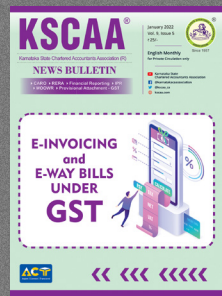
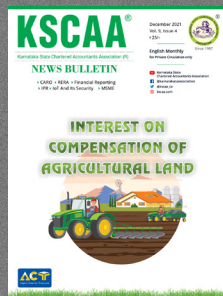
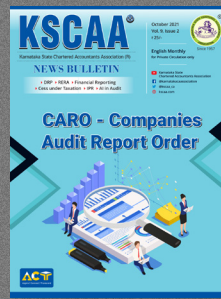
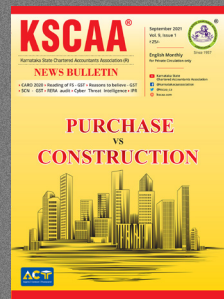
	31st March 2022	31st March 2021
CORPUS, OTHER FUNDS AND LIABILITIES		
Corpus Fund	42,24,672	38,53,672
General Fund	1,58,66,084	1,70,10,418
Restricted and Other Funds	38,16,340	37,15,581
Other Current Liabilities	2,56,097	1,59,642
Short Term Provisions	7,30,343	4,30,343
Total	2,48,93,536	2,51,69,656
ASSETS		
Property, Plant and Equipment	27,42,272	26,52,465
Long-Term Loans and Advances	11,45,421	10,35,277
Other Non-Current Assets	1,11,90,110	1,11,92,791
Stock of Publications and Materials	1,33,771	1,67,357
Receivables	10,500	1,44,390
Cash and Bank Balances	96,42,017	99,48,970
Short-Term Loans and Advances	23,300	28,406
Other Current Assets	6,145	-
Total	2,48,93,536	2,51,69,656

STATEMENT OF OPERATIONS

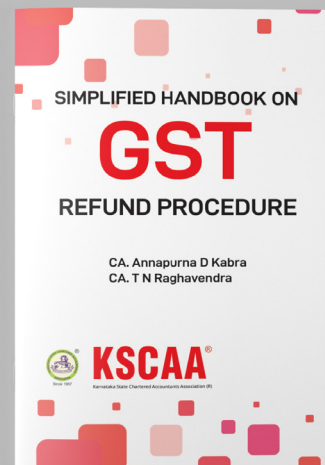
in Rupees

	2021-22	2020-21
INCOME		
Conference, Seminars and Programs	7,35,702	23,34,788
Interest Income	11,25,895	12,35,600
Other Income	2,02,590	2,37,433
Total Incomes	20,64,187	38,07,821
EXPENDITURE		
Conference, Seminars and Programs	5,52,167	9,10,518
Bulletins and Publications	8,42,457	8,44,636
Employee Benefits Expense	7,34,406	5,19,058
Other Expenses	9,76,502	11,23,312
Depreciation	1,02,989	1,16,973
Total Expenditure	32,08,521	35,14,497
SURPLUS/(DEFICIT)	(11,44,334)	2,93,324

News Bulletins



Publication



Social Media & Connect



25 uploads

3,340 subscribers

496 subscribers added
(1.7.2021 till date)

2,17,476 views

32,731 views
(1.7.2021 till date)



52 posts

1,553 followers



56 E-mail campaigns

8,13,826 E-mails sent



18 updates

201 followers



19,968 website hits



111 tweets
(1.7.2021 till date)

212k impressions

1141 new followers

41,824 profile visits



Representations

- Difficulties in The Use Of MCA21 Version 3.0
- Challenges in income tax provisions & recommendations thereto
- Memorandum seeking changes in union budget 2022-23 proposals
- Joint Representation on extension in time for filing IT Returns
- Representation highlighting ambiguities in section 194A of IT act
- Joint Representation on NFRA
- Representation to Department of Co-operative Audit on rationalisation of regulations and restrictions on number of audits
- Issues faced by taxpayers on adjustments u/s 143(1)(a)

Executive Committee Meetings



The Executive Committee and Sub-Committee members (popularly known as 'Team KSCAA') have always served the best interests of the association members. Due to change in dynamics and challenges prevailing in our profession, it is incumbent on the Association to respond with agility. The committee frequently met to deliberate the issues related to profession, members, to drive positive outcomes. The number of Executive Committee Meetings conducted during the tenure demonstrates the dedication and concern. With easing of pandemic restrictions, the Executive Committee Meetings during the term were conducted in combination of online, hybrid and physical modes.

#	Name of Executive Committee Member	Designation	Executive Committee Meetings Held Date												Total no. of meetings attended
			1 27 Aug 2021	2 28 Aug 2021	3 25 Sep 2021	4 25 Oct 2021	5 20 Nov 2021	6 24 Dec 2021	7 29 Jan 2022	8 26 Feb 2022	9 24 Mar 2022	10 10 May 2022	11 17 Jun 2022	12 15 Jul 2022	
1	CA. Chandan Kumar Hegde A	President	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)
2	CA. Pramod Srihari	Vice President	Present	Present	Present	Present	Present	Present	Present	Present	Absent	Present	Present	Present	11(12)
3	CA. Sujatha G	Secretary	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)
4	CA. Shivaprakash Viraktamath	Jt. Secretary	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)
5	CA. Vijaykumar Patel	Treasurer	Present	Present	Present	Present	Present	Present	Present	Absent	Present	Present	Present	Present	11(12)
6	CA. Sunil Bhandary	Member	Present	Present	Present	Present	Present	Present	Present	Absent	Present	Absent	Present	Present	10(12)
7	CA. Praveen Shettar	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)
8	CA. Deepabali Das	Member	Present	Absent	Present	Present	Present	Present	Present	Present	Absent	Absent	Absent	Absent	7 (12)
9	CA. Prabhava Hegde	Member	Present	Absent	Present	Present	Absent	Present	Present	Absent	Present	Present	Present	Present	9 (12)
10	CA. Mohammed Yusuf	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)
11	CA. Sathish M	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Absent	Absent	Present	10(12)
12	CA. Subramanya B L	Member	Present	Absent	Present	Present	Absent	Present	Absent	Present	Absent	Present	Present	Absent	7(12)
13	CA. Pankaj S Kasat	Member	Present	Present	Present	Present	Present	Present	Absent	Absent	Present	Absent	Absent	Present	8(12)
14	CA. Ganesh V Shandage	Member	Absent	Absent	Present	Present	Present	Present	Present	Present	Absent	Absent	Absent	Absent	6 (12)
15	CA. Pradeep Jogi	Member	Absent	Present	Present	Present	Present	Present	Present	Present	Absent	Present	Present	Present	10(12)
16	CA. Kumar S Jigajinni	Imm. Past President	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	12(12)

Present Absent

* Executive Committee Meeting held upto 15th July 2022

Leadership - Executive Committee



CA. Chandan Kumar Hegde A
President



CA. Pramod Srihari
Vice-President



CA. Sujatha G
Secretary



CA. Shivaprakash Viraktamath
Joint Secretary



CA. Vijaykumar Patel
Treasurer



CA. Ganesh V Shandage
Chairman - Representation Committee



CA. Praveen S Shettar
Chairman - Membership and Members Services Committee



CA. Sunil Bhandary
Chairman - Direct Tax Committee



CA. Prabhava P Hegde
Chairman - Journal Committee



CA. Pankaj S Kasat
Chairman - Media and Technology Initiative Committee



CA. Mohammed Yusuf
Chairman - Leadership and Skill Development Committee



CA. Deepabali Das
Chairman - Accounting, Auditing and Women Empowerment Committee



CA. Subramanya B L
Chairman - Indirect Tax Committee



CA. Sathish M
Chairman - Corporate and Allied Laws Committee



CA. Pradeep Jogi
Chairman - Mofussil Members Empowerment, Sports and Cultural Committee



CA. Jigajinni Kumar S
Immediate Past President

Sub Committees

Accounting, Auditing and Women Empowerment

Mentor

CA. Roopa Venkatesh

Chairman

CA. Deepabali Das

Convenor

CA. Deepa N

Members

CA. Swetha S Kini
CA. Pracheta M
CA. Reetu Mathran
CA. Tara Bevinje
CA. Magala H
CA. Sheela S Reddy
CA. Veena L Kunthe
CA. Vishvini Kashyap J
CA. Rekha Parekh

Corporate and Allied Laws

Mentor

CA. Parthasarathy Sudarsanam

Chairman

CA. Sathish M

Convenor

CA. Santhosh Raj S

Members

CA. Amareesha P Holla
CA. Darshan K R
CA. Mohana A
CA. Poonacha S S
CA. Sai Rakshith M S
CA. Srilakshmi P
CA. Uma Satish

Direct Tax

Mentor

CA. Siddesh Nagaraj Gaddi

Chairman

CA. Sunil Bhandary

Convenor

CA. Nikhilesh Cacarla

Members

CA. Krishna Upadhyay S
CA. Deepak Chopra
CA. Kishor C Shetty
CA. Sachin Deshpande
CA. Ravi Garg
CA. Uday Kiran N
CA. Vignesh K
CA. Shashikala S
CA. Omkarappa S

Indirect Tax

Mentor

CA. Sateesha Kalkur

Chairman

CA. B L Subramanya

Convenor

CA. Mukul Harinath Sringeri

Members

CA. Amaresha K
CA. Amar V Meharwade
CA. Vinay Karthik C D
CA. Kaushik R
CA. Shriganesh
Lakshminarayan Hegde
CA. Ganesh Joshi
CA. Nagaraj Achar

Journal

Mentor

CA. Vinayak Pai V

Chairman

CA. Prabhava P Hegde

Convenor

CA. Archana Sridhar

Members

CA. Nagarjun K R
CA. S Bhuvaneswari
CA. Sahita C Halli

Membership

Mentor

CA. Subramanya Hegde

Chairman

CA. Praveen S Shettar

Convenor

CA. Virupaxi B Vantagitti

Members

CA. Balaji Konneri
CA. Raj Kiran Kalburgi

Leadership and Skill Development

Mentor

CA. Chandrashekar Shetty

Chairman

CA. Mohammed Yusuf

Convenor

CA. Herambha Hegde

Members

CA. Mohan Kumar Mutt
CA. Raj Kumar Jayanth
CA. Babitha G
CA. Siddhartha Javali
CA. Ashok G U
CA. Naveenkumar K
CA. Sangeetha Dhanaraj
CA. Naveen Kumar K

