



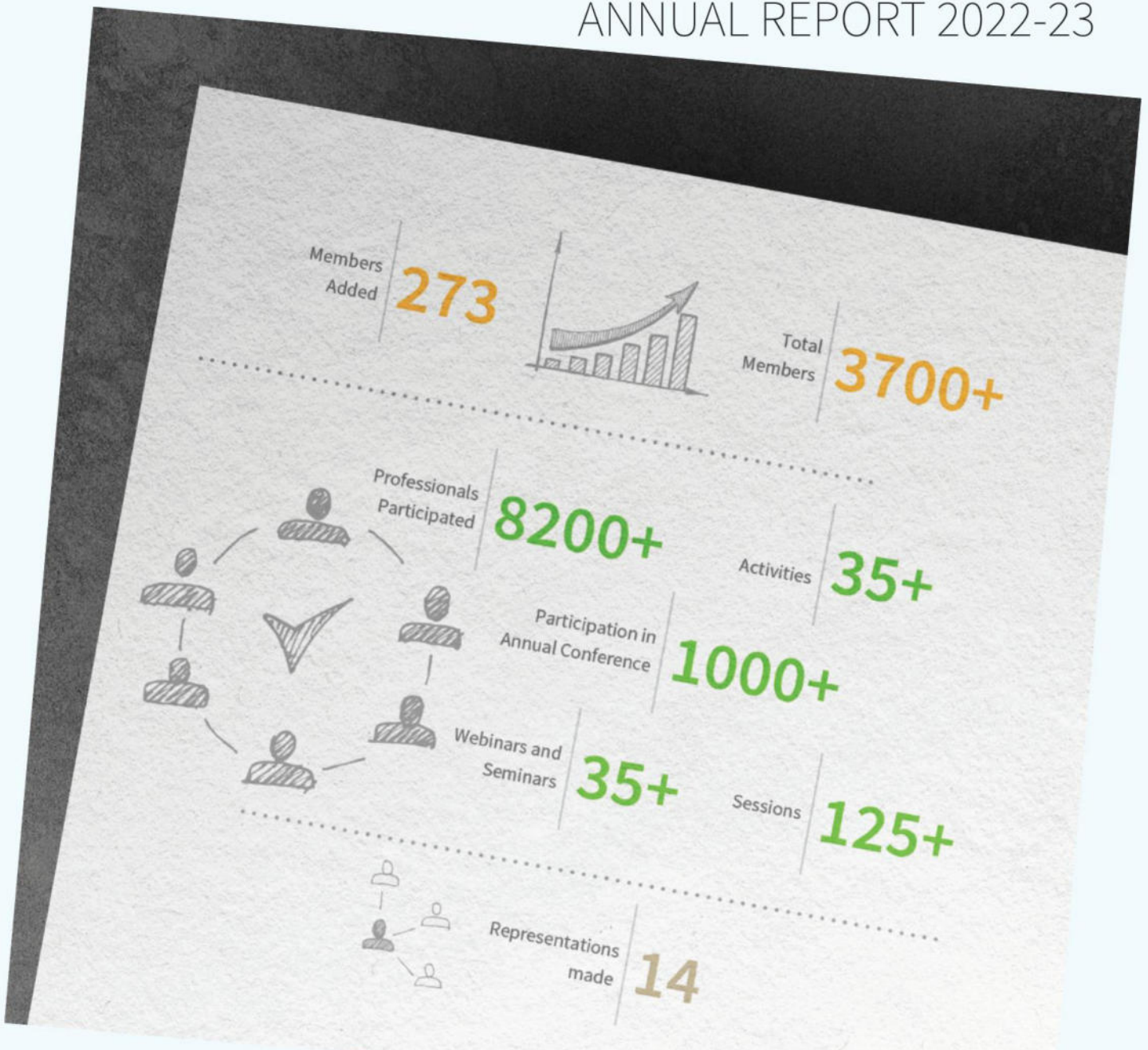
KSCAA[®]

NEWS BULLETIN

Karnataka State Chartered Accountants Association (R)



ANNUAL REPORT 2022-23



Dear Readers,



Its happy to share my monthly message with my beloved members once again.

Let me start by reflecting on the work this term has done for the past year and the current month's newsletter has synopsis and coverage of all the activity we have done during this period. The annual General Body meeting of KSCAA is scheduled on the 18th of August 2023 and we request members to participate in the process to guide, give feedback and suggest the committee in its journey. Feedback is an indispensable tool for an organisation through which course correction action can be taken.

The month of July to September is particularly busy for practicing chartered accountants in the area of compliance and controllership. With the increasing tightening of the noose by regulators, it casts severe responsibility on us to execute our job well. The new government has presented its budget and the welfare schemes are all across the places, the prominence of them is seen by the schemes which are announced by them. Fiscal discipline is particularly a challenge to a growing country and comes with its merits and demerits, the elasticity of these has to be tactfully and intelligently used.

The association had submitted a representation to the Department of Cooperative to defer the change in reporting format which was made applicable from FY 2022-23 and has been favourably accepted. The department has postponed the implementation of the same by a year. This has got huge relief to the cooperative which has already completed the audit and were put in inconvenience for change in the midst of the year. ICAI has formally announced and released the new scheme and there are ample changes which can impact the profession of CA. Some of the changes are done to keep the students abreast with the latest changes and the demand of unheard nature by the industry. The SMP practitioner also needs to keep pace against the stiff competition, the very nature of practice built around the articles itself is questioned. A simple

simulation of moving the articles out of the practice and considering the new talent would help us understand the financial impact we can have on these.

I also urge members to keep tab on some of the emerging trends happening in the world of technology, especially with AI getting closer to us, the trends on accounting is moving towards technology and before some of the desired become obsolete, it is easier and simpler to embrace them. Even the President of ICAI in his message put it "The advancements in technology and digital transformation like automation, artificial intelligence, and data analytics necessitate that the profession must equip itself with the requisite skills to navigate this evolving landscape. Technology can be used as a tool for decision-making activity, but it cannot be the decision maker itself. Collaborations of technology firms with academia can foster innovation and propel the profession forward. Diversification is need of the hour." I fully endorse the view of engaging technology and academia in practice.

In closing, I would like to thank you all for your continued support of KSCAA. I am grateful for your dedication and commitment to the association. I believe that by working together, we can continue to foster an environment that nurtures professional growth, promotes knowledge-sharing, and advances the accounting profession I am excited to see what the future holds for KSCAA. With your continued support, I am confident that we can continue to make a positive impact on the accounting profession and the state of Karnataka.

Happy Reading!

Yours' faithfully,

CA. Pramod Srihari

President

KSCAA®

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July 2023
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No. of Pages : 80

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KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

VISION

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

MISSION

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

MOTTO: KNOWLEDGE IS STRENGTH

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

Email: journal@kscaa.com | Website: www.kscaa.com

Disclaimer

The Karnataka State Chartered Accountants Association does not accept any responsibility for the opinions, views, statements, results published in this News Bulletin. The opinions, views, statements, results are those of the authors/contributors and do not necessarily reflect the views of the Association.

INCOME TAX UPDATES

JUDICIAL UPDATES

ITAT

1. No set-off by way of tax credit is allowable u/s 115JAA in respect of surcharge & cess paid on MAT u/s 115JB. (*Kerala Feeds Ltd. v. ACIT*) [2023] 152 *taxmann.com* 157 (*Cochin - Trib.*).
2. Deduction under section 36(1)(va) in respect of delayed deposit of amount collected towards employees' contribution to PF cannot be claimed even though deposited within due date of filing of return. (*Microview Infosystems (P.) Ltd. v. DCIT*) (151 *taxmann.com* 531 (*Kolkata - Trib.*)).
3. Income earned from sale of RECs/ESCs (carbon credits) is a capital receipt and not business income. (*Satia Industries Ltd. v. NFAC*) (151 *taxmann.com* 358 (*Amritsar - Trib.*)).
4. Where sale of property belonging to HUF was shown in books of HUF and capital gains on said sale was offered to tax in hands of assessee HUF but TDS deduction was reflected in 26AS of individual Anand as buyer deducted tax in his name for reason that he was registered owner of properties and an affidavit of Anand along with PAN number was filed to substantiate that TDS was not claimed in Anand's return of income, A.O. cannot deny credit of TDS in assessee's name when corresponding capital gain on said transaction was taxed in assessee HUF's name. (*Anant Singhania HUF v. ITO*) (151 *taxmann.com* 389 (*Mumbai - Trib.*)).
3. *Another v. Swami Omkarananda Saraswati Charitable Trust* (453 ITR 245 (All))
3. Application for Lower Deduction Certificate for NIL withholding of tax at source payment under distributor agreement and where the AO issued certificate @ 9.99% without considering the SC judgement of Engineering Analysis Centre of Excellence P. Ltd. v. CIT (432 ITR 471) (SC) resulting in non-application of mind and directed to reconsider the application in the ratio of the decision. (*Milestone Systems A/s v. DCIT*) (453 ITR 250)(Del).
4. Where an order has been issued by a specified authority for issue of notice u/s 148A(d) with some typographical errors will not invalidate the notice. (*V.S. Dhandapani and Son v. ITO & Another*) (453 ITR 277)(Mad).
5. CA firm can't invoke MSMED Act where only part of the amount billed is determined & paid by CCIT/CIT as remuneration for special audit u/s 142(2A). (*PCIT v. Micro & Small Enterprises Facilitation Council*) (152 *taxmann.com* 177 (Delhi)).

Supreme Court

1. Write-off of loss on account of investment made in assessee's subsidiary abroad where investment were made out of commercial expediency is justified. (*PCIT v. Vaibhav Global Ltd.*) (453 ITR 42) (*Rajasthan HC - Jaipur Bench*).
2. Where benefits under section 11 & 12 was granted consistently and where there is no change of law or facts, then department cannot take different view without convincing reason. To allow department to reargue decided issues solely because each assessment year is a separate unit for which fresh assessment order is to be passed would make a mockery of judicial decision making. (*CIT(E)*)
1. Mechanical way of recording satisfaction just by giving 'Yes, I am satisfied' by the Joint Commissioner was clearly unsustainable to reopen the assessment u/s 148. (*CIT v. S.Goyanka Lime and Chemical Ltd*) (453 ITR 242).
2. Where appellant-assessee carried on business as carriage contractor for bitumen and assessee was involved in scam of misappropriating the bitumen and not delivering the quantity lifted to the various Divisions of the Road Construction Department of the Government of Bihar, the position of the assessee is that of a thief and a thief cannot be said to be 'owner' within the meaning of section 69A. (*D.S.Singh v. CIT*) (CIVIL APPEAL NO(S).3738-3739 OF 2023).
3. Besides the term 'Valuable article' u/s 69A means only such precious and aspirational articles like bullion & jewellery which are capable of being repositories of hidden earnings, not common place stuff like bitumen. (*D.S.Singh v. CIT*) (CIVIL APPEAL NO(S).3738-3739 OF 2023).

- SLP dismissed against impugned order of High Court that where no incriminatory material was found during search operations pertaining to relevant assessment year in question, Assessing Officer could not have proceeded to frame assessment under section 153A. (*PCIT v. S.S.Con Build (P) Ltd*)(151 taxmann.com 317).

From CBDT

- Condonation of delay in filing refund claim and claim of carry forward of losses under section 119(2)(B) Of The Income-Tax Act, 1961. (*Circular no. 7/2023, dated 31.05.2023*).
- Revision of exceptions to monetary limits for filing appeals deferred under provisions of section 158AB. (*Circular no. 8/2023, dated 31.05.2023*)
- In exercise of the powers conferred by section 245Q, read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes amends rule 44E and 44F of Income-tax Rules, 1962. (*Notification. No. 37/2023, dated 12.06.2023*)
- CBDT notifies CII for FY 2023-24 as 348. (*Notification no. 39/2023, dated 23.06.2023*)
- CBDT has notified officers to facilitate the conduct of E-Appeal proceedings for appealable orders before the JCIT(A), E-Appeal Scheme under section 246. (*Notification no. 40/2023, dated 14.06.2023*).
- CBDT has notifies rule 21AGA and form 10-IEA in exercise of option under sub-section (6) of section 115BAC. (*Notification No. 43/2023, dated 21.06.2023*)
- Central Government hereby notifies tolerance limit under 3rd proviso to sub-section (2) of section 92C for AY 2023-24. (*Notification No. 46/2023, dated 26.06.2023*)
- Government gives more time for implementation of revised TCS rates and for inclusion of credit card payments in LRS. Further change in rate of TCS for all purposes under LRS and for overseas travel tour packages, regardless of mode of payment, for amounts up to rs. 7 lakh per individual per annum. (*Press release dated 28.06.2023*)
- Extension of time limits for submission of first quarter TDS/TCS statements. (*Circular no. 9/2023, dated 28.06.2023*).

- Circular to remove difficulty in implementation of changes relating to tax collection at source (TCS) on liberalised remittance scheme (LRS) and on purchase of overseas tour program package. (*Circular no. 10/2023, dated 30.06.2023*)

Solution to Sudoku - 34 June 2023

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

YAKTOON



By CA. Vinayak Pai

Issues with related parties, multiplicity of regulators and the present scenario... Well **KYC**...Know Your Customer...**KYM**...Know Your Member is all fine....For statutory audits, we may also **now need KYRs**...**Know Your Relatives**...**Know Your Regulators** and importantly **KYF**...**Know Your Future**

INDIRECT TAX UPDATES



CA. Sowmya C A

In continuation of the Special All-India Drive against fake registrations, the GST department, to further monitor and control fake registrations, have issued guidelines for processing of applications for fresh registrations by strengthening the process of scrutiny/verification of registration applications. The government has noticed an increase in fraudulent activities related to fake GST registrations and the issuance of bogus invoices for fraudulent input tax credit claim. The guidelines emphasize thorough examination of documents, cross-verification of information, and risk rating analysis. The proper officers are instructed to issue notices for deficiencies, seek clarifications, and conduct physical verifications when necessary. The guidelines also emphasize timely processing of applications and taking strict action against negligence. Additionally, cases approved on a deemed basis or with high-risk ratings are to be subjected to post-registration physical verifications. The guidelines requires a close supervision by the Principal Chief Commissioner/Chief Commissioner to ensure efficient processing and remedial actions, if necessary.

The DGFT amnesty scheme notified with respect to Export Promotion Capital Goods scheme and Advance Authorization, had provided the last date of the application being 30 June 2023, this has been further extended upto 31 Dec 2023 with option to pay the default duty amount with interest by 31 Mar 2024. The month Jun-23 has been eventful which witnessed both GST & DGFT amnesty schemes applications for one-time regularization of defaults in the filing of the Annual returns and EPCG/AA schemes.,

GST has just completed 6 years of its implementation. We march forward with more automation in GST common portal with respect to return filing, online facility for several other functions and advancement of its analytical capabilities. With this, recent notifications issued and judicial pronouncements are included in this issue for an interesting read.

Recent GST Notifications / Advisories:

- ◆ **Online Compliance Pertaining to Liability / Difference appearing in R1 - R3B (DRC-01B)**

Further to the introduction of Rule 88C in the 48th GST Council Meeting held on 17 Dec 2022 requiring Taxpayer to explain difference beyond a certain threshold in outward supplies reported in GSTR1 and GSTR3B, the GSTN portal has now enabled this functionality on the common portal through a pre-defined and pre-configured difference threshold between GSTR-1 & 3B return to be intimated to the registered person in DRC-01B Part A. Reply in Part B is to be made providing clarification through automated dropdown provided in the online form OR details of tax paid in DRC3 to be furnished upon admission of liability.

It is pertinent to note that if notice is not replied to the satisfaction of the officer within 7 days of the issuance of notice, subsequent GSTR1/IFF will not be allowed to be filed. This may also trigger initiation of recovery proceedings under sec. 79 of the CGST Act. The taxpayer can navigate the intimation on the GST portal following the below path **Services >> Returns >> Return Compliance >> Liability Mismatch DRC 01B**.

(GSTN update dated 29 Jun 2023)

- ◆ **2- Factor Authentication mandatory from 15 Jul 2023 for taxpayers with Aggregate Average Turnover of more than 100 Crs. for e-Way Bill and e- Invoice System**

To enhance the security of e-Way Bill/e-Invoice System, NIC will make mandatory 2- Factor Authentication for logging in to e-Way Bill/e-Invoice system. In addition to username and password, OTP will also be authenticated for login.

(GSTN update dated 19 Jun 2023)

- ◆ **Taxpayers with AATO between Rs. 5 Crore to Rs. 10 Crore are enabled for e-Invoicing:**

Pursuant to Notfn. 10/2023 dated 10 May 2023, e-Invoicing becoming mandatory effective 01 Aug 2023 for all businesses with aggregate annual turnover exceeding Rs. 5 crore in any preceding financial year from 2017-18, the e-Invoice portal has been enabled for the preparation and registration of invoices for this group of taxpayers. Further, e-Invoice APIs are also enabled for registration for direct access through the ERP system. Sandbox testing facility is made available in the IRP portals for familiarizing and seamless transition to the e-Invoice system.