Media and Technology Initiative

Chairman

CA. Pankaj Kasat

Convenor

CA. Shivaprasad V

Members

CA. Vinayaka N. L.
CA. Prasanna Hegde
CA. Amit Jain
CA. Jayprakash Mundra
CA. Adithya Bharadwaj S P
CA. Vineet N Shetty

Representation

Mentor

CA. Raghavendra T N

Chairman

CA. Ganesh V Shandage

Convenor

CA. Shreehari Ullody

Members

CA. Annapurna Kabra
CA. Shamita C Halli
CA. Sachin Patil

MME, Sports and Cultural

Mentor

CA. Raghavendra Shetty

Chairman

CA. Pradeep Jogi

Convenor

CA. Nagaraj S

Members

CA. Mallesha Kumar
CA. Subhaschandra
CA. Shilpa
CA. Manjunath M Hallur
CA. Abdul Nasheer U H
CA. Gowrish Bhargav K V
CA. Akash U Hegde
CA. Varun Gore

Co-operative

Mentor

CA. Geetha A B

Chairman

CA. Nagappa B Nesur

Convenor

CA. Sriram S S

Member

CA. Sini Thomas
CA. Jeevan Shetty

Publication

Chairman

CA. Raghavendra Puranik

Convenor

CA. Ganesh V Shandage
CA. Prasanna K Hegde

Members

CA. Venugopal Menon
CA. Sachin Kumar B P
CA. Rajesh Kumar T R





34th KSCAA Annual Conference 2022



The Association moved from its usual convention of conducting the Annual Conference in the month of March, 34th Annual conference themed 'Aparimitha' was conducted on 20th and 21st of May 2022. "APARIMITHA", ಎಲ್ಲೆಯನು ಮೀರಿ translates to infinity or moving beyond boundaries. Infinity symbolizes eternity, empowerment, and everlasting values in our system. There is no beginning and no end, thereby reflecting the belief that in life and universe, there is nothing but an unending continuum. The primary focus of the Annual Conference was to ensure boundless connections. The pandemic threw up cadences of unimaginable proportion obstructing normal life and we sighed a relief, to have braced the storm and emerged stronger.

The two day conference saw some of the best thinkers, academicians, policy makers, practitioners and politicians coming together to debate and discuss contemporary and futuristic topic. More than eight hundred Chartered Accountants from all over the country attended this

conference. The grand event was inaugurated by Shri Basavaraj Bommai, Hon. Chief Minister of Karnataka and inauguration also had keynote address by Dr. R. Subramaniam, a policy expert and Guest of Honour by CA. Venkat Narayan, CEO of Prestige Group. KSCAA's conference intended to encourage participants to cross the limits of their existing practice to next level.

The conference also dedicated a special session on 21st May 2022 on the topic 'Bharat to India to Bharat' by a renown speaker, Adv. Sai Deepak in memory of Past President CA. S Krishnaswamy. KSCAA's conference intended to encourage participants to cross the limits of their existing practice to next level. The speakers deliberated on a variety of subjects like taxation, corporate law, auditing and accounting. The theme and topics was coined to enable our member to go beyond their practice and knowledge to greater level to build global accounting and consulting practice.



Friday, 20TH MAY 2022

1st Technical Session (Day 1)

Recent changes in Taxation & FCRA related to Charitable or Religious Trust / Institutions

CA. Dr. N Suresh

2nd Technical Session (Day 1)

Practice of Arbitration and Mediation : Innate Strength of CAs

Shri. M. Dhyan Chinnappa, Designated Senior Advocate
Additional Advocate General for State of Karnataka

3rd Technical Session (Day 1)

Panel Discussion - Business Succession: Role of CAs

Moderator :

Ms. Sonu Bhasin, New Delhi
Family Business Historian & Independent Director

Panelists :

CA. Sanjay Chakrabarti, Mumbai
Shri. Arjun Ranga, Managing Director, N Ranga Rao and Sons Private Limited

Special Session (Day 1)

Streamline Audit and Financial Processes with Data Automation

Shri. Sreejay Sreedharan, Associate Director-Data Analytics - Altair

4th Technical Session (Day 1)

Panel Discussion - The Future of Digital Assets in India : Crypto and Beyond

Moderator :

CA. Sachin Kumar B P

Panelists :

CA. Sandeep Jhunjhunwala
Shri. Mathew Chacko

Not to Miss Session (Day 1)

ZEALOUS CAs : Transcending and above Stories of Successful CAs: A Sneak Peek

Moderator :

CA. P R Suresh

Panelists :

CA. F R Singhvi, Joint Managing Director, Sansera Engineering Limited

CA. V Raghuraman, Designated Senior Advocate

CA. Srikrishna Mohan & CA. Ramkumar Mohan, Trichur Brothers (Renowned Carnatic Musicians)

Saturday, 21ST MAY 2022

Special Session (Day 2)

Bharath to India to Bharath

Shri. J. Sai Deepak, New Delhi, Advocate, Supreme Court

5th Technical Session (Day 2)

Panel Discussion

Watching The Watchmen : Changing Role of Auditors

Moderator :

CA. V Pattabhi Ram, Chennai

Panelists :

CA. M P Vijaykumar, Chennai, Past Central Council Member, ICAI

CA. Mohan Lavi

Dr. Prateek Raj, Assistant Professor in Strategy, IIMB

6th Technical Session (Day 2)

Panel Discussion -

Search, Seizure & Survey Actions - Income Tax, GST Law & Economic Offences

Moderator :

CA. Sanjay Dhariwal

Panelists :

Shri. Udaya Holla, Designated Senior Advocate

Shri. A Shankar, Designated Senior Advocate

Shri. Tarun Gulati, New Delhi, Designated Senior Advocate



APARIMITHA
ಎಲ್ಲೆಯನು ಮೀರಿ

ACTIVITIES

Direct Tax Committee

4000+
participants

16+
sessions



UNIQUE EVENTS

- Ask An xpert: Interactive session in the model of Q & A
- #KSCAA Short: Short webinar running into 30 minutes on important topics
- Physical Sessions - amidst Pandemic
- Union budget discussion 2022

TALKING POINTS

- All about new taxation regime
- Latest Amendments in Income Tax Audit under section 44AB & Tax Audit Report
- Response to Reassessment Notice u/s 148A of the Income Tax Act
- Joint Development Arrangement – Under Income Tax Act
- “Stressing the distressed” – Apex Court Judgement on Sec 148 Notice
- Direct Tax Home Refresher Course-3, Six days Joint program with BCA'S and six other Associations

ACTIVITIES

Indirect Tax Committee

300+
participants

9+
sessions



UNIQUE EVENTS

KSCAA IDT Committee, a Team of young Indirect Tax enthusiasts, had a plan of action and came up with a few knowledge concepts to quench the knowledge thirst

- Deep-dive analysis- A program to come up with a case study based practical approach, involving presenter and the participants even before the session by sending out brain-teasers and questions to attempt and get inquisitive about the subject. Team could manage to do one program on this topic.
- Short Videos – A program that gives an opportunity to many young CAs, who can record a short video on the GST topic and send it to committee for vetting and hosting on YouTube Page. Around 11 responses were given intending to work on a video and 2 videos were shared, which were

vetted and hosted into KSCAA website. It was an attempt by the team to open up opportunities for young and aspiring speakers.

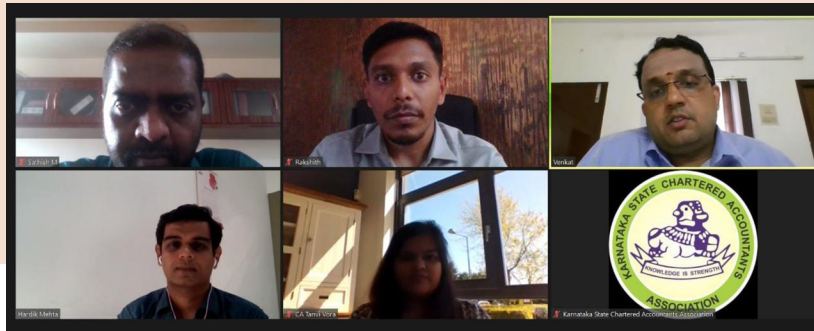
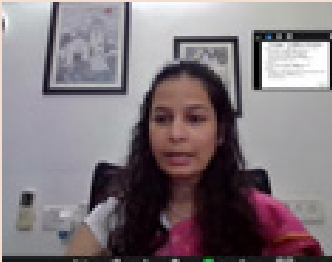
- Ask-an-Xpert – To have a Question and Answer based program to resolve the issues on the topic by panel of experts.
- Updates – Sharing of updates in IDT in near time basis through whatsapp and other media.
- A unique one-day physical cum virtual program covering Income Tax and GST aspects of Joint Development Arrangement was well received and was first of the physical programs post pandemic.

ACTIVITIES

Corporate & Allied Laws Committee

1800+
participants

13+
sessions



UNIQUE EVENTS

- KSCAA enabler- webinar series to enable members to venture into Corporate and Allied Laws
- Ask-an-Xpert – interactive sessions in the model of question & answers where participants queries were addressed by panel subject matter experts.

TALKING POINTS

- Intricacies in drafting Director's Report and conducting of General Meeting through virtual mode by Companies
- Accounting Standards based preparation and presentations
- Investments plans for Start-ups
- Common errors in presentation and preparation of financial statements
- SME Listing
- Money Laundering under PMLA

ACTIVITIES

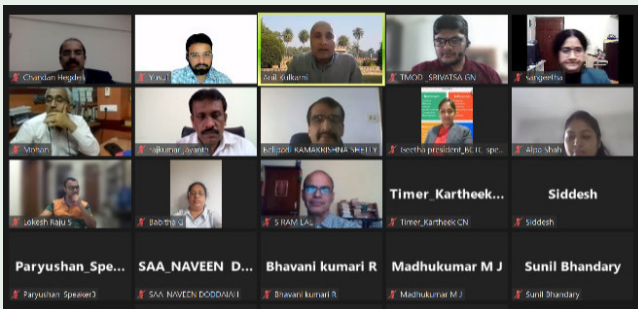
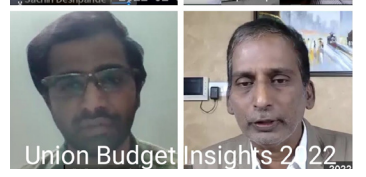
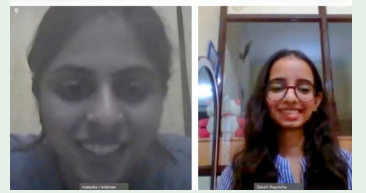
Leadership & Skill Development

1500+
participants

58+
sessions



Virtual Trip with Toppers (AIR)