(GSTN update dated 03 Jun 2023)

Legal Updates:

- ◆ **Where there is no detailed adjudication order, as required under section 73(9) of the CGST Act, whether demand is valid only on the basis of Order issued in Form DRC-07 issued as per rule 142(5) of the CGST Rules?**

The petitioner is primarily engaged in the business of trading of ferrous waste and scrap, and is registered under the provisions of the CGST Act. The petitioner received a recovery notice with demand for tax, interest and penalty. Upon enquiry, certified copy of DRC-07 was given to the appellant.

Since Form DRC-07 is only a summary order appellant requested authorities to provide a copy of the detailed order and the show cause notice as soon as possible, however, no copy of the detailed order and the show-cause notice were provided to the petitioner. The petitioner filed an appeal against the summary order issued in DRC-07 which was dismissed by the first appellate authority. Writ application was filed before the High Court of Jharkhand. It was the contention of the petitioner that order was passed without providing detailed order and that the show cause notice in DRC1 alone was served without detailed SCN as prescribed under section 73 of the CGST Act, which is not valid. The matter was heard and was held that when no detailed adjudication order, as required under Section 73 (9) of CGST Act, has been passed or issued to the Petitioner, the Petitioner is not liable to pay any tax, interest or penalty only on the basis of the said Form DRC-07.

Consequently, the court directed to quash the order of the first appellate authority and the order passed in DRC7 and further also set aside the recovery proceedings.

(M/s. Shree Ram Agrotech Versus The State Of Jharkhand, The Deputy Commissioner Of State Tax-2023 (6) Tmi 832 - Jharkhand High Court)

- ◆ **Whether any deposit of disputed tax amount is a pre-requisite to anticipatory bail application when investigation is not complete, and liability not determined?**

This appeal arises out of judgment and order dated 22.09.2022 passed by High Court of Uttarakhand at Nainital rejecting the anticipatory bail of the appellant in connection with summons dated 12.05.2022 and 20.05.2022 issued by Deputy Commissioner State GST Dehradun under Section 70.

It was the stand of the respondent that deposit of atleast 50% of the disputed tax needs to be made for sanction of the anticipatory bail.

It was appellant submission that anticipatory bail is required since Section 132(i)(iii) of the CGST Act prescribes punishment for a term which may extend to one year and the entire case is based on documentary evidence and other electronic evidence which are available on record. Thus the appellant is not required for any custodial interrogation. Further, since there is no final determination of tax being made, no legal liability arises to deposit any tax.

The matter was heard and the apex court following the ruling given in its earlier judgment and orders viz. **Criminal Appeal No. 186/2023, Subhash Chouhan Vs. Union of India and in Criminal Appeal No. 523/2023, Anantbhai Ashokbhai Shah Vs. State of Gujarat & Ors.,** had set aside order imposing condition of deposit for grant of bail. In view these judgements and liability not confirmed, the apex body held that appellant is entitled to be granted anticipatory bail without imposing any condition

(Rajesh Kumar Dudani Versus The State Of Uttarakhand & Anr. 2023 (3) Tmi 682 - SC Order)

- ◆ **Maintainability of petition with respect to provisional attachment of cash credit account – on account of relegation of remedy provided under Rule 159(5) of CGST Rules, 2017 ?**

The cash-credit limit is a facility provided by the bank to its customers to use and utilize the money and if such facility availed of, it would attract the interest to be charged for the same so utilized. It was the contention of the appellant that Cash Credit account

is not a debt and cannot be subjected to provisional attachment. However, it was the contention of the department that Cash-credit facility is also a bank account issued by the bank in favour of the appellant wherefrom the appellant is using credit facility for the purpose of his business. It is found from the record of the case that even the petitioner had been paying GST from the said cash-credit account. Further, power to provisionally attach bank account is prescribed under sec. 83 of the CGST Act. The court heard the matter but the appeal was rejected on account of Rule 159(5) of the CGST Rules where specific remedy was made available within the statute itself.

Subsequently an intra-court appeal for reconsideration of the application was made and the matter was heard. It was stated that Court has accepted the legal position which has been settled by various decisions viz Jugal Kishore Das Vs. Union of India reported in 2013 SCC Online Cal 19941 and Gujarat High Court reported in 2022 (64) GSTL 482 (Guj). wherein it was held that Cash Credit facility is not a debt and hence cannot be attached; Further, the court also opined that no useful purpose will be served by relegation of the matter where power of provisional attachment was inapplicable to cash credit account and the appeal was allowed.

(J.L. Enterprises Versus Assistant Commissioner, State Tax, Ballygunge Charge & Ors. 2023 (6) Tmi 945 - Calcutta High Court)

- ◆ **Whether ITC availed by recipient can be rejected solely because supplier's registration was cancelled retrospectively?**

M/s. Gargo Traders (the petitioner) was denied input tax credit on the purchases made from M/s. Global Bitumen (the supplier) on the grounds that the supplier registration had been cancelled retrospectively. A writ petition was filed before the Calcutta high court, being aggrieved by the order passed by Joint Commissioner, State Tax, West Bengal, Siliguri Circle dated 13 Apr 2022 wherein appeal was rejected in this regard. The petitioner through an affidavit filed before the court, tax invoice cum challan, e-way bill reflecting the purchase from the supplier, and extract of bank statement evidencing payment for the same.

It was the contention of the respondents that the supplier was found to be fraudulent and registration was cancelled retrospectively and the petitioner

had not verified the genuineness of the supplier beforehand and therefore such claim was to be rejected.

The matter was heard and the court observed that the petitioner's ITC cannot be denied only because the registration of the supplier of the petitioner was cancelled retrospectively. Further, the petitioner had checked the government portal to ensure that the supplier was a registered taxable person and paid the amount for purchased articles and tax to the supplier through the bank. The court placed reliance of judgement of high court in M/s. LGW Industries Limited [2021 (12) TMI 834 - Calcutta High Court] and directed quashing of the order and further directed Department to consider grievance of petitioner afresh by taking into consideration of documents which petitioner intends to rely in support of said claim.

(M/s. Gargo Traders Versus The Joint Commissioner, Commercial Taxes (State Tax) & Ors. - 2023 (6) Tmi 533 - Calcutta High Court)

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SUDOKU-35

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CANCELLATION OF REGISTRATION VS INPUT TAX CREDIT UNDER GST LAW



CA Annapurna Kabra

- ◆ The pre-requirement to avail input tax credit is to be “**registered person**” under the GST law. The persons carrying the regular business cannot claim the input tax credit before the date of obtaining the registration. Section 16 states that every registered person is entitled to take the credit of input tax charged on any inward supply of goods or services or both subject to the conditions.... The Author considers in the following paras, the impact on input tax credit in case of cancellation of registration under section 29(2) of registered person or the impact of input tax credit to the recipient in case of cancellation of registration of supplier under the GST law.
- ◆ **Section 29(2)** of the CGST Act, 2017 prescribes the circumstances for cancellation of registration of a registered person by the proper officer which are as follows:
 - ▶ Where the registered person has contravened such provisions of the Act, or the rules made thereunder as may be prescribed or
 - ▶ A person paying tax under composition has not furnished the return for a financial year beyond three months from the due date of furnishing the said return or
 - ▶ Any registered person has not furnished returns for such continuous tax period as may be prescribed or
 - ▶ Any person who has taken voluntary registration has not commenced business within six months from the date of registration or
 - ▶ Registration has been obtained by means of fraud, wilful misstatement, or suppression of facts.
- ◆ **Rule 21. Registration to be cancelled in certain cases** – The registration granted to a person is liable to be cancelled, if the said person,
 - (a) does not conduct any business from the declared place of business; or
 - (b) issues invoice or bill without supply of goods or services 2[or both] in violation of the provisions of this Act, or the rules made thereunder; or
 - (c) violates the provisions of section 171 of the Act or the rules made thereunder.
 - (d) violates the provision of rule 10A
 - (e) avails input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder; or
 - (f) furnishes the details of outward supplies in **FORM GSTR-1** under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods; or
 - (g) violates the provision of rule 86B.
 - (h) being a registered person required to file return under subsection (1) of section 39 for each month or part thereof, has not furnished returns for a continuous period of six months;
 - (i) being a registered person required to file return under proviso to subsection (1) of section 39 for each quarter or part thereof, has not furnished returns for a continuous period of two tax periods.
- ◆ The proper officer shall not cancel the registration without giving the person an opportunity of being heard. The registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in the prescribed manner within ninety days (including extended days) from the date of service of the cancellation order (Section 30). Therefore, unless the registration is restored, the taxable person will not be able to collect the taxes nor will be able to claim the input tax credit during such changeover period.

- ◆ If the registration is cancelled for non-filing of returns under section 29(2) ..., then the taxable person should file the pending returns to avail the opportunity of revocation of registration where registration is cancelled from the retrospective date and the input tax credit can be claimed by the taxable person (the time limit may be beyond the time specified under section 16(4)).
- ◆ The Hon'ble Rajasthan High Court in M/s R.K. Jewellers v. Union of India [D.B. CWP No. 4236 of 2023 dated April 26, 2023, has held that when the cancellation of registration is affected for non-filing of GST return, the registration can be revoked, and the taxpayer can claim input tax credit. The taxpayer is entitled to lodge its claim for availment of Input tax credit in respect of period from cancellation till the GST registration is revoked. Therefore, the taxpayer can claim the credit once the registration is restored under the GST law.
- ◆ In case when the registration is cancelled under section 29(2), the taxable persons may not be able to charge the taxes from the buyer even though there is supply of goods or services. The proper officer may reject the revocation application against which the matter may be appealed to the higher authority. Therefore, till the matter attains the finality, the taxpayers are not able to collect the taxes from the buyers nor they are eligible for input tax credit till the registration is revoked of such taxable person.
- ◆ Even in the case when supplier registration is cancelled, the restrictions are imposed on the recipients for availment of input tax credit by the assessing authorities. It is held in case of Gargo Traders Vs Joint Commissioner, Commercial Taxes (WPA No 1009 of 2022 dated June 12, 2023) that the input tax credit to the recipient cannot be denied if the supplier becomes non-existent or their registration is retrospectively cancelled.
- ◆ In case of Sanchit Kundu and Anr Vs Assistant Commissioner of state taxes (Calcutta High Court) WPA 7232 of 2022 wherein it is held that if the recipient has paid the payment before the supplier GST registration got cancelled, then the benefit of input tax credit should be given to the recipient. Therefore, when the supplier had a valid registration at the time of transaction, the recipient could not be blamed for any discrepancy on the part of the supplier.
- ◆ In case of Brighter star plastics industries Vs Additional commissioner of sales tax (Appeal) 2022 (57) G.S.T.L. 226 (Ori.) wherein the recipient neither had knowledge of non-existence of selling dealer or neither had intention to defraud revenue by availing Input tax credit wrongfully. It was directed to restore the registration of the recipient and benefit of input tax credit can be availed accordingly.
- ◆ The amnesty scheme may get extended for revocation of registration till 31st August 2023 subject to conditions as specified and taxpayers can undertake advantage of such extension. And the buyers/recipients whose input tax credit is under litigation due to cancellation of the supplier's registration with retrospective effect must follow with the suppliers to avail the input tax credit. The input tax credit cannot be denied to genuine buyer in case GST registration of supplier is cancelled retrospectively.

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**KSCAA Welcomes New Members
May and June 2023**

Sl. No.	Name	Place
1	Priya B	Bengaluru
2	Chethan Krishnarajanagar Ramakrishna	Mysuru
3	Rakshith	Bengaluru
4	IVSS Raju	Bengaluru
5	Swapnil	Bengaluru
6	Madeswaran K	Bengaluru
7	Prashant Jain	Bengaluru
8	Harsha V Guttal	Bengaluru
9	L Sree Nithya	Bengaluru
10	Prashanth K N	Bengaluru
11	Vishwas Surana	Bengaluru
12	C S Sai Swarup	Bengaluru
13	Shree Raksha K N	Bengaluru
14	Ravi Kaneria	Bengaluru
15	Harshith D Jain	Bengaluru

INTERMEDIARY SERVICES REMAIN IN LIMBO



CA. Madhukar N Hiregange



CA. Akshay M Hiregange

Spanning from the Service Tax period to the GST regime, the taxability of Intermediary services has always had divergent views. Intermediaries rule was the default – recipient based in service tax as is the common practice across the world in place of supply. In 2014 the CBEC took a “U-turn” based on some overzealous officer which was not having tax neutrality with other countries. GST continued the confusion. In this article we understand the implications of the larger bench decision of Dharmendra M. Jani in the Hon’ble Bombay High Court and the way forward for such service providers.

Provisions under focus

1. Section 13(8)(b) IGST Act – Place of supply is location of supplier of service.
2. Section 7(5)(a) IGST Act – Inter-State Supply transaction - when the supplier is located in India and the place of supply is outside India.
3. Section 8(2) IGST Act - Intra-State Supply transaction - Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply.
4. Section 2(6) – ‘Export of Service’ definition – Supplier being within India, Recipient being outside India and the place of supply of service is outside India, etc.

The issue is raised on the fact that by way of reading Section 2(6) & 7 of IGST Act the transaction is an inter-State supply, but due to section 13(8)(b) it is being colored as an intra-State supply thereby attracting tax.

In 2021 one Judge held the provisions to be ultra-vires, however another Judge dissented which led to this larger bench decision.

Findings on recent HC ruling

- ◆ The High Court is inclined to read the provisions harmoniously so that they work. They acknowledge there is a dichotomy. The intention of the provisions cannot be to generate disputes and litigation but to have a smooth and definite flow under a robust taxing system. They finally consider the transaction to be an inter-State supply.
- ◆ Petitioner prays that sec 13(8)(b) of IGST Act cannot be read into CGST Act or State GST Act by implicitly making export of services taxable. The High Court finds that section 13(8)(b) and Section 8(2) of IGST Act are constitutionally valid.
- ◆ The taxation of intermediary services is extra-territorial in nature is unacceptable due to Article 245(2) of the Constitution of India considering sec 13(8)(b) is an inter-State supply.
- ◆ Section 13(8)(b) and 8(2) of IGST Act are not violative of Article 14, 19(1)(g), 245, 246, 246A, 265, 269A and 286 of the Constitution of India. Section 13(8)(b) must operate in the confines of the IGST Act only and must not be deemed to have an application under CGST & State GST law.
- ◆ “Department-Related Parliamentary Standing Committee On Commerce” in its 139th Report on GST made an observation that place of supply against intermediary services must be under residuary clause of section 13(2) of IGST Act to enable export of services and bring about global parity. The High Court observed that this would have been considered by the Parliament.
- ◆ Material Recycling Associations of India – Guj HC decided intermediary services to attract CGST & SGST. This decision was concluded to not being identical and would not support the Revenue’s stand.

Difference in Opinion

The Hon'ble High Court considers the transaction to be an export of service which is a supply in the course of inter-State trade or commerce. This is not in line with the provision of export of service which requires the place of supply to be outside India, wherein, under Sec 13(8)(b) the place of supply is the location of the service provider.

Several countries such as Thailand, Sri Lanka, European Union have given effect to the destination-based taxation leading to an export of service and avoiding double taxation.

Many businesses have shifted base out of India to avoid additional taxes which is in-turn impacting our international competitiveness & CFE.

Way Forward – Intermediary services

The issue on validity is more or less argued and dealt with.

Although, for those persons who were paying taxes under CGST & SGST need not pay IGST against their past transactions.

Section 77(1) of CGST Act read with Section 19(2) of IGST Act, informs that where CGST & SGST has been paid inadvertently on a transaction considered to be an intra-State supply, but was an inter-State supply attracting IGST, the refund of tax wrongly paid will be provided once correct IGST taxes are paid. Interest would not apply in such scenarios.

It can further be interpreted that only once it is held (by way of notice/dept. audit) to fall into such a scenario by the department does the payment and refund need to be processed.

Considering that this would now move into the domain of the Supreme Court, and there is no interest cost implication, taxpayers may await such final decision before taking action.

Those who have not paid on intermediary service may do so under protest after consulting with an expert providing specific details.

Anticipated changes in the GST law (author's view):

- ◆ Omit section 13(8)(b) and link it to residuary provision, i.e. section 13(2) of IGST Act

- ◆ Provide a notification under section 13(13) of IGST Act to prevent double taxation (tax in India as well as in the foreign country) by treating place of supply to be recipient location.

Principal-to-Principal basis services

Services provided on a principal basis and not as an intermediary would not fall under such category of services and are export of services covered under section 13(2) of the IGST Act and not section 13(8)(b).

CBIC Circular 159/15/2021-GST dated 20th September 2021 also provides clarification on the characteristics of intermediary services and the differences when services are supplied on own account or on sub-contract basis.

- ◆ Some useful case laws for such scenarios:
- ◆ McDonald's India Pvt Ltd – Delhi HC - W.P.(C) 11430/2022
- ◆ Ernst and Young Ltd – Delhi HC - W.P.(C) 8600/2022
- ◆ Universal Services India Pvt Ltd 2016 (42) STR 585
- ◆ GoDaddy India Web Services Pvt Ltd 2016 (46) STR 806

Conclusion

The High Court decision appears to have got some confusion based on the manner in which the conclusion was drawn. Although, it would be pre-mature to make any business decisions based on the same and one may await the Supreme Court ruling and follow best practices as mentioned in paragraphs (above).

Also, classification of services is key and contract structuring vis-à-vis actual service must be appropriately done keeping in mind tax provisions.

Message by CA Madhukar N Hiregange: This is my last JOINT article for KSCAA after contributing for 2 decades in IDT. Acknowledge the love & affection of the members & readers.

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GRADING / RATING OF PROJECTS AND PROMOTERS UNDER RERA, 2016 REQUIREMENT AND NEED



CA. Vinay Thyagaraj

One of the objectives of The Real Estate (Regulation and Development) Act, 2016, is to protect the interest of home buyers, increase investments in the sector. The Act mandates the establishment of a real estate regulatory authority (RERA) in every state for the regulation and promotion of the real estate sector. The RERA drives for efficient and transparent sale of plots, apartments, buildings and other projects. It is mandated to safeguard the interest of buyers and to establish an adjudicating mechanism for speedy dispute redressal. Also, an appellate tribunal would be set up to hear appeals from the decisions, directions, or orders of itself and the adjudicating officer and for related matters.

One of the functions of the RERA Authority with respect to promotion of real estate sector as per envisaged under section 32(f) of the Act reads as follows -

measures to encourage grading of projects on various parameters of development including grading of promoters;

Real estate is an industry with a wide range of distinctions based on regional and economic dynamics, which often complicates the home buyers on what basis they have to choose, prioritize and invest.

Real estate grading or rating provides a state/city/region-specific assessment of the quality of real estate projects based on defined criteria and benchmarks. Thus, it helps home buyers to identify and make informed decisions. Grading or rating of projects addresses two major needs in the real estate sector – enhanced transparency and specific benchmarking of projects.

Advantages to developers -

1. Elevates the positive points of the project when compared to other projects in the same locality and in a way strengthens promoter corporate branding.
2. Helps in raising finance from banks, financial institutions or investors
3. Helps in knowing the potential pricing and increase or decrease based on the grade or rating

4. The grading system will incentivize developers to maintain their standards and deliver projects on time as promised.
5. Promoters with higher grades will have a competitive edge in the real estate market, thereby promoting healthy competition and encouraging other promoters to improve their practices.
6. Aims at improving the overall efficiency, effectiveness, customer satisfaction in order to get better grading or rating

Advantages to buyers

1. Helps in decision making through comparison of various projects in a specific locality or city
2. Availability of data while comparison based on various parameters, It will provide them with an authentic and standardized measure to assess the quality and reliability of their chosen projects.
3. Availability of progressive information on the project with RERA authorities. RERA will collect the information and documents submitted by promoters for registration of their project, quarterly updates, audit certificates, professional certifications and analyze them based on the set parameters.

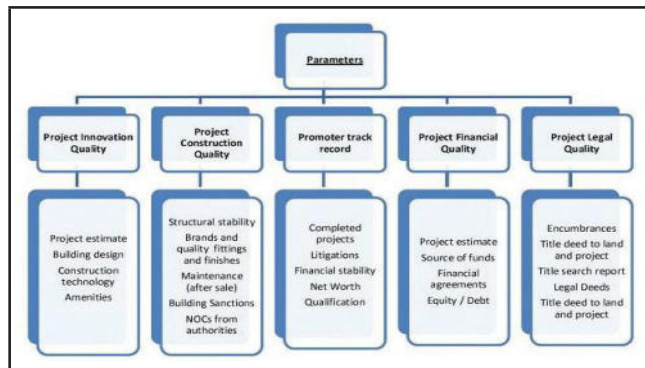
Other advantages

1. One more tool for the Lenders or investors while extending the financial support
2. Project specific grading or rating gives deep insight rather entity level grading
3. Grading or rating will be assigned and the project would be under surveillance throughout its tenure.
4. Grading of real estate projects and promoters shall be based on past track record and present performance.
5. The grading system will not only enhance consumer confidence but also promote fair practices and boost the overall credibility of the real estate sector

In this direction UP RERA has prepared and published the concept note in year 2020, MahaRERA has prepared a consultation paper on framework for Grading of real estate project and invited the suggestions, comments and inputs from the stakeholders before 15th July 2023 (https://maharera.maharashtra.gov.in/sites/default/files/Orders_and_circulars/109.pdf)

Under the new grading system, real estate projects will be evaluated based on various parameters such as construction quality, adherence to timelines, financial stability, legal compliance, and customer satisfaction. Similarly, developers will be assessed on factors such as track record, financial strength, delivery capabilities, and customer service.

The grading may be done on a scale of one to five stars, with five stars indicating the highest level of excellence and reliability. It is important for home buyers to know that grading / rating is not a guarantee that there will be no problem. Home buyers should do their own assessment at their level and consult the professionals before investment



Some of the Specific parameters based on the information filed by the promoter's time to time

1. Compliance with Quarterly Updates Reports (QPR) uploads
2. Timely upload of Annual Audit of accounts of the project
3. RERA Designated bank account compliance
4. Timely obtaining of completion certificate/ occupancy certificate
5. Delivery as per end date specified in RERA registration
6. End date extension sought, if any
7. Handing over to association and transfer of corpus funds

8. Number of Complaints by the Allottees
9. Allottees and Association satisfaction
10. Adherence to the orders passed by Authority or Adjudicating officer
11. Movement in booking / sale of unit's quarter on quarter
12. Any other details

Conclusion – the progressive / performance-based grading of projects and promoters will not only reinstate the faith of all stake holders (esp., homebuyers) but also make the system proactive and consumer-friendly. It benefits both the projects and the promoters, as the grading will build a positive perception in the real estate sector, which is the need of the hour.

*Author can be reached at :
vinay@vrv.ca*

KSCAA REPRESENTATIONS

1. Representation on challenges faced in registering Firms
2. Representation on challenges faced in obtaining a Packing Registration from the Department of Legal Metrology.
3. Problems faced by the CAs doing Co-operative Audit with regard to implementation of Model Financial Statements.
4. Challenges faced in obtaining registration under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976

For full text of above representations,
please visit : www.kscaa.com



Since 1957

KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)

ANNUAL REPORT 2022-23



AGM Notice

Notice is hereby given to the members of the Karnataka State Chartered Accountants Association (R) for the Fiftieth Annual General Body Meeting of the Association scheduled at 4.00 pm on Friday, the 18th August 2023, at Maple Hall, Pai Vista, No. 3, 27th Cross, K R Road, Opp. Sevakshetra Hospital, Near Monotype, Banashankari 2nd Stage, Bengaluru 560070, Karnataka to transact the following business:

AGENDA

1. To confirm the proceedings of the Forty Ninth Annual General Meeting held on 25th August 2022.
2. To consider and adopt the Annual Report of the Executive Committee for the year.
3. To consider and approve the audited accounts for the year ended 31st March 2023.
4. To appoint the auditors for the year 2023-24 and fix their remuneration.
5. To elect thirteen members to the Executive Committee for the year 2023-24.
6. To transact any other business for which a special notice is given under Rule 16(e) of the Rules and Regulations of the association.

Place: Bengaluru
Date: 10 July 2023

By order of the Executive Committee
Sd/-
CA. Vijaykumar M Patel
Secretary

**NOTES:**

- i. Members who wish to send their nominations for the Executive Committee are required to submit the duly filled Nomination Form 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 Friday, 4th August, 2023
- iii. Last date for withdrawal of the nominations: Before 5.00 pm on Tuesday, 8th August, 2023
- iv. Announcement of final list of candidates contesting for election: At 6.00 pm on Tuesday, 8th August, 2023
- 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.

Auditors Appointment :

The present auditors M/s. Hegde Hegde & Associates LLP, Chartered Accountants, Bengaluru, retire at the ensuing Annual General Meeting and have expressed their willingness to continue as auditors for the ensuing year.

Leadership through the decades

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 (Late)	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

roll of honour



TERM	PRESIDENT	SECRETARY
1994-95	CA. M Goutham Prakash Khariwal	CA. K Ravi
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 Murugesh (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
2022-23	CA. Pramod Srihari	CA. Vijaykumar M Patel

President & Secretary's Message

Dear Members,

We would like to take this opportunity to convey our message and reflect on the events of the past term. As we look back, there were several significant moments and achievements worth celebrating. Although some of these may overlap with the points we highlighted in our messages of Monthly News Bulletins, it is important to reiterate their importance as some of the events are worth expressing again.

The term started with the theme 'Create and Complement'. The idea was to create innumerable opportunities for members with programs, hands-on training and real value addition. The Committee appreciated that Association's role must be segregated from being pure knowledge-oriented and help members achieve success taking the value from those who have succeeded. With this background, we have done 22 programs during the period on technical subjects, 15 to help bond & network among members and 5 activities were done for the general welfare. First and foremost, I am pleased that our Association has grown stronger with the addition of 273 new members. It is heartening to see our community expanding and I believe that the diverse range of expertise and perspectives of these new members will enrich our the collective knowledge and enhance our ability to serve the profession.

Now, let me highlight some of the uniquely curated programs and events that took place during the term:

- **Regional residential program on GST at Mysore** – A program for members to help them face the GST notices with core principles. The program was structured by creating multiple teams with projects to be completed. Members were offered time to solve cases and present in front of other participants which allowed them to network and do homework. The program was attended by members across the country.
- **Program on ITAT** - The Income Tax Appellate Tribunal (ITAT) plays a crucial role in the resolution of Income-tax disputes. To equip our members with the necessary skills and knowledge in this area, we organized a uniquely curated program on appeals before ITAT. This program involved theoretical sessions on the legal aspects of ITAT proceedings followed by practical training where participants were assigned working papers related to actual ITAT cases. They had the opportunity to meet mentors at their workplaces on multiple occasions, gain insights into case preparation, and refine their arguments. The culmination of the program was a moot court-style competition, where participants presented their cases in front of a sitting Bench members of ITAT at the National Law School, Bangalore. This immersive experience provided a platform for participants to enhance their advocacy skills, gain exposure to the



CA. Pramod Srihari
President



CA. Vijaykumar M Patel
Secretary

judicial process, and receive valuable feedback from experts in the field.

- **Practice Development Clinic:** We understand that young members often face challenges in building and growing their professional practice. To address this, we organized a Practice Development Clinic, which aimed to provide guidance, support, and mentorship to those seeking to establish themselves in the industry. The program covered various aspects of practice development, including fee structuring, negotiation strategies, specialization choices, collaboration opportunities, professional development and human resource management. We invited seasoned professionals and industry experts to share their experiences, insights, and best practices. The clinic not only offered valuable knowledge but also provided a platform for young members to interact with successful practitioners, seek advice and gain visibility within the professional community. The overwhelming response and the positive feedback we received from participants reaffirmed the need for such programs to nurture the next generation of leaders in our field.

- **Regional Residential program on Growth mindset** was conducted in the month of May 2023 at Bandipur. 25 participants attended the program. The program ended with moonshot and the participants departed from Bandipur with a renewed sense of purpose, armed with the knowledge that their journey towards growth and self-improvement had only just begun. The impact of this remarkable program would undoubtedly ripple through their lives inspiring them to

embrace challenges, pursue excellence and unlock their true potential in the years to come.

- **Health camp throughout Karnataka** - The year was not easy for us to receive frequent messages of members going through ill fates. The reason could be or need not be due to COVID, but we stand responsible to ourselves and our dear ones. As a responsible organization, we thought to make this CA day (i.e. 1st July 2023) more meaningful, which is to take care of ourselves first. At KSCAA, we thought to get preventive health check as a tool to affirm the health of our members. I personally wish KSCAA could have taken this burden of getting free tests to all members, but far from such resources we have at the Association and our members can avail this drive as the prices are at a deep discount. Around 100 plus members utilised, with the majority of the test conducted at their homes.

- As part of our efforts to strengthen the bonds among our members and create opportunities for connection and recreation, we organized a bike rally to Harohalli. More than 30 members participated in this event enjoying the thrill of the open road and the camaraderie of like-minded professionals. Additionally, we arranged a visit to Galibore, a picturesque location that offered a serene retreat for our members and their families. These events provided an opportunity to unwind, connect with nature and forge lasting friendships outside the professional realm. We firmly believe that a strong sense of community and support among our members is crucial for their overall well-being and professional growth.

Representations

Representation plays a vital role in advocating for the interests and concerns of our profession. Throughout the year, we actively engaged with various authorities and government bodies. We have made fourteen representations on various subjects like Income Tax, GST, Companies Act, Karnataka Cooperative Department, Registrar of Firms and Professional tax department. Our representation efforts aimed to address pressing issues, seek clarification on complex matters and influence policy decisions in favour of our members. I am pleased to inform you that some of our representations yielded immediate results.

Social Media

At the Association, we were extremely cautious of upcoming technology, and social media was used to the fullest. KSCAA is now available on Youtube, Twitter, Instagram, Facebook and WhatsApp. We have consolidated our member reach by involving all the members in a group for easier reach. The platform has been monitored by administrators of the KSCAA.

Immovable property of KSCAA

KSCAA has two immovable properties; one building at SJP Road, Bangalore and another at KIADB Industrial Area at Harohalli. We had two Building Committee meetings and it was instrumental in discussing and guiding the Executive Committee(EC) to take appropriate decisions. The lease-cum-sale deed for the property in KIADB happened in November 2020. The Association is mandated by the deed to complete the construction of the building within three years and members in Annual General Meeting 2021 had informed the EC to file for extension of time to KIADB. We have submitted for extension letter to the KIADB and proceeded to take the plan approval with the help of an architect. The property at SJP Road is to be monetized towards which we have made several unfruitful attempts. As a President, I feel the Association should have a building of its own and we make an appeal for members to come forward on breaking this stalemate with a more commercially viable option.

Meetings

We have made a conscious effort to move our EC meetings, programs and other meetings to physical mode. But, at the leadership team of KSCAA, we see members getting used to the easy mode of virtual, which could have a long-term impact on camaraderie and networking amongst members. Some of the live case studies which are available with KSCAA is that of

Eloquent Professionals(EP), where there are members who come every week to improve themselves at the KSCAA office to become a better version of themselves in public speaking.

Annual Conference

During the brainstorming phase of the Annual Conference's design, the team pondered over the significance of organizing such an event in today's fast-paced world. Additionally, consideration was given to the attendees' inclination towards devoting two full days solely to technical sessions. We wanted members to connect with each other, provide opportunities for them to network and help them grow in their respective fields. For the first time, the KSCAA conference was held in Palace ground with ample space for parking, display and members to meet and greet. The conference was held under the theme of "Order and Chaos" with over 1,000 attendees and a diverse range of speakers. The panel discussions covered a range of topics including traditional areas such as taxation and contemporary issues such as business fraud. The speeches were insightful and provided varied perspectives on these subjects.

In addition to having the best of the speakers, to provide an opportunity to the younger subject experts, we had a kiosk by the name 'Ask an Xpert' which allowed the participants of the conference to gain the real-time solution to their issues in practice. This was the first of its kind allowing the participants and experts to discuss the issues. We also had an Experience Centre in the venue to showcase the talents of our members who have done exceptionally well outside the profession and those who have succeeded in the profession in spite of their physical and mental limitations. To commemorate the effort done by our predecessors, we released a book by the name 'Memories Woven by Time' consisting of all the good work done by past presidents. The cover page of Souvenir which was released at the conference was also used to highlight the excellent skill of one of the members, who is a professional photographer. The conference allowed members to showcase their talent on day two of the conference as well. The time of each session was cut to 40 minutes to incorporate various topics with more significance on panel discussion & short talk called 'CA talk' to inspire members. We also had **free health check camp** for participants which was supported by the Manipal Hospitals.

Onsurety

We are of the opinion that members in practice are skewed against any good health insurance and left to themselves

to cover their health. Covid has exposed the fractures and revealed the vulnerability in the ecosystem of practicing Cas. In this background, KSCAA has inked a contract with an Insurance Company 'Onsurety' to secure themselves, employees, articles and their family members by way of a monthly subscription.

Team KSCAA

The whole team of EC is supported by the sub-committee which we fondly call 'Team KSCAA'. This team was created for the purpose of helping the EC in its execution. Today, it has become one of the greatest strengths to groom the leaders for the future, explain KSCAA to members, connect various dislocated members, a feedback loop for EC and finally a rock-solid support system for all the programs. This year, the

entire Team KSCAA met with mentors and the EC to align on expectations and discuss how to become part of a larger family of the KSCAA.

My whole team needs to be congratulated for the work they put in inspite of their busy schedules. The Team KSCAA is one of the fastest means to reach members and their help in time is much appreciated. Their dedication has been instrumental in the success of all of our programs. I take all of them wholeheartedly and express my gratitude to each one of them for the support extended and help provided.