TALKING POINTS

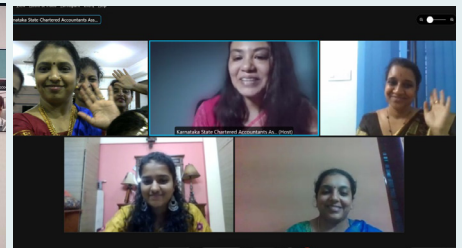
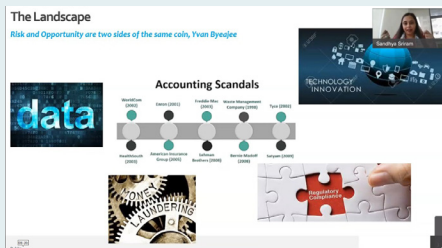
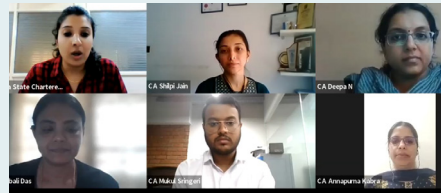
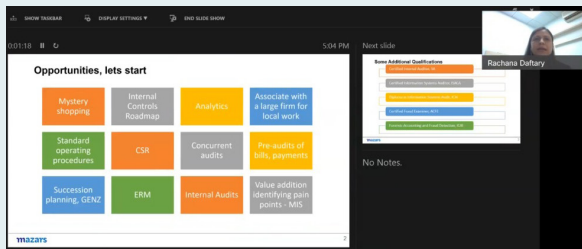
- Online Virtual Trip with CA Exams Toppers (AIR)
- Women's Day Celebration : Celebrating Women in Leadership
- Recipe for Success : Virtual Interactive Session for Professional and Business Owners
- Union Budget Inside - Out by Experts
- Milestone 75th EP Meeting
- Joint Meeting with Bangalore CA's Toastmasters Club
- Unique Program for practicing CA's on Social Media
- Kannada Rajyotsava Special Programme
- Negotiation with the use of popular Idioms
- Image Building : Session on How to Build First Impression
- Landmark Meeting : 100th EP Meeting Celebration

ACTIVITIES

Women Empowerment Committee

1000+
participants

16+
sessions



This committee is actively involved in enriching the participants knowledge in Auditing and Accounting areas by organizing events through renowned speakers.

The Committee has also encouraged and empowered women members wherein the hidden talents of our fellow women members were showcased virtually.

The Committee has also walked an extra mile in organizing series of webinars in Ind AS in joint association with The Society of Auditors (Regd), Chennai.

UNIQUE EVENTS

- Exclusive program for Fellow Women Members to exhibit their hidden talents virtually
- Exclusive program to identify the common errors in preparation and presentation of AS based Financial Statements during the season time
- Series of webinar in Joint association with The Society of Auditors (Regd), Chennai to cover the practical overview of Ind-AS with practical illustrations, recent amendments in Ind As and to clarify the queries raised by the participants with Subject matter Experts
- Ask-an-Xpert series in Income tax Audit where participants queries were addressed by a panel with subject matter experts
- Webinar capturing the practical insights to Internal audit and audit analytics with Microsoft Excel
- Ask-an-Xpert series in GST Audit where participants queries were addressed by a panel with subject matter experts.

ACTIVITIES

KSCAA Sports & Cultural Meet

600+
participants



We had successful sports and talent meet event on 11th December 2021 & 12th December 2021. The Outdoor sports event was held at BEL Sports Ground and the indoor sports event & Talent meet was held at KGS Club, Cubbon Park. KSCAA's Sports and Talent Meet was inaugurated by Dr. Sharanappa S. D, Deputy Commissioner of Police, East Division Bengaluru City. Outdoor event had sports event such as Cricket, Box Cricket, Volleyball, Tug of war, Athletics etc. Teams have participated from all over Karnataka including from mofussil districts such

as Udupi, Bagalkot etc. For the first time we had Box Cricket in the Sports Meet to involve senior members of the professions in the sports events. The Indoor sports and talent meet was inaugurated by CA. Nanjunda Poojary. The event included games such as shuttle badminton, lawn tennis, carrom, chess etc for CAs & their Family Members Singing, Dance, drawing, etc.

The event witnessed extraordinary sportsmanship from CAs and their family and amazing talent show as well.

ACTIVITIES

Mofussil Committee

200+
participants

3+
sessions

KSCAA has left no stone unturned to address the needs of Mofussil Members. Having representatives from such regions to conducting various programs for the benefit of members, KSCAA has been proactively addressing their needs. KSCAA is uniquely having a mix of mofussil and other programs in terms of convening seminars, professional update programs, counseling younger minds to our profession, building ties and working in tandem on issues of importance and need based as put forth by our mofussil members. We had a Seminar at Bagalkot on 18th September 2021 Jointly with Bagalkot District Chartered Accountants Association ®.

Topics Covered

- Recent amendments in TDS Provision of Income Tax Act
- Recent Amendments in GST & Panel Discussion on GST



AUDITORS

Appointment

The Present Auditors - M/s. Vinutha Rashmi and Associates, Chartered Accountants retire at the ensuing Annual General Meeting.

We propose to appoint M/s. Hegde Hegde & Associates LLP, Chartered Accountants as the Auditors of the Association till the conclusion of next Annual General Meeting.

ACTIVITIES

Special Events

Go Green Initiative

Marking the celebration of Gandhi Jayanthi, KSCAA conducted a program to plant saplings in its site at Harohalli. The unique program drew interest amongst many CAs who took part in this enriching experience of making our earth greener and cooler. They say, 'To plant a tree is to believe in tomorrow', the program saw more than 50 CAs, joining the celebration by donating to the cause and planting the saplings. It was a delightful experience to see CAs toiling their work not on keyboard but on mud, water and land.



Virtual Trip with Toppers (AIR)



A Virtual Trip with CA Toppers

To honour its social commitment and to recognise CA Final Rankers from the state of Karnataka, the association organised a programme called 'A Virtual Trip with CA Toppers'. Many CA students and article trainees from all over Karnataka participated in the programme and were inspired by the rank holders performance and journey. This gave the students a real insight that rank holders are not from another world and it is within each student's capacity to mine their hidden potential through hard work, dedication and strategy.

Special Talk on Good Governance: Citizen's Right? by Justice. N Santosh Hegde

The association is built by people who have worked hard and strived to keep the legacy high. One such personality was CA. H B M Murgesh, who lent his helping hand and time to the association. The association is one of the greatest beneficiaries of his knowledge and time. In his memory, the association had arranged a special talk by Justice N Santosh Hegde on the topic 'Is good governance right of a citizen or not?'. The paper presented the depleting quality of governance in the country and it received a huge positive response among members. The speaker appealed to all CAs that we are responsible for creating a good future for our next generation.



Abhinandana Samarambha

“Abhinandana Samarambha” to KSCAA on 19th September 2021 for reconstructing School for students of Higher Secondary School Kamatagi, Bagalkot District, which was destroyed during floods in 2019.

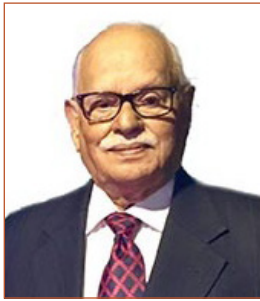


Recognition to our Leaders of Profession



Obituaries

We at KSCAA mourn the passing of three key known fellow members and many other members of our profession during the year. It is a huge loss not only for the bereaved family members but also to the association and society at large as these departed souls left an indelible imprint on all our minds. KSCAA expresses solidarity with the family members of the deceased and offers sincere gratitude for the exemplary services and contributions made by these departed souls.



CA. K Purnachandra Rao

was a legend who served our profession with the principles of highest order. He was a finest leader of impeccable qualities who was always in pursuit of excellence. He is admired as one of the most dignified and elegant statesmen of our profession. He served as the Chairman of Bengaluru Branch of SIRC of ICAI during the year 1975-77. There are some who bring a light so great to the world that even after they have gone, their light remains and CA K P Rao, is one such gentleman who will always remain as a source of inspiration to all of us.



CA. Veerabhadrappe T V

was a simple and principled personality who upheld the core values of the profession. He was always our helping hand for the Association and ex-auditor of KSCAA. His contribution to the association will always be remembered and etched in our memories. On the sands of time, he has left his footprints with glory. Everyone remembers his generosity towards the right cause and we pay sincere homage to the departed soul.



CA. Shivaprasada V

was a part of Team KSCAA, a dynamic and a soft-spoken professional who was actively involved in contributing for the welfare of the association. During the pandemic, all the programs of the Association were held on virtual platforms and he played a pivotal role as a convenor of the Media and Technology Initiative Committee of KSCAA. As the saying goes, "Those whom the Gods love, die young". Our sincere condolences to the near and dear ones.

Life has an end as a candle light would fade, but in the heart, memories yielded will be forever embedded. KSCAA expresses its deepest condolences.

Expression of Gratitude

Thank you to everyone who contributed to the Karnataka State Chartered Accountants Association. Our government, corporate, foundation, and individual donors and contributors in different varieties are vital partners as we all work together to ensure that CAs serve as leaders in transforming communities. Your gift to KSCAA enables us to advance our strategic goals. Every CA is a hub of community engagement, innovation and continual learning, and you are a part of that. Thank you for your many valued contributions to KSCAA.

Associations & Branches

- Bangalore Branch of SIRC of ICAI
- FKCCI, Bangalore
- Bombay Chartered Accountants' Society (BCAS)
- Belgaum Branch of SIRC of ICAI
- Bellary Branch of SIRC of ICAI
- Hubli Branch of SIRC of ICAI
- Mangalore Branch of SIRC of ICAI
- Mysore Branch of SIRC of ICAI
- Udupi Branch of SIRC of ICAI
- Basavanagudi CPE Study Circle
- Davangere CPE Chapter of SIRC of ICAI
- Shimoga CPE Chapter of SIRC of ICAI
- Bagalkot CPE Study Chapter of SIRC of ICAI
- Bagalkot District Chartered Accountants Association
- Belagavi District Chartered Accountants Association
- Shivamoga District Chartered Accountants Association
- Tumkur District Chartered Accountants Association
- Davanagere District Chartered Accountants Association

Sponsors

- IDFC First Bank
- Advith Consulting
- Altair
- GreyTHR
- Nandi Toyota
- Ravindu Toyota
- Viva Toyota
- BMW - Navnith Motors
- Godrej Properties
- Tata - KHT Motors
- Embassy Property Developers Pvt. Ltd.
- Taxmann
- Tally on wheels
- Tally Solutions Pvt. Ltd.
- Webtel
- Relyon Software
- Karnataka Bank
- Sprism Investment Services Pvt. Ltd.
- Krishna Bhagya Jala Nigam Ltd.
- Rupee Boss
- Car Decor
- Srinidhi Catering Services
- VM Micro Solutions Pvt. Ltd.
- LIC Housing Finance Ltd.
- Tata Housing
- Canfin Homes
- Smart Resources & Services
- Ultra Laboratories
- Karnataka State Co-operative Apex Bank Limited
- Prathiroopi
- Sai Nikethan Institutions
- Shri Billur Gurubasava Co-operative Credit Society
- Ranjith Kumar, Bengaluru
- Sri Vijay Mahantesh Co-operative Bank
- Papilio (Indygo Software Systems Pvt. Ltd.)
- RR Financial Services
- Kamala H Hegde
- Newtron Electrical Contracting - Niranjan Shetty

- Lakshmi Co-operative Bank Ltd.
- Basaveshwar Veerashaiva Vidyavardhak Sangha
- CA Ganesh B. Kanchan
- Mr. Sachin S Shetty Padu Anjaar, Udupi
- CA.Dilip Kumar T M
- CA. Raghavendra T N
- CA. Chandrashekar Shetty
- CA. Arun Shetty
- CA. Panaraj Sirigere
- CA. Tukaram Rai
- CA. Raviraj Shetty
- CA. Subramanya Hegde
- M/s. Ravindranath & Nesur
- CA. Vishwas Shetty T
- CA. Vijay Shetty
- Sri Raghavendra, Andromeda Loans
- CA. Kavitha M Pai T
- CA. Raveendra S Kore
- CA. Raghavendra Puranik
- CA. Raghavendra Shetty
- CA. Jigajinni Kumar S
- CA. Geetha A B
- CA. Dhavalagi C R
- CA. Pampanna B E
- CA. Nanjunda Poojary
- CA. Ashok Shetty
- CA. Jeevan Shetty
- CA. Amith Padaki

Donors

- CA. Niranjan Prabhu, M/s. NSVM & Associates
- CA. Hiremath Somashekar G, M/s. Hiremath & Co.
- CA. D R Venkatesh, MSSV & Co.
- M/s. Sundaresh & Co.
- CA Vinayak Pai
- M/s. Patil Kabbur & Associates
- M/s. Vivid Innovations Pvt. Ltd.
- M/s. T Sriram, Mehta & Tadimalla
- CA. Sachitanand
- M/s. Nanjunda & Co.
- M/s. Basavaraja & Dileep
- CA. Chetan Venugopal, Pierian Services Pvt. Ltd.
- M/s. RPAR and Co. LLP
- M/s. Manohar Chowdhry & Associates
- CA. I S Prasad
- CA. Subramanya Hegde, M/s. Hegde Giri & Associates
- M/s. Narayan Bhat & Co.
- CA. Ningoji Rao K Y
- M/s. Siddaiah & Ram
- M/s. L K S S & Associates
- M/s. Rao & Venkatesulu
- M/s. GPSV & Co.
- M/s. KPMS & Associates
- M/s. Ramesh Ashwin & Karanth
- CA. Herambha Hegde, M/s. SJH & Co.
- M/s. Ledger Services Pvt. Ltd.
- CA. Ravindra Kore, CA. Basappa Venkatapur, CA. Rajesh Kajagar
- M/s. Rakchamps & Co. LLP
- CA. V K Sudhakar Shetty
- M/s. Roshan Mansoor & Co.
- M/s. Kalkur & Co.
- M/s. Venkatesh Bhaskar & Associates
- M/s. M P Mohan & Co.

Speakers

- Shri. Basavaraj Bommai
- Shri. Dr. R Balasubramaniam
- Shri. Venkat K Narayana
- CA. Dr. N Suresh
- Shri. M. Dhyan Chinnappa
- Ms. Sonu Bhasin
- CA. Sanjay Chakrabarti
- Shri. Arjun Ranga
- Shri. Sreejay Sreedharan
- CA. Sachin Kumar B P
- CA. Sandeep Jhunjhunwala
- Shri. Mathew Chacko
- CA. P R Suresh
- CA. F R Singhvi
- CA. V Raghuraman
- CA. Srikrishna Mohan & CA. Ramkumar Mohan
- Shri. J. Sai Deepak
- CA. V Pattabhi Ram
- CA. M P Vijaykumar
- CA. Mohan Lavi
- Dr. Prateek Raj
- CA. Sanjay Dhariwal
- Shri. Udaya Holla
- Shri. A Shankar
- Shri. Tarun Gulati
- Shri. V Sunil Kumar
- Shri. Shashidhara Adapa B
- PCS. Amita Desai
- CA. Kamal Garg
- CS. Divesh Goyal
- CA. R Sundararajan
- Adv. Akshatha M Patel
- Adv. Swamini Ganesh
- CS. Sundharesan Jayamoorthi
- CA. Shankar Raman
- Adv. Nivedita Nivargi
- Mr. Muthuraman Natarajan
- CA. Parthasarathy Sudarsanam
- CA. Kamal Garg & CA. Aditya Kumar
- CA. Deepak Chopra
- CA. Gururaj Acharya, CA. Rani N.R
- CA. Kapil Goel
- CA. Prashanth G.S
- CA. Naveen Khaiwal
- CA. Rakesh Kadakia
- Adv. Vikram Vijayraghavan
- CA. V Ramnath
- CA. Jignesh Shah
- CA. Yogesh Thar
- CA. T Banusekar
- CA. Dhinal Shah
- CA. Radhakishan Rawal
- CA. Dr. Anup Shah
- CA. Ameet Patel
- CA. Rajan Vora
- CA. Madhukar Hiregange,
- CA. Vijay Singh A R
- Mr. N N Menon
- CA. Annapurna Kabra, CA. Shilpi Jain
- CA. Hanish S, CA. Rajesh Kumar T R,
- CA. Prashanth G S
- CA. Naveen Rajpuroth
- Mr. Dilip Krishna - LMI,
- Mr. Surya Prakash - LMI
- CA. V Pattabhi Ram, CA. Nikhilesh Cacaria,
- CA. Deepak Chopra, CA. Sachin Deshpande
- CA. Roopa Nayak, CA. A B Geetha, CA.

Saraswathi K, Ms. Medha Jayanth

- Ms. Ruth Dsilva, Ms. Malvika, Ms. Sakshi, Mr. Mohammed Tabis Hassan
- CA. Jatin Christopher
- Mr. Himanshu Singh
- CA. Raveendra S Kore
- Mr. Lokesh Shankarappa
- Ms. Shalini Venugopal
- CA. Sundaram Rangamani, CA. Srinivasa T
- CA. K Kaushik Raj, CA. Raghavendra T. N,
- CA. Annapurna Kabra, CA. Subramanya B L
- CA. MP Vijay Kumar
- CA. G N Ramaswami
- CA. Mahesh Krishnan
- CA. Madhavi DK
- CA. Sowparnika Sundaram
- CA. Aditya Kumar
- CA. Praveen CG
- CA. Alok Garg
- CA. Sandeep R
- CA. Sundaram
- CA. Asha
- CA. Rachana Daftary, CA. Sandhya Sriram, CA. Keyur Doshi

Authors

- CA. Prakash Hegde
- CA. Nikhilesh Cacarla
- CA. Sachin Deshpande
- CA. G. B. Srikanth Acharya
- Adv. Vasanth Kumar J
- CA. Raghavendra C R
- CA. Bhanu Murthy J S
- Adv. B.Ramana Kumar
- Adv. Subha Mohan S
- CA. Vikas Kamath
- CA. Vinay Thyagaraj
- CA. Vinayak Pai V
- Adv. M G Kodandaram
- Dr. Suvarnini Konale
- CA. Parthasarathy Sudarsanam
- CA. Udupi Vikram
- CA. Madhukar N Hiregange
- CA. Akshay M Hiregange
- CA. Annapurna D Kabra
- CA. B L Subramanya
- CA. Krishnan S
- Dr. Raja Selvarajan
- CA. Sandeep Jhunjhunwala
- CA. Narasimhan Elangovan
- Dr. T Surendra Bhat
- CA. Chandrasekaran Ramadurai
- CA. Mohan R Lavi
- CA. Karthik Natarajan
- CA. Tarun Daga
- Dr. Amritha T T
- CA S. Badri Narayanan
- CA. Amaranath A S
- CA. Puneeth BS
- CA. Alfred Avinash
- CA. Archana Sridhar
- CA. Kamal Garg
- CA. Pooja Gandhi
- CA. Uday Kiran N
- CA. Aditya Kumar S
- Dr. Rohit R Ranade

Independent Auditor's Report

To,
The Members of
Karnataka State Chartered Accountants Association

Opinion

We have audited the financial statements of **M/s Karnataka State Chartered Accountants Association (KSCAA)** ("the Association"), which comprise the Balance Sheet as at 31st March 2022, the Income and Expenditure Account for the year ended on that date, and a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the schedules and notes thereto, are prepared in all material respects, in accordance with the Karnataka Societies Registration Act, 1960 and give a true and fair view of the State of Affairs of the Association as at 31st March 2022 and its deficit for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Executive Committee of Members of **Karnataka State Chartered Accountants Association** is responsible for the preparation of these financial statements that give a true and fair view in accordance with requirements of Karnataka

Societies Registration Act, 1960 and generally accepted accounting principles and to provide for such internal controls as the Executive Committee determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may



involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Association's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

Vinutha Rashmi and Associates

Chartered Accountants

FRN : 022420S

Sd/-

CA. Vinutha

Partner

M.No : 235129

UDIN : 22235129ANIUSG2452

Date : 15th July 2022

Place : Bengaluru

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Regulatory Requirements

Further, we report that:

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

Balance Sheet as at 31 March 2022

(Amount in ₹)

Particulars	Notes	As At 31 March 2022	As At 31 March 2021
I. CORPUS, OTHER FUNDS AND LIABILITIES			
i. Corpus and other funds			
a. Corpus fund	2	42,24,672	38,53,672
b. General fund	3	1,58,66,084	1,70,10,418
c. Restricted and other funds	4	38,16,340	37,15,581
	A	2,39,07,096	2,45,79,671
ii. Non current liabilities		-	-
iii. Current liabilities			
a. Other current liabilities	5	2,56,097	1,59,642
b. Short term provisions	6	7,30,343	4,30,343
	B	9,86,440	5,89,985
Total	(A+B)	2,48,93,536	2,51,69,656
II. ASSETS			
i. Non current assets			
a. Property, plant and equipment	7	27,42,272	26,52,465
b. Long-term loans and advances	8	11,45,421	10,35,277
c. Other non-current assets	9	1,11,90,110	1,11,92,791
	C	1,50,77,803	1,48,80,533
ii. Current Assets			
a. Stock of publications and materials	10	1,33,771	1,67,357
b. Receivables	11	10,500	1,44,390
c. Cash and bank balances	12	96,42,017	99,48,970
d. Short-term loans and advances	13	23,300	28,406
e. Other current assets	14	6,145	-
	D	98,15,733	1,02,89,123
Total	(C+D)	2,48,93,536	2,51,69,656