Let me end my message with a **Moonshot to KSCAA – to have our own Building for the Association.**

Create & Complement



The current year's theme **Create and Complement**, encourages the adoption of design thinking as an individual problem-solving approach. The emphasis is on fostering creative thinking rather than competition, with a focus on collaboration among members. The theme's six colors, inspired by Edward de Bono's Six Thinking Hats symbolize the shift from vertical to lateral decision-making and the transition from individualistic to collective efforts within the team.

Edward de Bono highlights the concept of lateral thinking, where the fear of failure often hinders creative thinking. While order is easily maintained, creativity can be chaotic and requires one to face judgment. De Bono asserts that everyone has the right to question everything and the responsibility to do so. No perspective is too sacred to reconsider, and no method is exempt from improvement.

KSCAA



We are excited to share some great news: KSCAA now boasts a membership of over 3700 individuals. This remarkable achievement is a testament to the dedicated efforts of #TeamKSCAA, which has consistently organized various programs for the benefit of our members.

Let us reaffirm our unwavering commitment and unwritten preamble: KSCAA is of the members, by the members and for the members.

One significant milestone was the 35th Annual Conference, aptly titled “Order and Chaos,” held in March 2023. This event witnessed the participation of over 1000 members from across India, showcasing its wide and strong connection with members.

In response to valuable feedback from our members and stakeholders, the Association made 14 representations before relevant authorities, amplifying the members’ voices and demonstrating KSCAA’s commitment to their concerns.

Furthermore, we have undertaken unique initiatives such as the Regional residential program on GST, Practice Development Clinic, Intensive program on appeals before ITAT and Regional Residential Program on Growth Mindset. Additionally, we organized health

camps for members, their staff and families throughout Karnataka, focusing on the well-being of our members.

KSCAA remains dedicated to its core values, fostering knowledge creation, and upholding social responsibility within our member community.

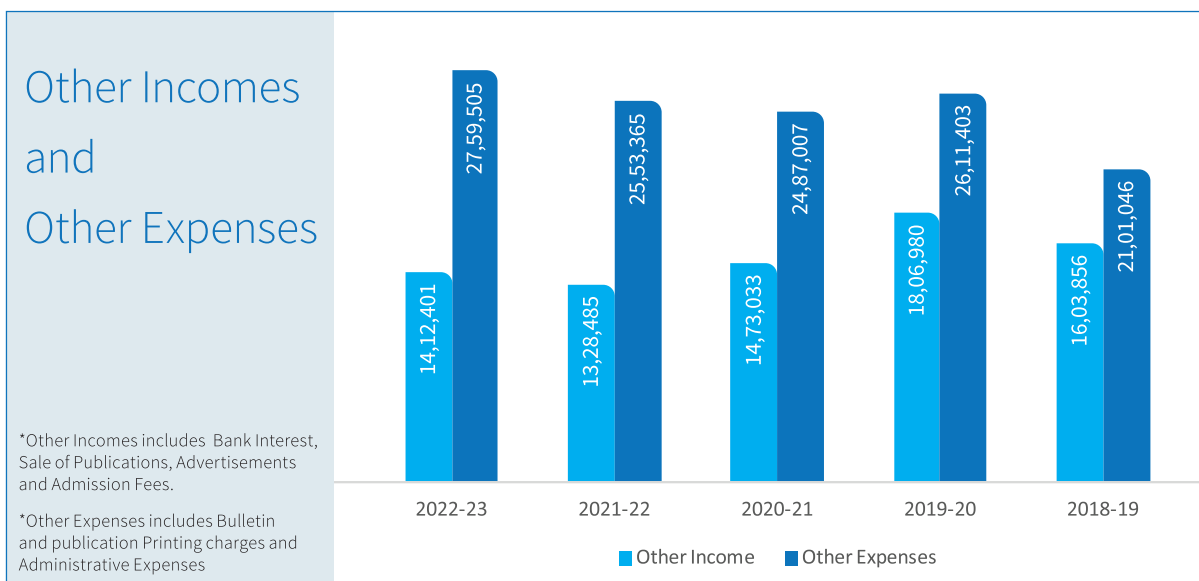
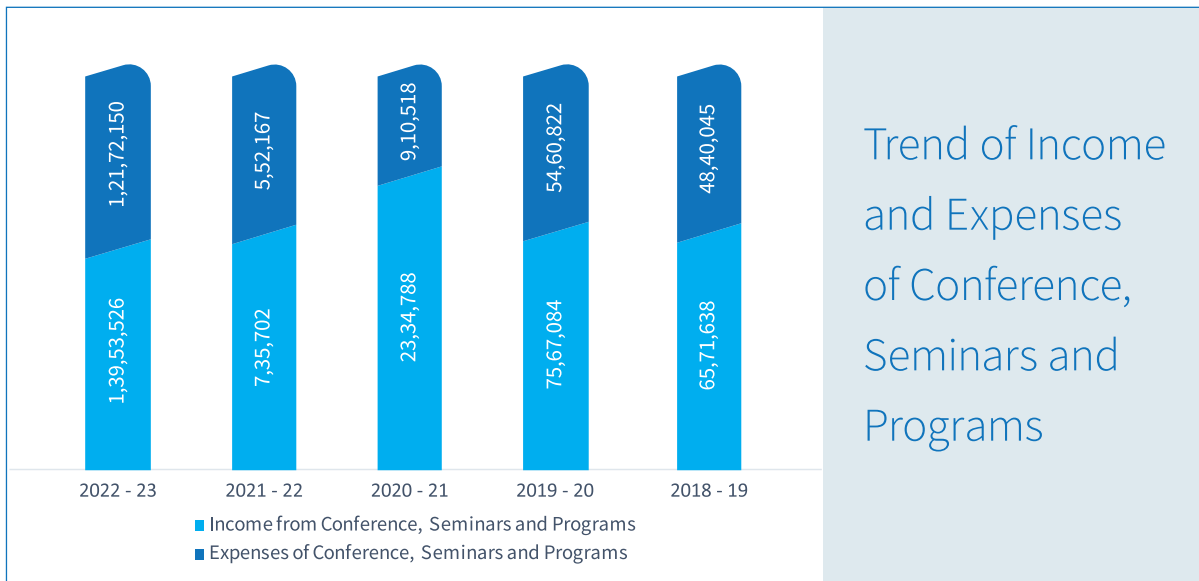
This report highlights KSCAA’s 2022-23 fiscal year, which ended on March 31, 2023. In order to provide an up-to-date picture of the Association, it also includes information on major activities and initiatives, as available, updated till July, 2023.



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 oneness.

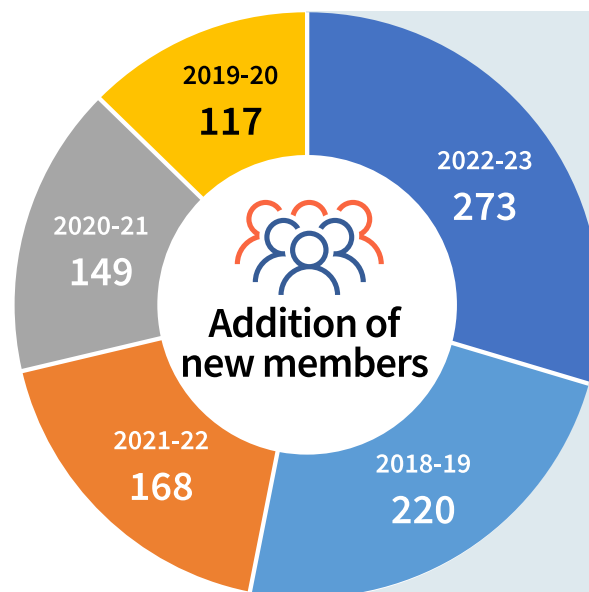
Financial Trends



Financial Highlights

STATEMENT OF FINANCIAL POSITION in Rupees

	as at 31 Mar 2023	as at 31 Mar 2022
SOURCES OF FUNDS		
Corpus Fund	46,13,672	42,24,672
General Fund	1,62,19,135	1,58,66,084
Restricted and other Funds	38,32,973	38,16,340
Other Current Liabilities	16,29,728	2,56,097
Short Term Provisions	6,30,343	7,30,343
Total	2,69,25,851	2,48,93,536
APPLICATION OF FUNDS		
Fixed Assets	26,61,050	27,42,272
Other Non-Current Assets	1,26,73,521	1,23,35,531
Stock of Publications and materials	32,220	1,33,771
Receivables	7,35,701	10,500
Cash and Bank Balances	1,04,63,048	96,42,017
Loans and Advances	90,166	23,300
Other current assets	2,70,145	6,145
Total	2,69,25,851	2,48,93,536

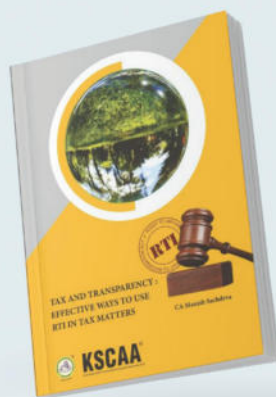


News Bulletins



These news bulletins can be accessed on the KSCAA website.

Books



Tax and Transparency: Effective ways to use RTI in tax matters

This book is a contribution to the ongoing conversation about transparency in tax matters. The book provides a comprehensive guide to using the Right to Information Act (RTI) to access information related to tax matters.

Media & Technology Initiative



186 Videos
4,447 Subscribers
1,105 Subscribers Added (from 01.07.2022)
3,21,731 Views
118,964 Views (from 01.07.2022)



76 Posts during the year
1360 Followers



76 Posts during the year
103 Followers



458 Tweets
3,484 Followers
282 New Followers



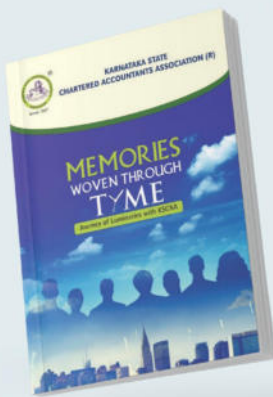
84 Updates
536 Followers



81,031 Visitors
2,41,412 Views
512 Posts



54 E-mail Campaigns
9,00,576 E-mail Sent



MEMORIES WOVEN THROUGH TIME - Journey of Luminaries with KSCAA

This coffee table book celebrates the rich history of our association through the memories and experiences of our past presidents and secretaries.

Executive Committee Meetings

The Executive Committee and Sub-Committee members, commonly referred to as 'Team KSCAA,' have consistently prioritized the welfare of association members. With the evolving dynamics and challenges in our profession, it is crucial for the Association to respond promptly. The committee has regularly convened meetings to discuss matters concerning the profession and its members, aiming to achieve favorable results. The frequency of Executive Committee Meetings held throughout their tenure reflects their commitment and care. These meetings were conducted online and in-person formats.

EC Meetings held during the year

Sl No	Name	Designation	1	2	3	4	5	6	7	8	9	10	11	Total No. of Meetings attended
			25-08-2022	26-08-2022	10-09-2022	15-10-2022	14-11-2022	20-12-2022	12-01-2023	22-02-2023	18-04-2023	29-05-2023	08-07-2023	
1	CA. Pramod Srihari	President	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11(11)
2	CA. Sujatha G	Vice President	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	10(11)
3	CA. Vijaykumar M Patel	Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11(11)
4	CA. Sunil Bhandary	Joint Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	10(11)
5	CA. Praveen Shettar	Treasurer	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	9(11)
6	CA. Prabhava Hegde	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11(11)
7	CA. Siddesh N Gaddi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	10(11)
8	CA. Mohammed Yusuf	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	10(11)
9	CA. Siddartha S. Javali	Member	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	10(11)
10	CA. Nagarjun K. R.	Member	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	10(11)
11	CA. Pradeep Jogi	Member	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓	✗	8(11)
12	CA. Pankaj Kasat	Member	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓	✗	8(11)
13	CA. Subramanya B. L.	Member	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	✗	8(11)
14	CA. Deepak Chopra*	Member		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10(10)
15	CA. Yerriswamy C*	Member		✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	9(10)
16	CA. Chandan Kumar Hegde A	Imm. Past President	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	10(11)

* Members were co-opted in the First Executive Committee Meeting.

Executive Committee



CA. Pramod Srihari
President



CA. Sujatha G
Vice President



CA. Vijaykumar M Patel
Secretary



CA. Sunil Bhandary
Joint Secretary



CA. Praveen Shettar
Treasurer



CA. Siddesh Nagaraj Gaddi
Chairman
Representation Committee



CA. Prabhava Hegde
Chairman
Corporate & Allied Laws Committee
Sports & Cultural Committee



CA. Pankaj Kasat
Chairman
Mofossil Members
Empowerment Committee



CA. Subramanya B L
Chairman
Indirect Tax Committee



CA. Pradeep Jogi
Chairman
Media & Technology Initiative
Committee



CA. Mohammed Yusuf
Chairman
Membership & Members Services
Committee



CA. Siddartha S Javali
Chairman
Leadership & Skill Development
Committee



CA. Nagarjun K R
Chairman
Journal Committee



CA. Deepak Chopra
Chairman
Direct Tax Committee



CA. Yerriswamy C
Chairman
Co-operative & NPO Committee



CA. Chandan Kumar Hegde A
Immediate Past President

Sub-Committees

Indirect Tax Committee

Mentor

CA. Rajesh Kumar T R

Chairman

CA. Subramanya B L

Convenor

CA. Mukul Sringeri

Members

CA. Ganesh Joshi

CA. Kusum R H

CA. Rakesh B Jain

CA. Vishal Poddar

CA. Amaresha K

CA. Prakash Nagaraju

CA. Akash A Parmar

CA. Deepak T Jain

Direct Tax Committee

Mentor

CA. Naveen Khariwal

Chairman

CA. Deepak Chopra

Convenor

CA. Nikhilesh C

Members

CA. R Abhishek Murthy

CA. Rahul Roonwal

CA. Rani N R

CA. Ravi Garg

CA. Shashikala S

CA. Vigneesh K

Journal Committee

Mentor

CA. Vinayak Pai V

Chairman

CA. Nagarjun K R

Convenor

CA. Bhuvaneshwari

Members

CA. S Raghunathan

CA. Akshata A Mathali

CA. Pramod K H

CA. Shanmugha Sundar

CA. Jayakumar S

CA. Shivaswaroop H P

Membership & Member Services Committee

Mentor

CA. Subramanya Hegde

Chairman

CA. Mohammed Yusuf

Convenor

CA. Manjunath Hallur

Members

CA. Aditya Bellur

CA. Ameersha Holla

CA. Mohan Kumar M

CA. Rajkumar Jayanth

CA. Shivayya Yammi

CA. Tabish Hassan

CA. Vinodraj

CA. Sangeetha Dhanraj

CA. Ashok Gowda

Media & Technology Initiative Committee

Mentor

CA. Shivaprakash V

Chairman

CA. Pradeep Jogi

Convenor

CA. Vinayaka N L

Members

CA. Ameetkumar Jain

CA. Jayaprakash Mundra

CA. Vineet N Shetty

CA. Mahindra Shenoy P

CA. Archana R Maiya

CA. K Honnur Swamy

CA. Anwesh Shetty

CA. Vishranth B L

Co-operative & NPO Committee

Mentor

CA. Panna Raj S

Chairman

CA. C Yerriswamy

Convenor

CA. Shriram S S

Members

CA. Nagappa

CA. Raghavendra Puranik

CA. Jayakumar N Patil

CA. Ashok Mali Patil

Sub-Committees

Representation Committee

Mentor

CA. Raghavendra T N

Chairman

CA. Siddesh Nagaraj Gaddi

Convenor

CA. Shreehari Ullody

Members

CA. Annapurna Kabra

CA. Sathish M

CA. Narendra K V

CA. Sachin Deshpande

CA. Adithya Bharadwaj S P

CA. Sujay K N

CA. Madhava Ramakrishna Dixit

CA. Shamitha C Halli

CA. Nagendra M P Gowda

Corporate & Allied Laws Committee

Mentor

CA. Ravi Prasad

Chairman

CA. Prabhava P Hegde

Convenor

CA. Santhosh Raj S

Members

CA. Sai Rakshith M S

CA. Darshan K R

CA. Mohana A

CA. Kishor Shetty

CA. Uma Satish

CA. Nikhil C P

CA. Manjunath N

CA. S N Prasad

CA. Shareesh Gadde

Leadership & Skill Development Committee

Mentor

CA. Chandrashekar Shetty

Chairman

CA. Siddartha S Javali

Convenor

CA. Herambha Hegde

Members

CA. Naveen Kumar K

CA. Alpa Shah

CA. Gourav Chajed

CA. Mahesh Baligeri

CA. Santosh Khode

Women Empowerment Committee

Mentors

CA. Sudha Suresh

CA. Geetha A B

Chairperson

CA. Babitha G

Convenor

CA. Abhilasha Chaturvedi

Members

CA. Meghana S

CA. Chetna A

CA. Leena Kumar B

CA. Sujatha J

CA. Padmaja Vikas Sunkad

Mofussil Members Committee

Mentor

CA. Annapurna Kabra

Chairman

CA. Pankaj Kasat

Convenor

CA. Gourish Bhargava

Members

CA. K B Balaji

CA. Abdul Nasheer U H

CA. Praveen V Pokar

CA. Sagar Ghanti

CA. Vasantha Shanubhogue

CA. Sunitha D

Sports & Cultural Committee

Mentor

CA. Raghavendra Shetty

Chairman

CA. Prabhava P Hegde

Convenor

CA. Varun Gore

Members

CA. Mallesha Kumar

CA. Darshan Kumar

CA. Pradeep Shetty

CA. Akash U Hegde

CA. Subhaschandra Salian

CA. Sachin Vijapur

CA. Manju Krishnegowda

Snippets



Total Income
for Fiscal year
2022-23

153.65 Lakhs

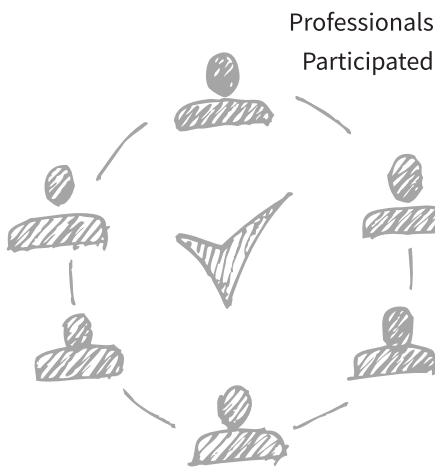
Members
Added

273



Total
Members

3700+



Professionals
Participated

8200+

Activities

35+

Participation in
Annual Conference

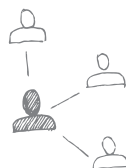
1000+

Webinars and
Seminars

35+

Sessions

125+



Representations
made

14

Representations

Representation is crucial in advocating for the interests and concerns of our profession, and throughout the year, we have been actively involved in engaging with various authorities and government bodies. The main objective of our representation efforts has been to tackle urgent issues, seek clarity on intricate matters, and exert influence on policy decisions that benefit our members. As a result of some of these representations, we have achieved immediate and positive outcomes.

We have made fourteen representations addressing a diverse range of subjects, including but not limited to Income Tax, GST, Companies Act, Karnataka Co-operative Department, Registrar of Firms, and Professional Tax Department.

Sl. No.	Representation Title	Issue connected to
1	Representation and Suggestions on Income Tax outstanding demand collection drive <i>Impact : CPC conducted an Outreach program pursuant to the above representation</i>	Income Tax
2	Representation to improve the effectiveness of the Video Conference proceedings in the faceless regime <i>Impact : CBDT member (in charge of faceless proceedings) conducted an Outreach program pursuant to the above representation</i>	Income Tax
3	Representation by responding to the proposed comprehensive changes in GSTR-3B	GST
4	Representation on suggestions and request to simplify the confusion created in the new registration regime for charitable organizations	Income Tax
5	Representation on delay in the processing of applications filed under Section 119(2)(b) of the Income-tax Act, 1961, and recommendation to introduce online measures	Income Tax
6	KSCAA Suggestions on proposed changes to Rule 11UA (1) of the Income-tax Rules, 1962	Income Tax
7	Representation of challenges faced in complying with the provisions of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 ("KPTCE Act")	Professional Tax
8	Representation to Director of Co-operative Audit <i>Impact : Committee was formed to give suggestions on Audit report format. Consequently the committee worked in a time bound manner and suggested appropriate changes in the Audit report format.</i>	Co-Operative Audit
9	Representation on delay in the issue of refunds under the provisions of the Income-tax Act, 1961	Income Tax
10	Representation on challenges faced in obtaining registration under the Shops and Commercial Establishment Act, Karnataka.	Labour Law
11	Representation on challenges faced in registering Firms	Partnership Firm
12	Representation on challenges faced in obtaining a Packing Registration from the Department of Legal Metrology	Legal Metrology
13	Representation on Problems faced by the CAs doing Co-operative Audit with regard to the implementation of model financial statements	Co-Operative Audit
14	Representation on Challenges faced in obtaining registration under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	Professional Tax

Recognition of leaders in our profession



CA.Panna Raj S
Chairman, SIRC of ICAI



CA. Geetha A B
Vice Chairperson, SIRC of ICAI



CA. Divya S
Chairperson,
Bangalore Branch of SIRC of ICAI

Annual Conference

Conference theme: **ORDER & CHAOS**



The principle of the duality of order and chaos comes from 'Daoist' philosophy. The Daoists believe that the world is always an interplay between chaos and order and that if you live your life properly, you stand with one foot in order and one foot in chaos because if you are only in order, nothing that is interesting ever happens to you.

Order and Chaos are opposites which compete each other. To bring order to chaos means to straighten out a mess. Creating order is a form of power. It helps us achieve more by creating certainty, clarity, and freedom in our life. Chaos is inherently uncertain, messy, and disorderly. We like to create order because we crave certainty, clarity, and freedom. Whenever we create more certainty in our world, our brain gets a little rush and reward sensation. By increasing our perception of certainty, we

experience emotional rewards of satisfaction, calmness, confidence, safety, and stability. Conventional wisdom says order and planning are the key to achieve great productivity. In order to stay tuned with Order, we follow certain rules like scheduling, preparing, timeboxing, forecasting, getting things done, etc. In this flow, order becomes rigid and restrictive over a period of time leading to complexity and chaos. Out of chaos arises order and this pattern continues. As harmony and discord combine in musical beauty, so does order and chaos combine in mathematical and physical beauty in the never ending battle between order and chaos. Order is the known, whereas Chaos is the unknown and actually chaos entails order.

According to Napoléon Bonaparte, “The battlefield is a scene of constant chaos. The winner will be the one who controls that chaos, both his own and the enemy’s”. We create order

through a never ending battle to find balance with chaos, remove chaos from our life, or rather, aim for the middle path of balance between order and chaos and strive to create order out of chaos for stability while at the same time using chaos as a driver for continual challenge and growth. We cannot completely embrace chaos as a worthy adversary, as we will be challenged by it every day. Clarity provides direction and reduces feelings of overwhelm. One example for everyday is lists. Lists create order out of chaos by helping us clearly see everything we need to do. David Wallechinsky, co-author of Book of Lists, has explained that “People are attracted to lists as they live in an era of overstimulation, especially in terms of information and lists help them in organizing what is otherwise overwhelming.”

We may think of chaos and order as distinct states. Either we are in chaos or we are in order.

CONFERENCE AGENDA

Day 1: Friday, 17th March 2023

INAUGURAL SESSION

Chief Guest: Ms. Chaitali Panmei, Pr. CCIT, Kar. & Goa

FIRST TECHNICAL SESSION

Panel Discussion - **Business Fraud and Extent of Accountability for Auditors**

Moderator: CA. Sandeep Shah, Mumbai

Panelists: Adv. Chidananda Urs B G
CA. Mohan R Lavi
CA. Sharath Kumar, Hyderabad

EFFECTIVE WAYS TO USE RTI IN TAXATION

CA. Manish Sachdeva, Faridabad

SECOND TECHNICAL SESSION

Pillar Two - Global Minimum Tax - Overview and Impact
CA. Rohit Kumar S

THIRD TECHNICAL SESSION

The Science and Art of Negotiation

Prof. S Raghunath, IIM-B

CA TALK

Sharing an Inward Transformational Experience

CA. Vittal Rangan, Renowned Carnatic Violinist

FOURTH TECHNICAL SESSION

Panel Discussion - Direct Taxes

Moderator: CA. Abhishek Goenka

Panelists: CA. H Padamchand Khincha
CA P V Srinivasan
Sr. Adv. K K Chythanya

However, these seemingly contrary forces of order and chaos are actually interconnected. They are fluid states, forever at odds with one another. They are each present within the other as well. Order exists within chaos, as chaos exists within order. The only way to bring balance between chaos and order is to rise to the challenge and look for chaos and use it as an opportunity to grow and practice the skill of creating order out of chaos. Chaos is where things are so complex that we cannot handle it and Order is where things are so rigid that it is too restrictive and in between there is a place that is meaningful; where there is partly stability and partly curiosity.

The world around us is chaotic and this is the fundamental state of nature. It is upto the eyes of the beholder to interpret the pattern and infer an order. We need this order. Though the ecosystem is chaotic, we need rules and

regulations to govern our lives with order and then achieve a state where all is in order. Chaos is ugly, and identifying order is painting it with a beautiful facade and make life beautiful.



Day 2: Saturday, 18th March 2023

SPECIAL SESSION

Navigating the Intersection of Money, Professionalism and Ethics in Profession: A Dharma Based Approach
Shri. N Venkataraman, Additional Solicitor General, GOI

CA TALK

Sharing an Inward Transformational Experience
CA. Padmavathy S, Member ITAT, Bangalore

FIFTH TECHNICAL SESSION

Panel Discussion - **Fintech Revolution: Opportunities and Challenges in the Changing Landscape**
 Moderator: CA. Sarthak Ahuja, New Delhi
 Panelists: CA. Yogesh Agarwal, Founder: Onsurity
 Shri Srinivas Jain, Mumbai

CA TALK

Sharing an Inward Transformational Experience
CA. Sanjay Dhariwal

SIXTH TECHNICAL SESSION

Panel Discussion - **The Good, Better and Best: Road Ahead for GST**

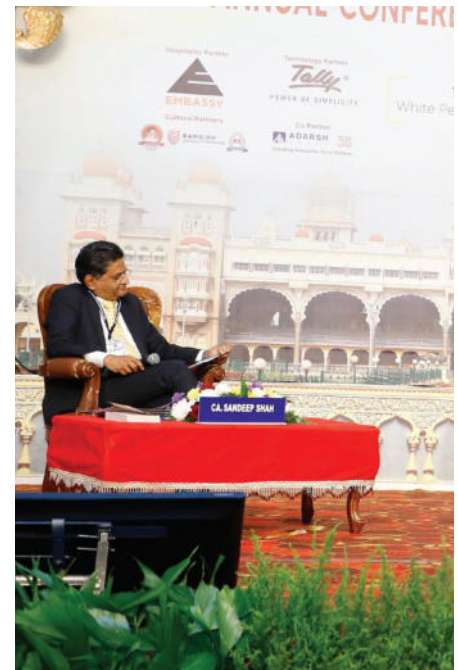
Moderator: CA. Venkataramani S
 Panelists: Shri. D P Nagendra Kumar, Former Member CBIC & Special Secretary, GOI
 CA. N R Badrinath
 Sr. Adv. Vikram Huilgol
 Sr. Adv. G Shivadass

CULTURAL, VALEDICTORY AND FAMILY ENTERTAINMENT PROGRAM

Chief Guest: **Hon'ble Justice Shri. S N Satyanarayana**
 Performance by **Beat Gurus**

Order and Chaos

35th KSCAA ANNUAL CONFERENCE





Order and Chaos



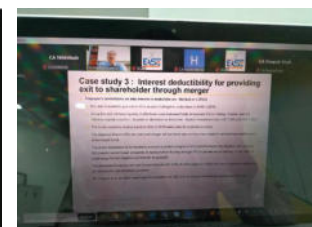
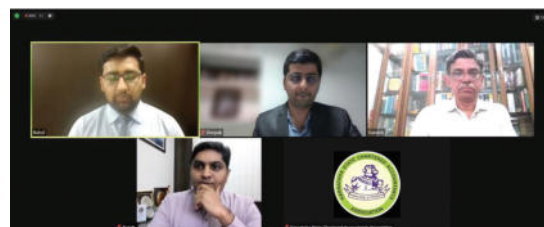
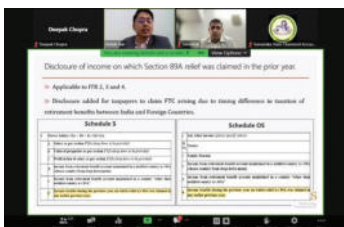
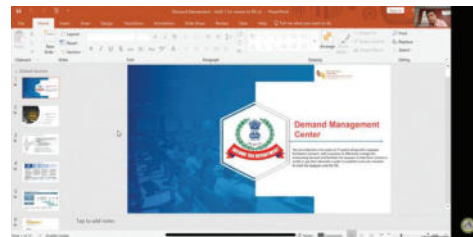
35th KSCAA ANNUAL CONFERENCE



Activities of Direct Tax Committee

- ◆ Demystifying Income tax provisions on payments to Non residents
- ◆ Income Tax Department Outreach
- ◆ New Reassessment Provisions under income tax law and practice
- ◆ Analysis of Union Budget 2023
- ◆ Changes in Income Tax returns for AY 23-24
- ◆ Direct Tax Home Refresher Course (DTHRC) with BCAS and other sister associations
- ◆ Revisiting provisions on Salary taxation
- ◆ PMLA Provisions concerning CAs
- ◆ Income tax for the real world: A Practical Course for Article Assistants and Compliance Executives.
- ◆ ITR 7 and Form 10B Audit Report
- ◆ Issues in Income Tax Audit - 'Ask an Xpert'
- ◆ Intensive Training Program on appeals before ITAT
- ◆ Watch Union Budget with KSCAA

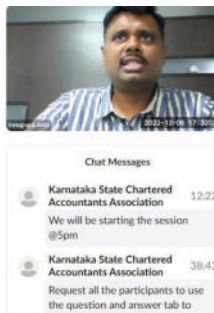
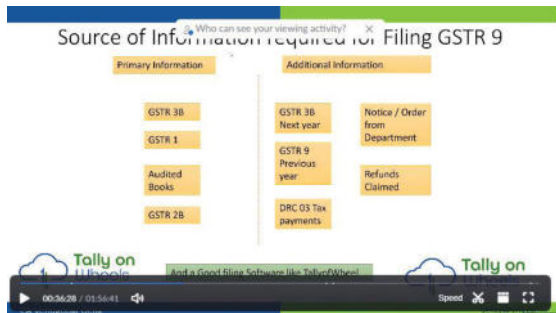
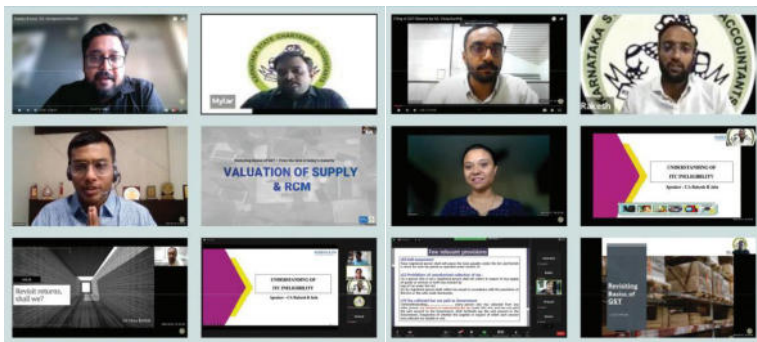
Professionals participated	Activities	Sessions
4200+	13	45



Activities of Indirect Tax Committee

- ◆ Webinar on Revisiting Basics of GST held jointly with Women Empowerment Committee
- ◆ Use of excel and automation in preparation and finalisation of GSTR 9 & 9C
- ◆ Intense Residential Course on GST at Mysore

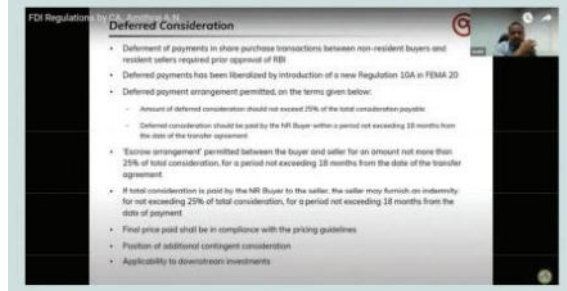
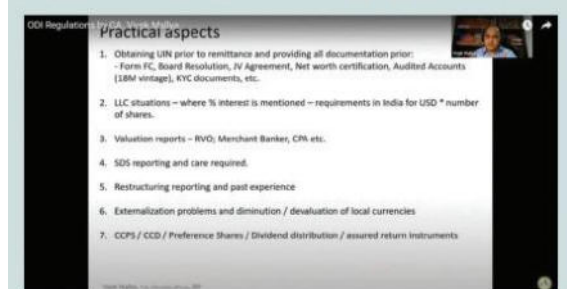
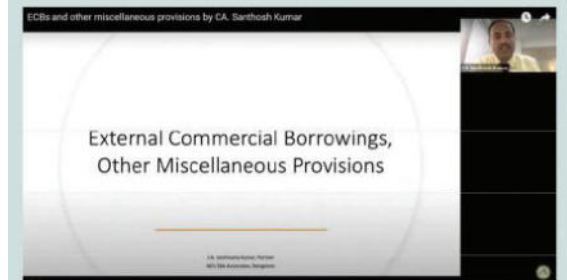
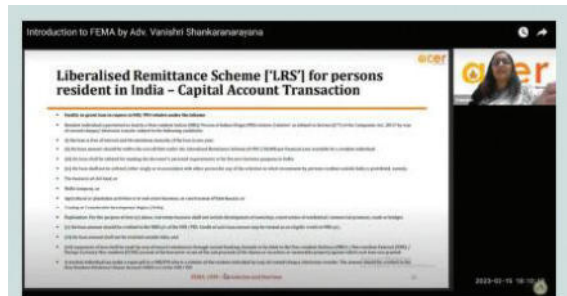
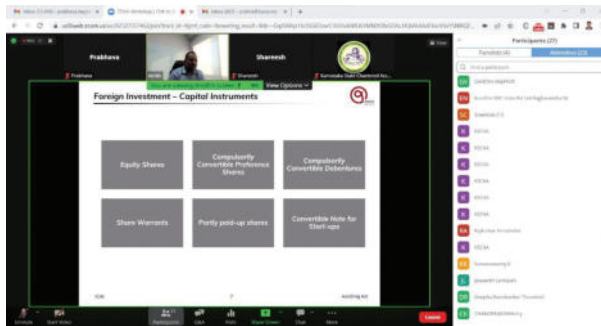
Professionals participated	Activities	Sessions
960+	3	16