Notes 1 to 28 form an integral part of the Financial Statements

As per our report of even date
Vinutha Rashmi and Associates
 Chartered Accountants
 FRN : 022420S

Sd/-
CA. Vinutha
 Partner
 M.No : 235129
 UDIN : 22235129ANIUSG2452

Date : 15th July 2022
 Place : Bengaluru

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association (R)

Sd/-
CA. Chandan Kumar Hegde A
 President

Sd/-
CA. Vijaykumar M Patel
 Treasurer

Sd/-
CA. Sujatha G
 Secretary



Statement of Income and Expenditure for the year ended 31 March 2022

(Amount in ₹)

Particulars	Notes	Year Ended 31 March 2022	Year Ended 31 March 2021
A. INCOME			
a. Conference, seminar and programs	15	7,35,702	23,34,788
b. Other income	16	13,28,485	14,73,033
Total Income	A	20,64,187	38,07,821
B. EXPENDITURE			
a. Conference, seminars and programs	17	5,52,167	9,10,518
b. Bulletins and publications	18	8,42,457	8,44,636
c. Employee benefits expense	19	7,34,406	5,19,058
d. Other expenses	20	9,76,502	11,23,312
e. Depreciation	7	1,02,989	1,16,973
Total Expenditure	B	32,08,521	35,14,497
C. SURPLUS/(DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND (A-B)		(11,44,334)	2,93,324

Notes 1 to 28 form an integral part of the Financial Statements

As per our report of even date
Vinutha Rashmi and Associates
 Chartered Accountants
 FRN : 022420S

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association (R)

Sd/-
CA. Vinutha
 Partner
 M.No : 235129
 UDIN : 22235129ANIUSG2452

Sd/-
CA. Chandan Kumar Hegde A
 President

Sd/-
CA. Sujatha G
 Secretary

Sd/-
CA. Vijaykumar M Patel
 Treasurer

Date : 15th July 2022
 Place : Bengaluru

Notes Forming Part Of Financial Statements

1. Overview and Significant Accounting Policies

1.1 Overview of the Association.

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

The Association is registered under Section 12A of the Income Tax Act, 1961, vide unique registration no AAAAK1146LE20219 dated 31.08.2021 (old registration no. Trust/718/10A Vol. AII/K.503/90-91/CIT II dated 10.12.1990).

The logo of the Association and the wordmark "KSCAA" have been registered with the Government of India, Trade Marks Registry under the Trade Marks Act, 1999.

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

1.2 Governance

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

1.3 Significant Accounting Policies

A Basis of Preparation of Financial Statements

a. Accrual Basis

The financial statements have been prepared under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles and the accounting standards prescribed for the non corporate entities issued by the Institute of Chartered Accountants of India. The accounting policies, in all material respects, have been consistently applied by the Association and are consistent with those in the previous year.

Estimates and Assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date. Difference between the actual

and estimates are recognized in the period in which the results are known / materialized.

b. Use of estimates

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

B. Revenue Recognition

- Income from conferences, seminars, workshops and sports and cultural programs are recognized as income as and when conferences, seminars, workshops and sports and cultural programs are organized and held.
- Admission / Entrance Fee charged is recognized as income in the year of receipt.
- Ordinary Membership fee received is recognized as income in the year of receipt.
- Interest on Term Deposits is recognized on a time proportion basis subject to the interest which is transferred to the Restricted Funds as per note 4 of the Financial Statements.
- Income from Sale of publications is recognized as income, as and when the publications are sold.
- Income from advertisement in bulletins is recognized as income as and when the advertisements are published in the bulletins.
- Interest on tax refunds is accounted on receipt basis.

C. Life Membership Fees

- Life Membership Fees received is credited to Corpus Fund.

D. Expenses

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

E. Allocation/Transfers to Restricted Funds

- The Association has a policy to allocate/transfer interest to Restricted Fund Accounts to recognize the interest attributable to those Funds.
- Allocation/Transfer of interest to Restricted Fund is made on the basis of proportionate interest



attributable to the balance standing in the respective Fund account as at the end of the year.

- c. On such allocation/ transfer of interest to the Funds, specific expenses related to such Funds are appropriated to the extent of balance available in that respective activity fund.
- d. The practice to allocate/ transfer interest and expenses to the Restricted Funds has been consistently followed by the Association from the past.

F. Prior Period Items

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

G. Property, Plant and Equipment

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

Cost comprises the purchase price, borrowing costs, if capitalization criteria are met and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of Input tax credit or other tax credit admissible to the Association.

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

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

H. Depreciation

The Association has a policy of computing depreciation as well as gain or loss on disposal of assets and adopts the concept of Block of Assets as per the provisions of Income tax Act, 1961. The rates of depreciation specified under the Income tax Rules, 1962 are considered for computing depreciation.

A leased asset is depreciated on a straight-line basis over the useful life of the asset assessed by the management.

I. Stock of Publications and Materials

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

J. Investments

The current investments are valued at lower of the cost or fair value, whereas the long-term investments are carried at cost unless there is diminution in the value of the investment for reasons other than temporary.

K. Income Tax

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

L. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

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

M. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Notes Forming Part Of Financial Statements

(Amount in ₹)

Particulars	As At 31 March 2022	As At 31 March 2021
2. CORPUS FUND		
Opening balance	38,53,672	36,75,672
Add: Life membership fee received during the year	3,71,000	1,78,000
	42,24,672	38,53,672
3. GENERAL FUND		
Opening balance	1,70,10,418	1,67,17,094
Add: Surplus/(deficit) for the year	(11,44,334)	2,93,324
	1,58,66,084	1,70,10,418

(Amount in ₹)

Particulars	Balances as at 01-Apr-21	Receipts During The Year	Add: Transferred During The Year	Less: Utilised/ Transferred	Balances as at 31-Mar-22
4. RESTRICTED AND OTHER FUNDS					
A. Restricted funds					
Endowment fund	70,000	-	-	-	70,000
Late S. Narayanan's memorial prize award account	1,00,000	-	-	-	1,00,000
Professional development fund	5,06,488	-	-	-	5,06,488
Student welfare fund	1,13,102	-	-	-	1,13,102
A	7,89,590	-	-	-	7,89,590
B. Activity funds					
Endowment fund	39,595	1,08,000	4,105	-	1,51,700
Late S. Narayanan's memorial prize award account	1,12,652	-	5,864	16,738	1,01,778
Professional development fund	11,467	-	29,702	36,806	4,363
Student welfare fund	43,413	-	6,633	-	50,045
Legal fund	2,97,268	-	-	-	2,97,268
B	5,04,395	1,08,000	46,304	53,545	6,05,154
C. Utilised funds					
Library fund	1,44,360	-	-	-	1,44,360
Permanent project	2,47,500	-	-	-	2,47,500
Building fund	50,000	-	-	-	50,000
S. Amaralal golden jubilee hall fund	2,50,000	-	-	-	2,50,000
Professional lounge fund	2,29,736	-	-	-	2,29,736
Golden jubilee project fund	15,00,000	-	-	-	15,00,000
C	24,21,596	-	-	-	24,21,596
GRAND TOTAL (A+B+C)	37,15,581	1,08,000	46,304	53,545	38,16,340
PREVIOUS YEAR	36,85,449	-	62,113	31,981	37,15,581



Notes Forming Part Of Financial Statements

(Amount in ₹)

PARTICULARS	AS AT 31.03.2022	AS AT 31.03.2021
5. OTHER CURRENT LIABILITIES		
Employee payables	40,600	35,600
Audit fees payable	36,000	32,375
Income received in advance	28,571	3,395
Rent payable	27,000	27,750
TDS payable	8,155	23,130
Professional tax payable	400	400
Other payables	1,15,371	36,992
	2,56,097	1,59,642
6. SHORT TERM PROVISIONS		
Provision for property tax*	5,30,343	4,30,343
Provision for ex-gratia (Also refer note 25)	2,00,000	-
	7,30,343	4,30,343
* This provision for property tax relates to the SJP Road property of the Association and payable annually to BBMP against Property Identification Number (PID). The Association has not been able to get the correct PID number to pay the property tax annually due to few legal and procedural issues. Therefore the Association has created provision for property tax based on a reasonable estimate. The movement of provision for property tax is as below:		
Opening balance of provision	4,30,343	3,30,343
Add: Provision created during the year	1,00,000	1,00,000
Closing balance of provision for property tax	5,30,343	4,30,343

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Notes Forming Part Of Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Freehold Land *	Buildings	Leasehold Improvements	Furniture and Fixtures	Library Books	Computer, Printers & Software	Office Equipments	Assets not in use	Total
Gross block									
Opening Balance as on 01-Apr-2021	18,20,130	7,80,288	37,800	13,61,319	94,018	2,09,054	4,16,011	759	47,19,379
Additions	1,77,500	-	-	-	-	-	15,296	-	1,92,796
Deductions/ Adjustments	-	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2022	19,97,630	7,80,288	37,800	13,61,319	94,018	2,09,054	4,31,307	759	49,12,175
Opening Balance as on 01-Apr-2020	17,19,630	7,80,288	37,800	13,57,314	94,018	2,09,054	4,16,011	759	46,14,874
Additions	1,00,500	-	-	4,005	-	-	-	-	1,04,505
Deductions/ Adjustments	-	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2021	18,20,130	7,80,288	37,800	13,61,319	94,018	2,09,054	4,16,011	759	47,19,379
Accumulated depreciation									
Opening Balance as on 01-Apr-2021	-	6,45,083	25,200	7,67,973	94,010	1,93,657	3,40,232	759	20,66,914
Additions	-	13,521	12,600	59,335	8	6,159	11,367	-	1,02,989
Deductions/ Adjustments	-	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2022	6,58,604	6,58,604	37,800	8,27,308	94,018	1,99,816	3,51,599	759	21,69,903
Opening Balance as on 01-Apr-2020	-	6,30,060	12,600	7,02,268	94,005	1,83,393	3,26,859	756	19,49,941
Additions	-	15,023	12,600	65,705	5	10,264	13,373	3	1,16,973
Deductions/ Adjustments	-	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2021	-	6,45,083	25,200	7,67,973	94,010	1,93,657	3,40,232	759	20,66,914
Net block									
Balance as on 31-Mar-2022	19,97,630	1,21,685	-	5,34,011	-	9,238	79,708	-	27,42,272
Balance as on 31-Mar-2021	18,20,130	1,35,205	12,600	5,93,346	8	15,397	75,779	-	26,52,465

* Refer Note 24 for details on addition to Freehold Land.



Notes Forming Part Of Financial Statements

(Amount in ₹)

PARTICULARS	AS AT 31.03.2022	AS AT 31.03.2021
8. LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advance tax and tax deducted at source*	11,45,421	10,35,277
	11,45,421	10,35,277
* Advance tax and tax deducted at source represents Income Tax Refund for AY's 14-15 to AY 21-22 (except refund for AY 16-17 which has been encashed). There was delay in filing return and/or audit report for the AY 13-14 and AY 14-15, subsequently the Income Tax Department raised demand for the said AYs. Consequently, the refunds of the association have been adjusted to the outstanding demand. The Association has filed an application requesting condonation of delay before the Commissioner of Income Tax (Exemptions), Bengaluru, the application is pending disposal.		
9. OTHER NON-CURRENT ASSETS		
Security deposits	3,93,585	3,93,585
Bank deposits with more than 12 months maturity	1,07,00,000	1,07,00,000
Accrued interest on bank deposits with more than 12 months maturity	96,525	99,206
	1,11,90,110	1,11,92,791
10. STOCK OF PUBLICATIONS AND MATERIALS		
KSCAA publications	1,21,545	1,51,931
Other materials	12,226	15,426
	1,33,771	1,67,357
11. RECEIVABLES		
(Unsecured, Considered Good)		
Outstanding for a period less than 6 months from the date they are due for receipt	10,500	76,850
Outstanding for a period exceeding 6 months from the date they are due for receipt	-	67,540
	10,500	1,44,390
12. CASH AND BANK BALANCES		
A) Cash and cash equivalents		
a) On Current accounts of banks	2,23,586	3,02,397
b) On Savings accounts of banks	3,08,614	4,45,388
c) Cash on hand	4,003	7,220
	I 5,36,203	7,55,005
B) Other Bank balances		
a) Bank deposits with original maturity for more than 3 months but less than 12 months from reporting date	90,49,596	91,13,952
b) Accrued interest on term deposits	56,218	80,013
	II 91,05,814	91,93,965
	I + II 96,42,017	99,48,970
13. SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
GST Input Tax Credit	23,300	28,406
	23,300	28,406
14. OTHER CURRENT ASSETS		
Advance to suppliers	6,145	-
	6,145	-

Notes Forming Part Of Financial Statements

(Amount in ₹)

PARTICULARS	Year ended 31.03.2022	Year ended 31.03.2021
15. INCOME FROM CONFERENCE, SEMINARS AND PROGRAMS		
Annual conference (Also refer note 23)	-	21,76,006
Seminars, workshops, sports and cultural programs	7,35,702	1,58,782
	7,35,702	23,34,788
16. OTHER INCOME		
Interest income		
Interest on bank term deposits	11,60,069	12,52,629
Less: Transferred to restricted fund	46,304	52,113
	11,13,765	12,00,516
Add: Interest on saving bank accounts	12,130	35,084
I	11,25,895	12,35,600
Advertisement in news bulletins	1,23,350	1,66,419
Admission / entrance fee	74,200	35,600
Miscellaneous income	5,040	6,095
Sale of publications	-	360
Interest on income tax refund	-	28,959
II	2,02,590	2,37,433
I + II	13,28,485	14,73,033
17. CONFERENCE, SEMINARS AND PROGRAMS		
Annual conference expenses	-	7,78,228
Seminars, workshops, sports and cultural and programs Expenses	5,18,581	58,163
Decrease /(increase) in stock of publications	30,386	55,680
Decrease /(increase) in stock of materials	3,200	18,447
	5,52,167	9,10,518
18. BULLETINS AND PUBLICATIONS		
Printing charges of news bulletins	8,42,457	8,44,636
	8,42,457	8,44,636
19. EMPLOYEE BENEFITS EXPENSE		
Salaries and bonus (Also refer note 25)	6,63,500	4,32,000
Conveyance	59,880	72,840
Staff welfare expenses	11,026	14,218
	7,34,406	5,19,058



Notes Forming Part Of Financial Statements

(Amount in ₹)

PARTICULARS	Year ended 31.03.2022	Year ended 31.03.2021
20. OTHER EXPENSES		
Rent	3,60,000	3,60,000
Annual general meeting expenses	1,05,730	1,20,251
Executive committee meeting expenses	2,055	7,838
Email and SMS charges	1,02,416	1,12,376
Property tax	1,00,000	1,00,000
Printing and stationery	40,484	52,480
Audit fee	40,000	35,000
Professional lounge maintenance expenses	30,000	30,000
Postage and courier charges	29,422	31,024
Bad debts	26,590	-
Logo registration and representation charges	25,500	99,000
Telephone and internet charges	18,895	15,518
Office maintenance expenses	18,995	28,881
Website charges	17,000	16,000
Pooja expenses	11,885	7,110
Subscription and membership expenses	7,540	25,205
Commission on online payment services	7,260	3,088
Electricity charges	6,840	10,701
Water charges	6,160	6,660
Miscellaneous expenses	6,263	38,500
Repairs and maintenance expenses	4,019	1,938
Locker rent	3,304	3,304
Rates and taxes	3,122	13,422
Bank charges	3,022	5,016
	9,76,502	11,23,312



Notes Forming Part Of Financial Statements

21. The Institute of Chartered Accountants of India (ICAI) has issued a Technical Guide on Financial Statements of Non-Corporate entities. New format is adopted in preparation and presentation of the financial statements of the Association to comply with the format issued by the ICAI. Accordingly, the figures of previous year have also been represented, regrouped/ reclassified wherever necessary as per new format.
22. In the opinion of the Management, the amounts shown in the Balance Sheet are reflected at their realizable values, unless stated otherwise.
23. COVID-19 Pandemic has continued to impact the physical activities of the association and the related income streams from annual conference, workshops, seminars and programs. The association has mitigated the impact by continuing to conduct significant number of programs through virtual mode and has undertaken various cost saving initiatives to maximise cash flows and conserve cash position for future period. The annual conference which is generally held in the month of March every year was conducted in the month of May 2022. There was no revenue from Annual Conference during the year 2021-22 versus Rs.21,76,006/- for the year 2020-21, this has deeply impacted the financial results of the Association.
24. The Karnataka Industrial Areas Development Board (KIADB) has allotted Plot No.32-C, measuring 2,703 Sq. Mts at Harohalli Industrial Area, 1st Phase, Kanakapura Taluk, Ramanagara District. During the year the Association has spent an amount of Rs. 1,77,500/- towards levelling and fencing.
25. During the year an amount of Rs. 2,00,000/- (FY 2020-21 : Nil) has been provided for expense towards ex-gratia of a long serving employee.
26. Bank deposits includes deposit of Restricted Funds amounting to Rs.7,89,590/- (FY 2020-21: Rs.7,89,590/-)
27. Assets not in active use with WDV of Rs.8/- have been written-off as depreciation during the year.
28. Figures have been rounded off to nearest rupee.

As per our report of even date
Vinutha Rashmi and Associates
Chartered Accountants
FRN : 022420S

Sd/-
CA. Vinutha
Partner
M.No : 235129
UDIN : 22235129ANIUSG2452

Date : 15th July 2022
Place : Bengaluru

For and on behalf of the Executive Committee of
Karnataka State Chartered Accountants Association (R)

Sd/-
CA. Chandan Kumar Hegde A
President

Sd/-
CA. Vijaykumar M Patel
Treasurer

Sd/-
CA. Sujatha G
Secretary



Karnataka State Chartered Accountants Association (R)

No. 67, 1st Floor, 2nd Stage, West of Chord Road, Mahalaxmipuram, Below Rajajinagar Metro Station, Bengaluru - 560 086. • Phone : 9535 715 015 • info@kscaa.com • www.kscaa.com

NOMINATION FORM

The Secretary,
Karnataka State Chartered Accountants Association,
No. 67, 1st Floor, 2nd Stage, West of Chord Road, Mahalaxmipuram,
Below Rajajinagar Metro Station, Bengaluru - 560 086.

Dear Sir,

I wish to contest as a candidate for election to the Executive Committee of the Association for the year 2022-23 to be held during the 49th Annual General Meeting on Thursday, the 25th of August, 2022.

Yours faithfully,

(Signature of the Candidate)

Name :

Telephone No :

KSCAA Membership No. :

Mobile No. :

Address :

Email ID :

Proposer's Name :

Proposer's Signature:

Address:

KSCAA Membership No.:

Seconder's Name :

Seconder's Signature:

Address:

KSCAA Membership No.:

NOTES :

- Members who wish to send their nominations for the Executive Committee are required to submit the duly filled and signed Nomination Form at the Association Office.
- Last date for submission of nomination : Before 5.00 pm on Wednesday, 10th August, 2022
- Last date of withdrawal of the nominations : Before 5.00 pm on Tuesday, 16th August, 2022
- Announcement of final list of candidates contesting for election : At 6.00 pm on Tuesday, 16th August, 2022
- The Final list of the Candidates shall also be uploaded on our website www.kscaa.com



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

INTELLECTUAL PROPERTY RIGHTS AND PROTECTION IN INDIA PATENTS- PREPARATIONS FOR APPLYING

(PART - XXIII OF IPR SERIES)

IPR

Granting of Patents

A patent is one of the very common modes through which scientific inventions having potential for industrial application are being protected. A patent is a protective right granted for the creation of a product or a technique that generally gives a new technological solution to a problem or proposes a unique way of doing something. Such scientific information about the innovation must be made publicly available through a prescribed application to obtain a patent. The word “patent” is from the Latin term “patere” which means “to lay open,” i.e., to make available for public inspection. In India, under the Patents Act, 1970 a patent can be applied to a new product or process that involves an inventive step and is capable of industrial use. However, such a product or process shall not fall into the category of non-patentable innovations as defined by sections 3 and 4 of the Patents Act. A patent application can be submitted in India by the true and original inventor or his assignee, either alone or jointly. The main motto to enact patent law is to encourage inventors to contribute more by awarding them exclusive rights for their inventions.