Activities of Corporate & Allied Laws Committee

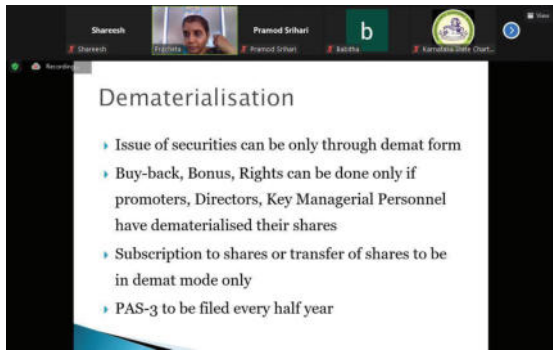
- ◆ FEMA Workshop covering Basic aspects, ODI regulations, FDI regulations, ECBs and other miscellaneous provisions
- ◆ Webinar on Preparatory Framework of an IPO held jointly with Women Empowerment Committee

Professionals participated	Activities	Sessions
520+	2	6

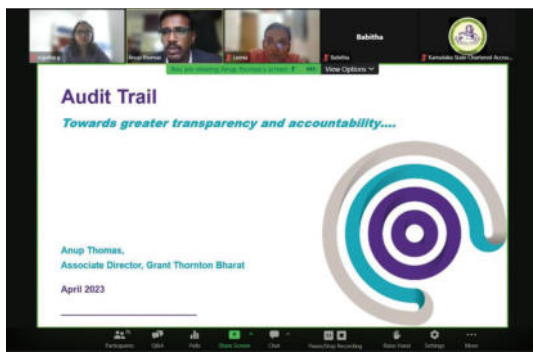


Activities of Women Empowerment Committee

- ◆ Healthy ways to Beat the Menopause Blues
- ◆ Golden tips on Health and Beauty
- ◆ Insights on Form 15CA and 15CB with case study
- ◆ Analysis of Audit Trail
- ◆ Webinar on Preparatory Framework of an IPO held jointly with Corporate & Allied Laws Committee
- ◆ Simple Chair Yoga and Restorative Yoga
- ◆ Eating with Elegance
- ◆ Celebration of Women’s day and Holi
- ◆ Webinar on Revisiting Basics of GST held jointly with Indirect Tax Committee



Professionals participated	Activities	Sessions
870+	8	17



Activities of Leadership & Skill Development Committee

- ◆ Bike ride to Harohalli
- ◆ Trek to Bhimeshwari
- ◆ Practice Development Clinic on :
 - ▶ Specialisation over General Practice
 - ▶ Human Resource Management in CA Practice
 - ▶ Collaboration / Associate / Partner firms
 - ▶ Development of Practice
 - ▶ Issues and Good Practices related to Billing
- ◆ 5 days Excel Training Course for CA Office Staff
- ◆ RRC on Growth Mindset at Bandipur
- ◆ More than 25 Eloquent Professionals meetings on Saturdays

Professionals participated	Activities	Sessions
850+	6	43



Special Activities

- ◆ Bike ride to Harohalli Site
- ◆ Ask an Expert at Annual Conference
- ◆ Free Blood Checkup at Annual Conference
- ◆ Health Insurance Subscription
- ◆ KSCAA Kreedha Habba and Kannada Rajyotsava Celebration
- ◆ ‘El-Pasio’ - an event for walking
- ◆ Health Checkup across Karnataka

Professionals
participated
790+

Activities
5



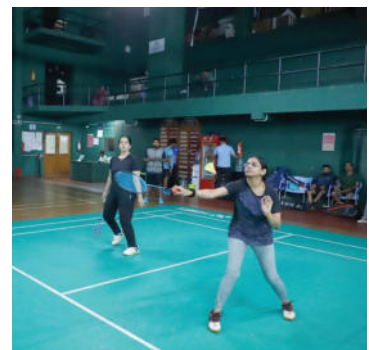
Activities of Sports Committee

KSCAA conducted its Kreeda Habba – Sports and Cultural Meet 2022 in a grand way. Our interest was to include maximum number of participants from CA members. The cricket which was conducted on 4th Dec 2022 was intense like every year and participants from Bellary, Udupi, Kundapura, Bagalkote and Kalburgi participated. The fun was not restricted only to members who are very athletic in their age, but box cricket was reserved only to members with more than 40 years. It was fun to watch our senior members play, enjoy, and participate in the event.

distance covered by total 120+ participants was more than 2,600 km and two members who crossed 250 km won the title. The badminton which was separately conducted, was intensely participated, and saw a true display of sportsmanship. The fun and frolic along with Kannada Rajyotsva continued on 11th Dec 2022 was presided by the chief Guest Ganakalabushana Dr. Vid. R. K Padmanabha who added separate fervor to the event. Many family members and our CA members enjoyed the event, participated & won many prizes in the event.

We had KSCAA ‘El-Pasio’, a event for walking, the event was open from 14 days and it was surprising to know that total

Professionals participated	Days	Locations	Activities	Winners
600+	3	3	30+	50+



Expression of gratitude

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

- GreytHR
- Embassy Property Developers Pvt Ltd
- Taxmann
- Onsurety
- Byjus
- Sprism Investment Services Pvt Ltd
- Rupee Boss
- Canfin Homes
- Karnataka Soaps and Detergents Ltd
- LIC Housing Finance Ltd
- Mercedes Benz
- Tally Solutions Pvt Ltd
- DCC Bank
- Manipal Hospital
- Adarsh Group
- Realbooks
- Blackhorse
- Jamku
- Binocs
- Chota CFO
- HSBC
- Bellary Institute Of Technology & Management
- Needs Manpower Support Services Pvt Ltd
- Lekha Wireless Solutions Pvt Ltd
- Rera Consultants LLP
- Relyon softech ltd
- KNS
- Ranjeeth
- Bharatcloud
- City Union Bank
- New Access Technology
- IDFC First Bank
- No Broker
- State Bank of India
- Altius
- Mahaveer Farmlands
- Axis Bank
- Ramaiah Institute of Technology
- Total Environment
- Karnataka Bank Ltd
- Vijay Mahantesh Co-Operative Bank, Hunagund
- Smart Resources and Services
- Srinidhi Catering Services
- Ultra Laboratories
- The Ballary District Co-operative Central Bank Ltd
- Advith ITeC Private Limited
- The Karnataka State Co-Operative Apex Bank Ltd.
- Peppy Books
- Kotak Bank Ltd
- Pierian Services Pvt Ltd
- Singhvi Dev and Unni LLP
- GuruJana Jeevika Private Limited
- MSSV and Co.
- Sundaresha & Co.
- H C Khincha & Co.
- NSVM & Co.
- MCA Consulting Services Pvt Ltd
- JCSS and Co.
- NNR & Co.
- CA Vinayak Pai V
- Nanjunda & Co.
- Kalkkur & Co.
- Ledger services Pvt Ltd
- Advith ITeC Private Limited
- Kumar S Jigajinni and Co.
- Narayan Bhat & Co.
- Venkatesh Bhaskar and Co.
- Roshan Mansoor and Co.
- Patil Kabbur And Associates
- T. Sriram, Mehta & Tadimalla
- Siddaiah & Ram
- K Rajasekhar & Co.
- LKSS and Associates
- Pramod & Darshan
- Chandan Hegde & Associates
- Hegde Giri and Associates
- SS Javali & Associates
- RPAR & Co LLP
- SJH & Co.
- Prabhashankar & Co.
- Ramesh, Ashwin & Karanth
- Varma & Varma
- B.R.V Goud & Co.
- Lekha Wireless Solutions Private Limited
- HSKA & Associates
- Needs Manpower Support Services Pvt. Ltd
- Latha Vijay Patel & Co.
- Tara & Murthy
- CA Niranjana Shetty
- CA Narendra K V
- CA Raghavendra Shetty
- Ravindranath K & Nagappa B Nesur

- Babitha G & Co.
- Shekar & Yathish
- CA. Raveendra S.Kore, CA. Basappa Venkatapur, CA. Rajesh Kajagar
- Rao & Venkatesulu
- Giridhara and Associates
- CA Jeevan Shetty
- CA Basappa M Venkatapur
- Basavaraj and Dileep
- CA. Raveendra S.Kore,
- CA. Raghavendra Puranik
- CA Vinutha
- CA Rashmi Kulkarni

Speakers

- Adv.Vanishree Shankaranarayana
- CA Vivek Mallya
- CA Amithraj A N
- CA Santosh Kumar
- CA GS Prashant
- CA Ganesh Rajgopalan
- CA Rutvik Sanghvi
- Sri B Guruprasad IRS
- CA Narendra Jain
- CA Bhanusekhar
- Adv. Kapil Goel
- Sr. Adv. Vikram Huilgol
- CA Nagin Khincha
- CA S Ramasubramanian
- CA Sumeet Khurana
- CA Naveen Khariwal
- CA Sandeep C
- CA Bharat L
- CA Abhishek Murthy R
- CA K Gururaj Acharya
- CA Krishna Upadhya S
- Dr. N Suresh
- CA Suman Lunkar
- CA Tata Krishna
- CA Prerana Chopra
- CA Ashish Jain
- CA Chaitanya E
- CA Gautam Nayak
- CA P V Srinivasan
- CA Narendra Jain
- CA Umesh Gala
- CA Rushabh Shah
- CA Yogesh Thar
- CA Jagdish Punjabi
- CA Parag Ved
- CA Ravikant Karnath
- CA Ashwini Taneja
- Sr Adv. Dr K Shivaram
- Adv. Amar Gahlot
- CA Kaushik Raj K
- CA Vinay N Sanjhi
- CA Kaushik Raghunandan
- CA Rani NR
- CA Vivek D S
- CA Madhukar Hiregange
- CA Vishranth
- Rashmi Ravikumar, Navigati Mindset Trainers
- Ms. Chaitali Panmei
- CA Chindanand Urs B G
- CA Mohan R Lavi

- CA Sandeep Shah
- CA Sharath kumar
- CA Manish Sachdeva
- CA Rohit Kumar
- Prof. S. Raghunath
- CA Vittal Rangan
- CA Abhishek Goenka
- CA P V Srinivasan
- CA H Padamchand Kincha
- CA K. K. Chaitanya,
- Shri. N Venkatraman
- CA Padmavathy S
- CA Yogesh Agarwal
- CA Sarthak Ahuja
- Shri. Srinivas Jain
- CA Sanjay Dhariwal
- CA S. Venkatramani
- Sr. Adv. Vikram Huilgol
- Shri.D P Nagendra Kumar
- Sr. Adv.G.Shivdass
- CA Badrinath NR
- Shri. S N Satyanarayana

Authors

- CA Madhukar Hiregange
- CA Akshay Hiregange
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- CA Vinayak Pai
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- Adv. M G Kodandaram
- Dr. Kaushik Subramanian
- CA Krishnan S
- CA Bhanumurthy
- CA C R Raghavendra
- CA Srikanth Acharya
- CA Vasanth Kumar J
- CA Narasimhan Elangovan
- CA Kamal Garg
- CA Shailesh Wadhawania
- CA Abhishek
- CA Lalit Rathi
- CA Jayashree Vinnakota
- CA Rajat Rashmi
- CA Mili Shah
- CA Sachin Deshpande
- CA Nikhilesh Cacarla
- CA Aditya Kumar S
- Maj(Dr) Manasa S J
- Shri. Shivanand Pandit
- CA Sowmya CA
- CA Venugopal Gella
- CA Rajesh Kumar T R
- CA Ashika
- CA Jayanth Nagisetty
- CA Manish Sachdeva

Obituaries

We at KSCAA mourn the passing of respected 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 M C Ramakrishna



With profound grief and sorrow, we regret to inform the sad demise of our beloved senior Chartered Accountant, M C Ramakrishna on 17.10.2022. He was the President of KSCAA during the year 1988-89. His involvement and contribution to the Association's activities as a well-wisher and esteemed senior member was warmly acknowledged and highly valued. With sadness and a heavy heart, we express our deep condolences for the loss of a remarkable soul and a highly respected professional.

CA Mallesh Kumar



We are deeply saddened by the tragic loss of our beloved member CA. Mallesh Kumar on 06.03. 2023. He served as a member of the Sports & Cultural Committee of KSCAA. He was the Treasurer of the Udupi Branch of SIRC of ICAI for the term 2022-23. He embodied the essence of a flawless professional & a karma yogi. His help to the people around him is worth emulating. He demonstrated an immense passion for sports, particularly cricket. He participated in numerous professional cricket Tournaments in Karnataka. Due to his untimely death, the fraternity has been deprived of enthusiastic volunteer and exceptional professional.

Independent Auditor's Report

To,
The Members of
Karnataka State Chartered Accountants Association (R)

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 2023, 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 2023 and its surplus 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.

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.

Hegde Hegde & Associates LLP

Chartered Accountants

FRN : S000039

Sd/-

CA. Nagaraj Hegde

Partner

M.No: 245892

UDIN: 23245892BGYEKT5518

Date: 10/07/2023

Place: Bengaluru

Balance Sheet

as at 31 March 2023

in Rupees			
Particulars	Notes	as at 31 Mar 23	as at 31 Mar 22
I CORPUS, OTHER FUNDS AND LIABILITIES			
i Corpus and other funds			
a. Corpus fund	2	46,13,672	42,24,672
b. General fund	3	1,62,19,135	1,58,66,084
c. Restricted and other funds	4	38,32,973	38,16,340
		<u>2,46,65,780</u>	<u>2,39,07,096</u>
ii Non current liabilities			
iii Current liabilities			
a. Other current liabilities	5	16,29,728	2,56,097
b. Short term provisions	6	6,30,343	7,30,343
		<u>22,60,071</u>	<u>9,86,440</u>
Total		<u>2,69,25,851</u>	<u>2,48,93,536</u>
II ASSETS			
i Non current assets			
a. Property, plant and equipment	7	26,61,050	27,42,272
b. Long-term loans and advances	8	14,85,402	11,45,421
c. Other non-current assets	9	1,11,88,119	1,11,90,110
		<u>1,53,34,571</u>	<u>1,50,77,803</u>
ii. Current assets			
a. Stock of publications and materials	10	32,220	1,33,771
b. Receivables	11	7,35,701	10,500
c. Cash and bank balances	12	1,04,63,048	96,42,017
d. Short-term loans and advances	13	90,166	23,300
e. Other current assets	14	2,70,145	6,145
		<u>1,15,91,280</u>	<u>98,15,733</u>
Total		<u>2,69,25,851</u>	<u>2,48,93,536</u>

Notes 1 to 25 form an integral part of the Financial Statements

As per our report of even date
Hegde Hegde & Associates LLP
Chartered Accountants
FRN : S000039
Sd/-
CA. Nagaraj Hegde
Partner
M.No: 245892
UDIN:23245892BGYEKT5518

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

Sd/-
CA. Pramod Srihari
President

Sd/-
CA. Vijaykumar M Patel
Secretary

Sd/-
CA. Praveen S Shettar
Treasurer

Date: 10.07.2023
Place: Bengaluru

Statement of Income and Expenditure

for the year ended 31 March 2023

in Rupees

Particulars	Notes	Year Ended 31 Mar 23	Year Ended 31 Mar 22
A INCOME			
a. Conference, seminar and programs	15	1,39,53,526	7,35,702
b. Other income	16	14,12,401	13,28,485
Total Income (A)		1,53,65,927	20,64,187
B EXPENDITURE			
a. Conference, seminars and programs	17	1,21,72,150	5,52,167
b. Bulletins and publications	18	9,01,415	7,62,807
c. Employee benefits expense	19	5,56,357	7,34,406
d. Other expenses	20	13,01,733	10,56,152
e. Depreciation	7	81,221	1,02,989
Total Expenditure (B)		1,50,12,876	32,08,521
C SURPLUS/(DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND(A-B)		3,53,051	(11,44,334)

Notes 1 to 25 form an integral part of the Financial Statements

As per our report of even date
Hegde Hegde & Associates LLP
Chartered Accountants
FRN : S000039
Sd/-
CA. Nagaraj Hegde
Partner
M.No: 245892
UDIN:23245892BGYEKT5518

For and on behalf of the Executive Committee of
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Sd/-
CA. Pramod Srihari
President

Sd/-
CA. Vijaykumar M Patel
Secretary

Sd/-
CA. Praveen S Shettar
Treasurer

Date: 10.07.2023
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.All/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

- a. 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.
- b. Admission / Entrance Fee charged is recognized as income in the year of receipt.
- c. Ordinary Membership fee received is recognized as income in the year of receipt.
- d. Interest on Term Deposits is recognized on a time proportion basis subject to the interest which is transferred to the Activity Funds as per note 4 of the Financial Statements.
- e. Income from Sale of publications is recognized as income, as and when the publications are sold.
- f. Income from advertisement in bulletins is recognized as income as and when the advertisements are published in the bulletins.
- g. Interest on tax refunds is accounted on receipt basis.