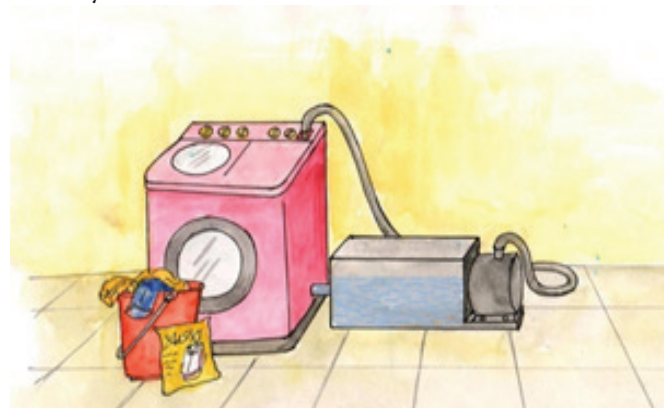
The major goals of the patent law are to foster the development of innovative and beneficial products, as well as to encourage inventors to divulge their innovations and make them available to the public. A patent is also available for certain improvements in their previous Invention.

Water Saved Using Innovative Technology

Mr. Ayushman Nayak, the youngest patentee from Bhubaneswar, India has innovated a unique improvised technology for recycling the wastewater drained out of the washing machine. This invention made him not only the patent holder at the age of 8 but also enabled him to receive the prestigious APJ Abdul Kalam Ignite Award 2017 by the National Innovation Foundation (NIF), India.

It all started when Ayushman son of Samabesh Nayak and Sucharita, achieved this rare feat by sending his ideas which included recycling wastewater. The family always

had discussions on water conservation, management, and reducing wastewater in the house. Ayushman grew up listening to such discussions and developed ways that can reduce water wastage. He thought of various methods that can recycle wastewater.



Ayushman's approach centered on recycling soap water from the washing machine. His idea is to recycle the wastewater from the washing machine and re-use it for different purposes. Being constantly focused on the idea, Ayushman thought of adding a filtration system inside the washing machine, to recycle the soap water that usually gets drained out. Finally, his efforts paid off when he was able to install a 5-layer unique filtration process in the washing machine to clean and store the water for reuse. He learned that his technology is innovative and submitted his idea to the Central Government under the title “System for Using Recycled Soap Water in Washing Machine and Method”. This improvement eventually earned him an intellectual property right in the form of a Patent. He received the patent in 2021 valid for 20 years which is currently in his father's name as he is still a minor.

His innovation is stated to be the best as it saves all the water that is wasted after washing the clothes. Washing machines usually use around 56 to 120 liters of water all of which is wasted once a washing cycle is complete. With

this innovation, one could save all the water that is wasted. A few of the engineers from Gujarat also have developed a practical model of Ayushman's idea. "Such inventions are the need of the hour, especially the ones that promote water saving. India is on the verge of a major water shortage and through inventions like these it could be averted", feels Dr. K. Murthy of Scientist and Group Coordinator, IBM Technologies, Bangalore.

Preparations for Applying for Patent

Inventions arising from the creative work of human beings acquire considerable commercial value, in view of the possibility of their use by large sections of society across the world. The Patents rights granted under patent laws aid the innovators shield their ideas from being abused by copying by competitors, thereby the patentee can establish a monopoly in the commercial space and exploit the same to get returns for the investment of ideas, and time and efforts made. They not only enable protection from competitors but earn royalty through licensing. Further, in case of any breach, the patentee has rights vested to prevent the infringement as well as claim damages from the infringer.

Obtaining patents can be a long and expensive process, but around 156 countries (as of 01 April 2022) have come together to simplify the process for protecting patents around the world by creating the Patent Cooperation Treaty (PCT). Under this route, the inventors can submit just one international application which is valid in any or all countries that are members of this Treaty. Inventors can decide if they want to apply for a patent in all these countries or select a group of specific countries for applying. Only inventors who are citizens or residents of the countries that are members of the PCT can use this easier system to file international patent applications. A list of PCT member states is available at: https://www.wipo.int/export/sites/www/pct/en/list_states.pdf

Before applying for a patent for an idea or invention, a search should be performed for assessing the patentability (eligibility as a patent) of the invention to analyze and determine the risks in the product, the existence of identical information in the public domain, and to know the novelty part in the technology. Taking out appropriate and meaningful information from the vast number of patent and non-patent documents available requires special research skills, technology insight, and a thorough understanding of the patent system. Once a search is performed and the relevant prior art is shortlisted the application could be intimated seeking a patent grant. Under the PCT route, the applicant can use the facility of the international search report and the written opinion also. The World Intellectual Property Organization (WIPO) administers the PCT. Inventors receive the opinions about four months after they hand in their international patent applications. These are very useful because they give inventors a better idea of whether their invention can meet the novelty and inventive step requirements in order to obtain a patent in

all the countries that they have selected. In case of failure to pass the eligibility criteria of the prior art, the inventor might also decide not to file a patent application as such a grant may not come through as prior art exists in the public domain.

Person Eligible to Apply

According to Section 6 of the Patents Act, any person can apply for a patent if he/she is the true and first inventor of an invention or is an assignee of such person. Here the term person includes both a natural person and a juridical person (non-human entities like corporations, firms, government agencies, etc). There is no restriction on age for filing applications for patents. In case of the death of an inventor, his heirs/legal representatives can also apply for a patent. In view of the above legal position an application for patent registration of an invention can be made by any of the following persons, either alone or jointly with any other person: (i) The true and first inventor; (ii) True and first inventor's assignee; (iii) The representative of the deceased true and first inventor his / her assignee; (iv) In the case of a proprietorship firm, in the name of the proprietor; (v) In partnership firms, the names of all personally responsible partners must be included in the patent application; An assignee can also be a natural person or other than a legal person such as a registered company, an LLP, Section 8 Company, an educational institute, or government. The applicant is required to disclose the name, address, and nationality of the true and first inventor.

As stated in the previous part, the patent rights are territorial in nature. Patent protections are valid in the countries that have granted the patent. This means that a patent is assessed and granted by the patent offices of each country, and thereby a separate application must be filed in each country/region in which the inventor wants to secure his rights. According to Section 134 of the Patents Act, if any country that does not accord to the citizens of India the same rights in respect of the grant of patents and the protection of patent rights as it accords to its own national, then a person of such country cannot apply for a patent in India. Further, mandatory written permission must be obtained from the Indian Patent Office for filing a patent application in foreign countries. However, if one first files a patent application in India, the Indian Patent Office waives the mandatory requirement by allowing Indian residents to directly file a patent application outside India for an invention after 6 weeks of filing the application in India.

An inventor can assign the invention to a person who can then file an application for patenting such an invention. However, once one assigns the patent, the assignee will be the eventual patentee and he/she will be entitled to exploit and enjoy the patent rights in the invention. Therefore, the inventor should exercise due caution with proper agreements in place, before assigning such a right to another person. Such assignment agreements could be based on payment of a fixed amount of consideration, or

a royalty-based percentage of revenue generated from the commercial exploitation of the patent.

Complete Disclosure of Invention

To obtain a patent, an applicant must fully and particularly describe the invention claimed with complete specification. The specification must be such that a person skilled in the art may be able to perform the invention. The Specification is a techno-legal document containing full scientific details of the invention and claims to the patent rights. The Specification, thus, forms a crucial part of the Patent Application. As per Section 10, every complete specification is required to – (a) fully and particularly describe the invention and its operation or use and the method by which it is to be performed; (b) disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and (c) end with a claim or claims defining the scope of the invention for which protection is claimed; and (d) be accompanied by an abstract to provide technical information on the invention.

The Complete specification customarily begins after the title, with a general preamble stating the subject to which the invention relates, followed by a detailed description of one or more embodiments of the inventions. The Specification may be filed either as a provisional or as a complete specification. When the applicant finds that his invention has reached a stage wherein it can be disclosed on paper, but has not attained the final stage, he may prepare a disclosure of the invention in the form of a written description and submit it to Patent Office as a provisional specification which describes the invention. Section 9 stipulates that in an application for a patent accompanying a provisional specification, a complete specification shall be filed within twelve months from the date of filing of the application, and if the complete specification is not so filed, the application shall be deemed to be abandoned. The specification may also require drawings, which should also be used. Such drawings shall form a part of the Specification and suitable references thereto shall be made in the Specification. The Controller may require the applicant to submit, any time before the grant, models or samples related to the invention for better illustration of the invention, but it shall not form part of the Specification.

As the complete specification is an extremely important document in the patent proceedings it is advised that it should be drafted with utmost care without any ambiguity. For this purpose, the assistance of a patent agent /expert is borrowed so that the specifications and claims are properly presented as required under the law. In the case of an international application designating India the title, description, drawings, abstracts, and claims filed with the application shall be taken as the complete specification for the purposes of the Act.

Rights Available to a Patentee

A patent does not give a right to make or use or sell

an invention, but it provides, from a legal standpoint, the right to exclude others from making, using, selling, offering for sale, or importing the patented invention for the term of the patent, which is usually 20 years from the date of filing and also on payment of maintenance fees as prescribed. Once the patent is granted, the patent owner has the following legal rights.

1. Right to exploit patent: A patentee has the exclusive right to make use, exercise, sell or distribute the patented article or substance in India, or to use or exercise the method or process if the patent is for a person during the term of the patent. Such rights can be exercised either by the patentee or by his agent or licensees.
2. Right to grant license: The patentee has the discretion to transfer rights or grant licenses or enter some other arrangement for consideration. The document assigning a patent is not admitted as evidence of title of any person to a patent unless registered and this is applicable to the assignee not to the assignor.
3. Right to sue for infringement: The patentee has a right to institute proceedings for infringement of the patent.
4. Right to Surrender: A patentee has the right to surrender his patent.

Obligations of patentee

Section 83 deals with general principles applicable to the working of the patented invention. The patents are granted to encourage inventions and to secure that the inventions are fully worked in India on a commercial scale without undue delay. Patents are not granted merely to enable patentees to enjoy a monopoly. The protection and enforcement of patent rights contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations. There are legally inbuilt obligations to be met by a patentee. Some of them are:

- (1) Use of patents by Government: A patented invention may be used or even acquired by the Government, for its use. The Government may also restrict or prohibit the usage of the patent under specific circumstances in the public interest. The aforesaid use can be made without the consent of the patentee or payment of any agreed or fixed royalties. Apart from this, the Government may also sell the article manufactured by patented process on royalties or may also require a patent on paying suitable compensation.
- (2) Compulsory licenses: If the patent is not worked satisfactorily to meet the reasonable requirements of the public, at a reasonable price, the Controller may grant compulsory licenses to any applicant to work the patent. The Indian Patent Act grants power to the Government to mandate a generic drug maker to manufacture

inexpensive medicine in the public interest even as a patent in the product is valid. Compulsory licenses may also be obtained in respect of related patents where one patent cannot be worked without using the related patent.

- (3) **Revocation of patent:** A patent may be revoked in cases where there has been no work or unsatisfactory result to the demand of the public in respect of the patented invention.
- (4) **Invention for defence purposes:** Such patents may be subject to certain secrecy provisions, i.e. publication of the Invention may be restricted or prohibited by directions of the Controller. Upon continuance of such order or prohibition of publication or communication of patented Invention, the application is debarred for using it, and the Central Government might use it on payment of royalties to the applicant.
- (5) **Restored Patents:** Once lapsed, a patent may be restored, provided that few limitations are imposed on the right of the patentee. When the infringement was made between the period of the date of infringement and the date of the advertisement of the application for reinstatement, the patent has no authority to take action for infringement.

Types of Patent Applications

The types of patent applications that can be filed under the Indian patent act are:

- (1) **Provisional Application:** It is an application that can be filed if the invention is still under the experimentation stage. When an invention is not complete an application can be filed with the provisional specification which is termed as a provisional application. This is a useful facility as it helps in establishing a priority date for the invention under law. Moreover, it also gives sufficient time to the applicant to assess and evaluate the market potential of his invention before filing a complete specification. However, it is not necessary to file a provisional application, as one can file an application directly with complete specifications. Indian Patent Law follows the 'first to file' system. Filing a provisional specification provides an advantage to the inventor since it helps in establishing a 'priority date' of the invention. Further, the inventor gets 12 months' time to fully develop the invention and ascertain its market potential, and to file the complete specification.
- (2) **PCT International Application:** An Application filed in India as Receiving Office (RO) under Patent Cooperation Treaty is an international application that can be filed in more than 150 countries by a single application.
- (3) **PCT National Phase Application:** When an international application is made according to PCT designating India,

an applicant can file the national phase application in India within 31 months from the international filing date or the priority date, whichever is earlier.

- (4) **Convention Application:** An application for a patent filed in the Patent Office, claiming a priority date based on the same or substantially similar application filed in one or more of the convention countries is known as a convention application. In order to get convention status, an applicant should file the application in the Indian Patent Office within 12 months from the date of the first filing of a similar application in the convention country.
- (5) **Divisional Application:** When an application claims more than one invention, the applicant on his own or to meet the official objection on the ground of plurality or distinct invention may divide the application and file two or more applications, as the case may be for each of the inventions. This type of application, divided out from the parent one, is known as a Divisional Application. The priority date for all the divisional applications will be the same as that of the main (the Parent) Application (Antedating).
- (6) **Patent Of Addition:** When an invention is a slight modification of the earlier invention for which he has already applied or has obtained a patent, the applicant can go for a patent of addition if the modification in the invention is new. One of the benefits of filing a patent of addition is that there is no need to pay a separate renewal fee for the patent of addition during the term of the main patent and it expires along with the main patent.
- (7) **Ordinary Application:** If a patent application is filed without claiming any priority either in a convention country or without any reference to any other earlier application under process in the office, it is termed as an ordinary application.

An application for a patent can be filed at the earliest possible date and should not be delayed. An application filed with provisional specification, disclosing the essence of the nature of the invention helps to register the priority of the invention. Delay in filing an application may entail some risks such as (i) some other inventor might file a patent application on the said invention and (ii) there may be either an inadvertent publication of the invention by the inventor himself/herself or by others independently of him/her. In the coming part, the procedure to apply for patent rights will be deliberated.

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



CA. Narasimhan Elangovan

MANAGING THE RISKS IN CLOUD

(PART - IV OF IT SERIES)

Introduction

In my last article, we understood the fundamental concepts of the cloud and how they are deployed. Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) is essentially 3 of the most popular models of Cloud deployment. In this article, it is time to delve deeper into cloud risks and how they are treated. Some fundamental questions like how safe is the Cloud model? Is it free from Risks? Does the Cloud Service Provider have access to data are questions worth exploring.

Risks in Cloud

Imagine keeping all your valuable jewellery at your friend's place when you are travelling or keeping them in a bank locker. You find it safe as there is somebody around your valuables to constantly safeguard or protect and more importantly you have transferred the risk to someone else. In the case of a bank, they secure with dual keys and keep them in bank lockers. They also restrict access to only those whom you (the "Owner") authorize, and they also take basic insurance in case of any untoward incident.

Using the same analogy, your valuable data is stored with the Cloud service provider, and he takes care of the physical and logical safety of the data, while giving a provision to you, on how you access it and to whom, do you give them access to.

But the real question is what the risks in this setup are and how can one overcome them.

a. Data Security Risks

Since your data is stored with the cloud service provider, the biggest risk is the confidentiality and integrity of your data. How does one ensure that the data of one customer is restricted only to them and not to others? Since most Cloud service providers use a public cloud model, this is of huge significance.

Cloud service providers work on a concept of multi-tenancy, where a single instance of a software application

serves multiple customers. Each customer is called a tenant. Tenants would be given the ability to customize some parts of the application, such as the color of the User Interface (UI) or business rules, but they cannot customize the application's code. One could imagine multiple tenants staying in the same building and still retaining their individual security and privacy.

This could be further strengthened by using additional methods of access restrictions such as IP-based restrictions, browser-based restrictions, device-based restrictions, geography/country/region-based restrictions, time-based restrictions, etc.

b. Regulatory Risks

Many of the statutes across the world have started mandating the data to be residing within the country or region. General Data Protection Regulations (GDPR), the Privacy law of Europe, for instance, mandates Personal information of EU Data Subjects to be stored within the EU region only. Similar requirements are in place in other countries. In India, for the banking financial services insurance (BFSI) sector, and securities market sector, similar requirements are in place.

The ideal control in this would be to check if data is hosted locally. Care should also be in mind to check where the Disaster recovery centers are hosted.

c. Backup Risk

The next biggest risk in the case of the Cloud is whether the data is adequately backed up? And if yes, what is the frequency of the data backup. Many times it happens that the data is backed up once a week or once a day. In those circumstances, it is important for organizations to understand if they are okay with such data loss. For example, if the daily backup schedule runs at 8 am every day, this means the next backup would take place on the following day at 8 am. In case of an attack or a failure of the IT Systems at 7.30 am the next day, data for the last 23.5 hours is lost!

The ideal control in these circumstances is to classify your

data and understand the implication. If organizations want zero data loss, such as the BFSI sector, the cloud service provider must perform a real-time backup.

d. Disaster Recovery Risk

What happens to the data if the user is unable to access the data? What if there is a power failure or system unavailability at the end of the Cloud service provider? Bear in mind that it is normally the responsibility of the Cloud service provider to ensure there is a disaster recovery system in place.

In the event of a disaster, the infrastructure and the data should be shifted to an alternative site if the primary location fails. It is recommended that the primary site and the disaster recovery site should be at alternative locations so that in the event of a disaster at the primary site, the disaster recovery center would still be safe to operate from.

e. Technology risks

Due to the constant evolution of technology, there is an underlying risk that the cloud service providers keep updating the infrastructure or the application. The question to ponder is, what is the implication of such technology upgrade on the organization's environment? Will such technological upgrades force organizations to also upgrade their underlying infrastructure or other dependent applications? How long can organizations resist such up-gradation sighting other operations challenges? The other aspect is to check the compatibility of applications whenever there is an upgrade in one or more cloud service providers.

f. Vendor Risk

Much of these Cloud solutions are driven by vendors. While the underlying concept of the cloud remains the same, each vendor builds the cloud infrastructure and application differently. This makes it challenging for you to port into another vendor if need be. But the bigger risks are what happens if these vendors run out of business and shut shop? What happens to your data?

In such cases, the cloud service provider and the customer enter into a tri-party escrow agreement where the source code is provided to the custodian who shall keep in safe custody and give it to the customer only in the event of the vendor running out of business or shutting shop.

g. Accountability Risks

Since the cloud works on a shared responsibility model, there are certain responsibilities on the cloud service provider vs certain responsibilities on the customer. Many times there is a lack of clarity in this. An illustrative case is mentioned below:

Responsibility	On-Prem	IaaS	PaaS	SaaS
Data classification and accountability risk	End-Customer	End-Customer	End-Customer	End-Customer
Client and endpoint risk		End-Customer	End-Customer	End-Customer & CSP
Identity and access risk		End-Customer	End-Customer & CSP	CSP
Application risk		End-Customer	CSP	CSP
Network risk		Customer & CSP	CSP	CSP
Hosting Risks		CSP	CSP	CSP
Infra Risk		CSP	CSP	CSP

This can be mitigated by only clearly defining the responsibility in each model and users at both ends clearly understanding the accountability.

Concluding Thoughts

Understanding cloud risks helps organizations to build the right type of controls to reduce the risk. While the cloud model has multiple advantages, the risks must be carefully addressed. As auditors, it is important that we understand these risks and assess the impact of these risks on the organization.

Authors can be reached at :
narasimhan@ken-co.in



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KEYWORD

11

Instructions

- From the given clues, find the words in connection with it.
- In each word so derived, the letter highlighted in color box should be noted.
- Such letters derived from each word helps in forming the final Key-Word

- A set of quality-control tools that businesses can use to eliminate defects and improve processes to help boost their profits (8)

□ I □ □ □ □ □

- When money is set aside money for a specific and particular purpose or purposes (13)

□ □ P □ □ □ □ □ □ □ □ □

- In this scenario ,the investor chooses the preservation of capital over the potential for a higher-than-average return (10)

□ □ □ K □ □ □ □ □ □

- A statistical measure of the dispersion of returns for a given security or market index (10)

□ □ □ □ □ □ □ □ T □

- The failure to make required interest or principal repayments on a debt, whether that debt is a loan or a security (7)

□ □ □ □ □ □ U □

- The gradual and incremental growth of assets and earnings due to business expansion, a company's internal growth, or a merger or acquisition (9)

□ □ □ □ T □ □ □ □

sudoku-23

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

GUESS THE KEY WORD

An intermediary agent that provides cash or financing to companies by purchasing their accounts receivables.

□ □ □ □ □ □

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

Answers to "Key Word 9" (June 2022)

- Anomaly, 2. Diversification, 3. Aggregation, 4. Exemption, 5. Custodian, 6. Escheat

Key Word : Trough

Credits: CA. Archana Sridhar



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ಆನ್‌ಡ್ರೋಮೆಡಾ

ನೇಲ್ಸ್ ಅಂಡ್ ಡಿಸ್ಟ್ರಿಬ್ಯೂಷನ್ ಪ್ರೈವೇಟ್ ಲಿಮಿಟೆಡ್



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