C. Life Membership Fees

- a. 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 Activity Funds

- a. The Association has a policy to allocate/transfer interest to Activity Fund Accounts to recognize the interest attributable to respective restricted Funds.
- b. Allocation/Transfer of interest to Activity Fund is made on the basis of proportionate interest attributable to the balance standing in the respective Restricted 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 Activity 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.

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

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

in Rupees

Particulars	as at 31 Mar 23	as at 31 Mar 22
2 CORPUS FUND		
Opening Balance	42,24,672	38,53,672
Add: Life membership fee received during the year	3,89,000	3,71,000
	46,13,672	42,24,672
3 GENERAL FUND		
Opening Balance	1,58,66,084	1,70,10,418
Add: Surplus/(deficit) for the year	3,53,051	(11,44,334)
	1,62,19,135	1,58,66,084

in Rupees

Particulars	as at 01-Apr-22	Receipts during the year	Add: Transferred during the year	Less: Utilised/ transferred	as at 31 Mar 23
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	1,51,700	-	3,764	-	1,55,464
Late S. Narayanan's memorial prize award account	1,01,778	-	5,377	-	1,07,155
Professional development fund	4,363	-	27,232	25,821	5,774
Student welfare fund	50,045	-	6,081	-	56,126
Legal fund	2,97,268	-	-	-	2,97,268
B	6,05,154	-	42,454	25,821	6,21,787
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)	38,16,340	-	42,454	25,821	38,32,973
PREVIOUS YEAR	37,15,581	1,08,000	46,304	53,545	38,16,340

Notes forming part of financial statements

in Rupees		
Particulars	as at 31 Mar 23	as at 31 Mar 22
5 OTHER CURRENT LIABILITIES		
Employee payables	44,600	40,600
Audit fees payable	36,000	36,000
Income received in advance	-	28,571
Rent payable	28,350	27,000
TDS payable	2,51,605	8,155
Professional tax payable	-	400
Other payables	12,69,173	1,15,371
	16,29,728	2,56,097
6 SHORT TERM PROVISIONS		
Provision for property tax*	6,30,343	5,30,343
Provision for ex-gratia**	-	2,00,000
	6,30,343	7,30,343

* 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 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	5,30,343	4,30,343
Add: Provision created during the year	1,00,000	1,00,000
Closing balance of provision for property tax	6,30,343	5,30,343

** During the FY 2021-22 Rs. 2,00,000/- has been provided for expense towards ex-gratia of a long serving employee and the amount has been paid during FY 2022-23. No provision has been provided for current financial year.

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Notes forming part of financial statements

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land *	Buildings	Leasehold Improvements	Furniture and Fixtures	Library Books	Computer, Printers & Software	Office Equipments	Total
Rate of Depreciation	0.00%	10.00%	33.33%	10.00%	40.00%	40.00%	15.00%	
Gross block								
Opening Balance as on 01-Apr-2022	19,97,630	7,80,288	37,800	13,61,319	94,018	2,09,054	4,31,307	49,11,416
Additions	-	-	-	-	-	-	-	-
Deductions/ Adjustments	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2023	19,97,630	7,80,288	37,800	13,61,319	94,018	2,09,054	4,31,307	49,11,416
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	47,18,620
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	49,11,416
Accumulated depreciation								
Opening Balance as on 01-Apr-2022	-	6,58,604	37,800	8,27,308	94,018	1,99,816	3,51,599	21,69,144
Additions	-	12,169	-	53,401	-	3,695	11,957	81,222
Deductions/ Adjustments	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2023	-	6,70,773	37,800	8,80,709	94,018	2,03,511	3,63,556	22,50,366
Opening Balance as on 01-Apr-2021	-	6,45,083	25,200	7,67,973	94,010	1,93,657	3,40,232	20,66,155
Additions	-	13,521	12,600	59,335	8	6,159	11,366	1,02,989
Deductions/ Adjustments	-	-	-	-	-	-	-	-
Balance as on 31-Mar-2022	-	6,58,604	37,800	8,27,308	94,018	1,99,816	3,51,598	21,69,144
Net block(WDV)								
Balance as on 31-Mar-2023	19,97,630	1,09,516	-	4,80,610	-	5,543	67,751	26,61,050
Balance as on 31-Mar-2022	19,97,630	1,21,685	-	5,34,011	-	9,238	79,709	27,42,272

* Refer note 24 for details on addition to freehold land.

Notes forming part of financial statements

in Rupees

Particulars	as at 31 Mar 23	as at 31 Mar 22
8 LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Tax deducted at source*	14,85,402	11,45,421
	14,85,402	11,45,421
<p>* Tax deducted at source represents Income Tax Refund for AY 14-15 to AY 22-23 and TDS for AY 2023-24 (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 Order Giving Effect (OGE) determining the refund pursuant to the condonation, has been passed for the AY 2014-15, by determining the refund for that year and 17-18, 18-19, 19-20 and 20-21. Out of which an amount of Rs. 697,559/- has been received after the Balance Sheet date.</p>		
9 OTHER NON-CURRENT ASSETS		
Security deposits	3,91,585	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	96,534	96,525
	1,11,88,119	1,11,90,110
10 STOCK OF PUBLICATIONS AND MATERIALS		
KSCAA publications	-	1,21,545
Other materials	32,220	12,226
	32,220	1,33,771
11 RECEIVABLES		
(Unsecured, Considered Good)		
Outstanding for a period less than 6 months from the date they are due for receipt	6,90,701	10,500
Outstanding for a period exceeding 6 months from the date they are due for receipt	45,000	-
	7,35,701	10,500
12 CASH AND BANK BALANCES		
A. Cash and cash equivalents		
a) On Current accounts of banks	10,92,301	2,23,586
b) On Savings accounts of banks	5,130	3,08,614
c) Cash on hand	26,769	4,003
	I 11,24,200	5,36,203
B. Other Bank balances		
a) Bank deposits with original maturity for more than 3 months but less than 12 months from reporting date	91,27,630	90,49,596
b) Accrued Interest On Term Deposits	2,11,218	56,218
	II 93,38,848	91,05,814
	I+II 1,04,63,048	96,42,017

Notes forming part of financial statements

in Rupees

Particulars	as at 31 Mar 23	as at 31 Mar 22
13 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
GST input tax credit	90,166	23,300
	90,166	23,300

14 OTHER CURRENT ASSETS

Advance to suppliers or vendors*	2,70,145	6,145
	2,70,145	6,145

*Includes a sum of Rs.200,000/- paid as advance to a vendor towards services related to 35th Annual Conference during the FY 2022-23. Out of the above, we have received a partial amount of Rs. 50,000 & we are in the process of recovering the balance amount.

in Rupees

Particulars	Year ended 31 Mar 23	Year ended 31 Mar 22
15 INCOME FROM CONFERENCE, SEMINARS AND PROGRAMS		
Annual conference (Refer note 21)	1,19,41,911	-
Seminars, workshops, sports and cultural programs	20,11,614	7,35,702
	1,39,53,526	7,35,702

16 OTHER INCOME

Interest income		
Interest on bank term deposits	10,50,576	11,60,069
Less: Transferred to activity fund	42,454	46,304
	10,08,122	11,13,765
Add: Interest on saving bank accounts	14,106	12,130
	I 10,22,228	11,25,895

Advertisement in news bulletins	2,73,298	1,23,350
Admission / entrance fee	77,800	74,200
Miscellaneous income	218	5,040
Sale of publications	38,857	-
	II 3,90,173	2,02,590
	I+II 14,12,401	13,28,485

17 CONFERENCE, SEMINARS AND PROGRAMS

Annual conference expenses	1,05,98,300	-
Seminars, workshops, sports and cultural and programs Expenses	14,72,299	5,18,581
Decrease /(increase) in stock of publications	1,21,545	30,386
Decrease /(increase) in stock of materials	(19,994)	3,200
	1,21,72,150	5,52,167

Notes forming part of financial statements

in Rupees

Particulars	Year ended 31 Mar 23	Year ended 31 Mar 22
18 BULLETINS AND PUBLICATIONS		
Printing charges of news bulletins	9,01,415	7,62,807
	9,01,415	7,62,807
19 EMPLOYEE BENEFITS EXPENSE		
Salaries and bonus *	5,24,000	6,63,500
Conveyance	6,000	59,880
Staff welfare expenses	26,357	11,026
	5,56,357	7,34,406
* During the FY 2021-22 Rs. 2,00,000/- has been provided for expense towards ex-gratia of a long serving employee and the amount has been paid during FY 2022-23. No provision has been provided for current financial year.		
20 OTHER EXPENSES		
Rent	3,75,000	3,60,000
Email, SMS & Other Subscription charges	2,64,094	1,02,416
Printing and stationery	1,55,901	1,20,134
Annual general meeting expenses	1,02,014	1,05,730
Property tax	1,00,000	1,00,000
Audit fee	40,000	40,000
Office maintenance expenses	38,807	18,995
Professional expenses	38,382	25,500
Postage and courier charges	38,037	29,422
Telephone and internet charges	30,904	18,895
Professional lounge maintenance expenses	30,000	30,000
Website charges	28,864	17,000
Commission on online payment services	10,591	7,260
Rates and taxes	6,600	3,122
Electricity charges	6,452	6,840
Pooja expenses	6,080	11,885
Miscellaneous expenses	5,949	6,263
Executive committee meeting expenses	5,190	2,055
Water charges	4,020	6,160
Membership expenses	4,000	7,540
Bank charges	3,898	3,022
Repairs and maintenance expenses	3,646	4,019
Locker rent	3,304	3,304
Bad debts	-	26,590
	13,01,733	10,56,152

Notes forming part of financial statements

- 21 The Annual Conference which is generally held in the month of March was not conducted in the financial year 2021-22 due to then prevailing COVID-19 situation. During the year 2022-23 34th and 35th Annual conferences were conducted in the month of May 2022 and March 2023 respectively, pursuant to which a considerable amount of income & its corresponding expenses is recognised in F.Y 2022-23. The flow of income & expenses from the 34th & 35th Annual Conferences is provided below:

Conference	Income	Expense
34th Annual Conference	54,54,744/-	41,65,715/-
35th Annual Conference	64,87,167/-	64,20,585/-
Total	1,19,41,911/-	1,05,86,300/-

- 22 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 FY 2021-22, the Association has spent an amount of Rs. 1,77,500/- towards levelling and fencing. Current Year, there is no expense incurred.
- 23 Bank deposits includes deposit of Restricted Funds amounting to Rs.7,89,590/- (FY 2021-22: Rs.7,89,590/-)
- 24 Assets not in active use with WDV of Rs.8/- have been written-off as depreciation during FY 2021-22.
- 25 Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current year's presentation.

Notes 1 to 25 form an integral part of the Financial Statements

As per our report of even date
Hegde Hegde & Associates LLP
Chartered Accountants
FRN : S000039
Sd/-
CA. Nagaraj Hegde
Partner
M.No: 245892
UDIN:23245892BGYEKT5518

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

Sd/-
CA. Pramod Srihari
President

Sd/-
CA. Vijaykumar M Patel
Secretary

Sd/-
CA. Praveen S Shettar
Treasurer

Date: 10.07.2023
Place: Bengaluru



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 95357 15015 • 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 2023-24 to be held during the 50th Annual General Meeting on Friday, the 18th of August, 2023.

Yours faithfully,

(Signature of the Candidate)

Name:

Telephone No:

KSCAA Membership No.:

Mobile No.:

Address:

Email ID:

Proposer's Name :

Secunder's Name :

Proposer's Signature:

Secunder's Signature:

Address:

Address:

KSCAA Membership No.:

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 Friday, 4th August, 2023
- Last date of withdrawal of the nominations: Before 5.00 pm on Tuesday, 8th August, 2023
- Announcement of final list of candidates contesting for election: At 6.00 pm on Tuesday, 8th August, 2023
- The Final list of the Candidates shall also be uploaded on our website www.kscaa.com

FINANCIAL REPORTING AND ASSURANCE



CA. Vinayak Pai V

KEY UPDATES ASSURANCE

1. ICAI Exposure Drafts - Guidance Notes on FAIS

On 1st June, 2023, the Institute of Chartered Accountants of India (ICAI) issued the following **Exposure Drafts of Guidance Notes on Forensic Accounting and Investigation Standards** (FAIS): FAIS 000: *Over Arching Documents*; FAIS 110 : *Nature of Engagement*; FAIS 120 : *Fraud Risk*; FAIS 130 : *Laws and Regulations*; FAIS 140 : *Applying Hypotheses*; FAIS 210 : *Engagement Objectives*; FAIS 220 : *Engagement Acceptance and Appointment*; FAIS 230 : *Using the Work of An Expert*; FAIS 240 : *Engaging with Agencies*; FAIS 250 : *Communication with Stakeholders*; FAIS 310 : *Planning the Assignment*; FAIS 320 : *Evidence and Documentation*; FAIS 330 : *Conducting Work Procedures*; FAIS 340 : *Conducting Interviews*; FAIS 350 : *Review and Supervision*; FAIS 360 : *Testifying Before a Competent Authority*; FAIS 410 : *Applying Data Analysis*; FAIS 420 : *Evidence Discovery in Digital Domain*; FAIS 430 : *Loans Or Borrowings*; FAIS 510 : *Reporting Results*; and FAIS 610 : *Quality Control*.

Link to the Exposure Drafts -

<https://www.icai.org/post/daab-exposure-drafts-of-guidance-notes-fais>

2. ICAI Checklist - Standards on Auditing

On 22nd June, 2023, the ICAI released a **Checklist on Standards on Auditing** (SAs) that covers checklist on all 38 SAs. It contains detailed checklist on various audit requirements in SAs and contains various 'Notes' to explain these checklists. These Notes contain the relevant guidance given in SAs. The Checklist is intended to enable auditors to comply with SAs effectively.

Link to the Checklist -

<https://resource.cdn.icai.org/74466aasb60406.pdf>

3. ICAI Announcement – Restricting revocation of UDINs

On 23rd June, 2023, the ICAI announced its decision that **revocation of UDINs would now be possible**

within 48 hours from the time of its generation. As a result, the authorities/regulators/banks/others, who verify the authenticity of the UDINs would be provided with information that the UDIN, which is being verified, could only be revoked within 48 hours from the time it has been generated.

Link to the Announcement -

<https://www.icai.org/post/restricting-revocation-of-the-udins-within-48-hours>

B. MCA

4. Companies (Accounts) Second Amendment Rules, 2023

The Ministry of Corporate Affairs (MCA) vide Notification No. G.S.R 408(E) dated 31st May, 2023 has **inserted the following proviso in rule 12, sub-rule (1B)**, after the second proviso:

"Provided also that for the financial year 2022-2023, Form CSR-2 shall be filed separately on or before 31st March, 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 as the case may be."

Link to the Notification -

<https://www.mca.gov.in/bin/dmsgetdocument?m ds = h k j C 9 j S S H 4 n R k z Y x - v O 2 a 5 w % 2 5 3 D % 2 5 3 D & type = open>

NFRA

5. NFRA Circular – Statutory Auditor's responsibilities in relation to fraud in a Company

On 26th June, 2023, the National Financial Reporting Authority (NFRA) issued Circular No. NF-25013/2/2023 on **Statutory Auditors' Responsibilities in relation to Fraud in a Company** wherein it has reiterated the provisions of the Companies Act, the relevant Rules and the Standards on Auditing relating to reporting of fraud and its consequences. **Key extracts** from the Circular are provided herein below:

- ◆ *Statutory Auditors are under a mandatory obligation to report fraud or suspected fraud if they observe suspicious activities, transactions or operating circumstances in a company that indicate **reasons to believe** that an offence of fraud is being or has been committed against the company by its officers or employees.*
- ◆ *Resignation does not absolve the Auditor of his responsibility to report suspected fraud or fraud as mandated by the law.*
- ◆ *The Statutory Auditor shall exercise his/her own professional skepticism while evaluating fraud, and need not be influenced by legal opinion provided by the Company or its Management.*

Link to the Circular -

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc-6b56a45a56c59fafdb/uploads/2023/06/2023062673.pdf>

6. Order u/s 132 (4) – Statutory Audit of Nicco Uco Alliance Credit Ltd.

On 12th June, 2023, the NFRA issued an order (No. 020/2023) u/s 132 (4) of the Companies Act finding the Engagement Partner (EP) of the statutory audit firm that audited Nicco for F.Y. 2016 guilty of professional misconduct. **The EP was imposed a monetary penalty of ₹ 1 lakh.**

As per the Order, the auditor **failed to report the Company's non-compliance with accounting standards and SAs**. The deficiencies in the Company's accounts included non-reporting of foreign currency liability of ₹ 11.8 crore at the closing rates per AS 11; showing assets given on finance lease of ₹ 1.8 crore even though the lease agreements had become null, and void and the assets had turned into NPA; not showing several items in Schedule III prescribed format; and showing two different values of EPS.

Link to the Order -

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc-6b56a45a56c59fafdb/uploads/2023/06/2023061296.pdf>

7. Order u/s 132 (4) – Statutory Audit of MAN Industries (India) Ltd.

On 28th June, 2023, the NFRA issued an order (No. 021/2023) u/s 132 (4) of the Companies Act in the matter of statutory audit of Man Industries (India) Ltd. A monetary penalty of ₹ 10 lakhs was imposed on the Engagement Partner apart from debarring him from being appointed as an auditor for 5 years. The Audit Firm

was imposed a monetary penalty of ₹ 50 lakhs.

Audit deficiencies include financial statements did not contain mandated disclosures per Ind AS 24; disclosures in respect of credit risk profile of trade receivables were erroneous; and the auditors qualified opinion on consolidated financial statements that they reflect 'true and fair' view except for the effect of non-consolidation of a subsidiary is erroneous.

Link to the Order -

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc-6b56a45a56c59fafdb/uploads/2023/06/2023062851.pdf>

D. IFRS

8. IASB – Post Implementation Review of IFRS 15

On 29th June, 2023, the International Accounting Standards Board (IASB) issued a **Request for Information – Post Implementation Review of IFRS 15, Revenue From Contracts With Customers**. As part of the IASB's usual post-implementation review (PIR) process for Accounting Standards, it will assess whether the requirements are working as intended.

Link to the Request for Information -

<https://www.ifrs.org/content/dam/ifrs/project/pir-ifrs-15/rfi-iasb-2023-4-pir-ifrs-15.pdf>

E. SUSTAINABILITY REPORTING

9. ISSB issues IFRS S1 and IFRS S2

On 26th June, 2023, the International Sustainability Standards Board (ISSB) **issued IFRS S1 and IFRS S2**. The ISSB Standards have been **built on the concepts that underpin the IFRS Accounting Standards**.

IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face. **IFRS S2, Climate-related Disclosures** sets out specific climate-related disclosures and is designed to be used with IFRS S1. Both standards fully incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

IFRS S1 and IFRS S2 are effective for annual reporting periods beginning on or after 1st January, 2024.

Link to the Announcement and Standards -

<https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/>

10. SEBI LODR Amendment – Business Responsibility and Sustainability Report and Assurance Report

On 14th June, 2023, the Securities and Exchange Board of India (SEBI) vide Notification No. SEBI/LAD-NRO/GN/2023/131 **amended the SEBI (LODR) Regulations, 2015**. W.r.t. business responsibility and sustainability reporting, **Regulation 34 (2) (f) is substituted**. Salient aspects of the substituted clause are:

- ◆ For the **top 1,000 listed** entities based on market capitalization, a **Business Responsibility and Sustainability Report** on the ESG disclosures, in the **format as may be specified** by the Board from time to time;
- ◆ Provided that the **assurance of the Business Responsibility and Sustainability Report Core** shall be obtained, with effect from and in the manner as may be specified by the Board from time to time;
- ◆ Provided further that the **listed entities shall also make disclosures and obtain assurance as per the Business Responsibility and Sustainability Report Core for their value chain**, with effect from and in the manner as may be specified by the Board from time to time;
- ◆ Business Responsibility and Sustainability Report Core shall comprise of such key performance indicators as may be specified by the Board from time to time.

Link to the Notification -
https://www.sebi.gov.in/legal/regulations/jun-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2023_72609.html

11. IAASB – Proposed International Standard on Sustainability Assurance [ISSA 5000] approved for public consultation

On 28th June, 2023, the International Auditing and Assurance Standards Board (IAASB) announced that it has approved by unanimous vote draft **ISSA 5000, General Requirements for Sustainability Assurance Engagements**, for public consultation.

The proposed standard **aims to enhance confidence in sustainability reporting**, responds to IOSCO recommendations, and complements the work of other standard setters, including the IESBA, EFRAG, ISSB and IFRS Foundation, GRI and others. Once finalized, **ISSA 5000 will serve as a comprehensive, stand-alone standard suitable for limited and reasonable**

sustainability assurance engagements. It will apply to sustainability information reported across any sustainability topic and prepared under multiple frameworks. Moreover, **the standard will be profession-agnostic**, enabling its use by professional accountants and other professionals performing sustainability assurance engagements. The consultation will be open by August 2023.

Link to the Announcement –
<https://www.iaasb.org/news-events/2023-06/proposed-international-standard-sustainability-assurance-5000-approved-public-consultation-unanimous>

12. DHUB – Disability in sustainability reporting – New version to reflect latest GRI Standards

On 13th June, 2023, Disability Hub Europe (DHUB) launched a new version of the **Disability in Sustainability Reporting Guide**. The updated Guide takes account of recent changes in sustainability reporting, including the 2021 update to the Global Reporting Initiative (GRI) Universal Standards.

The updated Guide is aimed at helping companies fully incorporate disability issues in their reporting and highlight practices to include persons with disabilities throughout the value chain. It addresses the role of business in strengthening disability inclusion, in the context of sustainable development, while providing technical guidance on how relevant disclosures in the GRI standards can be applied.

Link to the Guide -
https://www.globalreporting.org/media/0zmnlesh/dhub_disability_reporting_guide.pdf

F. USGAAP|Assurance

13. FASB – New chapter of Conceptual Framework – The Reporting Entity

On 8th June, 2023, the Financial Accounting Standards Board (FASB) issued a new chapter namely **Chapter 2, The Reporting Entity** of its **Conceptual Framework for Financial Reporting** (FASB Concept Statement No. 8).

The new chapter describes a reporting entity as **“a circumscribed area of economic activities that can be represented by general purpose financial reports that are useful to existing and potential investors, lenders, and other resource providers in making decisions about providing resources to the entity.”** It also describes the **three features of a reporting entity**: i) Economic activities have been conducted; ii) Those economic activities can be distinguished from those of other entities; and iii)

the financial information in general purpose financial reporting faithfully represents the economic activities conducted within the circumscribed area and is useful in making decisions about providing resources to the reporting entity.

Link to the Chapter -

https://www.fasb.org/page/getarticle?uid=fasb_Media_Advisory_06-08-23

14. FASB Exposure Draft – Purchased Financial Assets

On 27th June, 2023, the FASB published a proposed Accounting Standards Update *Financial Instruments – Credit Losses (Topic 326), Purchased Financial Assets*.

Under current US GAAP, if a purchased financial asset has experienced a more-than-insignificant deterioration in credit quality since origination, it is accounted for under the purchased credit deteriorated (PCD) model (‘the gross-up’ approach) with no credit loss recorded on acquisition. If instead the purchased financial asset has not experienced a more-than-insignificant credit deterioration since origination, it is accounted for in a manner consistent with an originated financial asset (‘non-PCD’ accounting). Under non-PCD accounting a day one credit loss is recorded in addition to any credit discount reflected in the fair value of the acquired assets.

The Exposure Draft would address stakeholders’ concerns including complexity of having two accounting models for purchased financial assets by requiring that *all acquired financial assets, with certain limited exceptions, would follow the existing gross-up approach*.

Link to the Exposure Draft -

https://www.fasb.org/page/getarticle?uid=fasb_Media_Advisory_06-27-23

15. PCAOB – Amendments to Auditing Standards to increase auditor vigilance against fraud and other forms of non-compliance with laws and regulations

On 6th June, 2023, the US Public Company Accounting Oversight Board (PCAOB) issued for public comment, *Amendments to PCAOB Auditing Standards related to a Company’s Noncompliance with Laws and Regulations*.

The proposed amendment seeks to strengthen and enhance auditor obligations related to a company’s noncompliance with laws and regulations in three key respects: **Identify** – The proposal would establish specific requirements for auditors to proactively identify – through inquiry and other procedures – laws and

regulations that are applicable to the company and that could have a material effect on the financial statements, if not complied with; **Evaluate** – The proposal would strengthen requirements related to the auditor’s evaluation of whether noncompliance with laws and regulations has occurred, and if so, the possible effects on the financial statements and other aspects of the audit; and **Communicate** – The proposal would make it clear that the auditor is required to communicate to the appropriate level of management and the audit committee as soon as they are made aware that noncompliance with laws or regulations has or may have occurred.

Link to the Proposed Amendments -

https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-051/pcaob-release-no.-2023-003---noclar.pdf?sfvrsn=fe43e8a_2

16. PCAOB – Proposal to bring greater clarity to certain auditor responsibilities when using technology-assisted analysis

On 26th June, 2023, the US PCAOB issued for public comment, *Proposed Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form* designed to improve audit quality and enhance investor protection by addressing aspects of designing and performing audit procedures that involve technology-assisted analysis of information in electronic form. The proposal includes changes to update aspects of AS 1105, Audit Evidence, and AS 2301, The Auditor’s Responses to the Risks of Material Misstatement.

In particular, the proposal would bring greater clarity to auditor responsibilities in the following areas: **Using reliable information in audit procedures; Using audit evidence for multiple purposes; and designing and performing substantive procedures.**

Link to the Proposal -

https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-052/pcaob-release-no.-2023-004-technology-assisted-analysis.pdf?sfvrsn=b801ffd0_2

G. OTHER USEFUL PUBLICATIONS

17. UK FRC – **Thematic Review: IFRS 13 ‘Fair Value Measurement’**. [13th June, 2023.] [<https://www.frc.org.uk/getattachment/9b713948-30ac-4c70-be75-3d71d6c5f7cf/Thematic-review-IFRS-13-‘Fair-value-measurement.pdf’>]

18. **CDP – CDP’s Climate Transition Data Tracker.** [13th June, 2023.] [<https://www.cdp.net/en/articles/media/only-5-of-global-emissions-are-covered-by-on-track-targets-new-tracker-from-cdp-finds>]
19. **IFAC article - The Five Opportunities That Make Accountancy a Passport to Meaningful Careers in the Private and Public Sectors.** [13th June, 2023.] [<https://www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/discussion/five-opportunities-make-accountancy-passport-meaningful-careers-private-and-public-sectors>]
20. **IOSCO – Consultation on Goodwill.** [22nd June, 2023.] [<https://www.iosco.org/library/pubdocs/pdf/IOSCOPD737.pdf>]
21. **RBI – Financial Stability Report, Issue No. 27.** [28th June, 2023.] [<https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/0FSRJUNE20231159B-36F45EA406E9D704BBC8F73D785.PDF>]
22. **GRI – Annual Sustainability Report 2022: Towards a global comprehensive reporting system.** [28th June, 2023.] [<https://www.globalreporting.org/media/3yfhjrjrk/gri-sustainabilityreport2023-final.pdf>]
23. **UK FRC – FRC Lab Insight Report: Disclosure of dividends revisited.** [29th June, 2023.] [<https://www.frc.org.uk/investors/frc-lab/newsletters,-blogs,-podcasts-and-videos/insight-report-disclosure-of-dividends-revisited>]

H. GLOBAL REGULATORY ACTIONS

24. US SEC Order – Failures in executive perks disclosure

On 20th June, 2023, the US Securities and Exchange Commission (US SEC) vide press release No. 2023-111 settled charges against a publicly traded tools company, for **failing to disclose perquisites it provided to certain executives.** The Company failed to disclose at least \$1.3 million worth of perquisites and personal benefits paid to four executive officers and a director from 2017 through 2020. The perquisites predominantly consisted of expenses associated with the executives’ use of corporate aircraft. The order finds that the company failed to appropriately apply the SEC’s compensation disclosure rules to its system for identifying, tracking and calculating perquisites. The order does not impose a civil penalty against the company, which self-reported the perquisite disclosure failures, cooperated with the SEC’s investigation, and implemented remedial measures.

Link to the Order –
<https://www.sec.gov/news/press-release/2023-111>

25. US SEC – Audit Firm charged for widespread quality control deficiencies

On 21st June, 2023, the US SEC vide release No. 2023-114 announced that it charged an audit firm with systemic quality control failures and violations of audit standards in connection with audit work for hundreds of special purpose acquisition company (SPAC). The Audit Firm agreed to pay a \$10 million penalty to settle the charges. According to the SEC’s order, over a three-year period, the Audit Firm more than tripled its number of public company clients, the majority of which were SPACs, including auditing more than 400 SPAC initial public offerings in 2020 and 2021. The strain of this growth, however, exposed substantial, widespread, and pre-existing deficiencies in the firm’s underlying quality control policies, procedures, and monitoring. In hundreds of SPAC audits, the Audit Firm failed to comply with audit standards.

Link to the Order –
<https://www.sec.gov/news/press-release/2023-114>

26. US PCAOB – Audit Firm imposed penalty of \$ 3 million

On 21st June, 2023, the US PCAOB censured a US Audit Firm and imposed a civil money penalty of \$ 3 million. As per PCAOB, the Audit Firm’s system of quality control failed to, inter alia, provide reasonable assurance that the Firm would: undertake only those issuer engagements that the Firm could reasonably expect to be completed with professional competence and appropriately consider the risks associated with providing professional services in the particular circumstances; ensure that partner workloads were manageable to allow sufficient time for engagement partners and engagement quality review partners to discharge their responsibilities with professional competence and due care; timely assemble complete and final sets of audit documentation; and ensure that personnel were consulting with individuals within or outside the Firm, when appropriate, when dealing with complex issues.

Link to the Order –
https://assets.pcaobus.org/pcaob-dev/docs/default-source/enforcement/decisions/documents/105-2023-005-marcum.pdf?sfvrsn=e46a22c_7

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IFRS S1 : GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY - RELATED FINANCIAL INFORMATION



CA. Aditya Kumar S

Background : The reporting of sustainability relating matters has been a matter of discussion across various platforms and there was a need for a common reporting language. On 26th June 2023, the International Sustainability Standards Board ('ISSB') issued its inaugural standards IFRS S1 i.e., *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 i.e., *Climate Related Disclosures*. IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 is also applied.

The following article attempts to summarize the contents of the aforesaid Standard.

Objective: The objective of IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports. The report aims to provide information on sustainability-related risks and opportunities are integrated with its stakeholders, society, the economy and the natural environment throughout the entity's value chain and reflect the interdependencies between them.

Conceptual foundations: This topic in the Standard covers basic principles of the reporting requirements.

- 1. Definition of sustainability-related financial disclosures:** A particular form of general purpose financial reports that provide information about the reporting entity's sustainability related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks and opportunities, and related metrics and targets.
- 2. Fair Presentation:** Fair presentation is the fundamental basis on which the financial reports are also expected to be prepared and the same has been continued to be used in the sustainability

standard reporting framework as well.

- 3. Materiality:** The concept of Materiality is also enshrined in this standard similar to how materiality is important in preparing the financial reports. The entity should consider both qualitative and quantitative factors and impact on sustainability risk or opportunity on the entity and then assess whether the information should be disclosed or not. An entity shall also consider various factors including; whether information about low-probability and high-impact outcomes might be material either individually or in combination, possible impact of future cash flows, and on the reflection in financial report. Material information could be considered obscured (and hence fails to meet the requirements of the Standard) if it is not clearly distinguished from additional information, language is ambiguous, information is scattered throughout the document, issues in aggregation and disaggregation of information, etc.,
- 4. Connected Information:** Inter-relationship between sustainability-related disclosures and financial reporting is essential. The inter-relationship could impact governance, strategy, risk management disclosure, various metrics and targets. Examples of such inter-related information include say a decision to restructure its operations in future in response to say sustainability-related risk should also discuss about its impact on the workforce, local community, governance related aspects, impact on the financial statements i.e., impairment of certain assets, implications on performance of the entity, etc., Similarly disclosures on use of natural resources to provide information on how the entity proposes to make optimum utilization of those resources, how it proposes to move to a greener alternative, risks associated with it. It is very important to understand and bring out the inter-play between the financial reporting,

other information given in the annual report and sustainability related information.

Core Content

5. **Governance, Strategy, Decision-making and impact on financial reports:** Information relating to how the organization has ensured to have a governance structure to strategize, guide and oversee the sustainability related functions including risk management, adopting relevant policies and implementation, monitoring progress and meeting the key performance indicators etc.,
6. Disclosure under this para would also include discussing about how the sustainability risks impact the business model and value chain and equally the opportunities it gives in terms of relooking at the business processes and how they same can be improvised. The disclosure would also include how the entity is strategizing its operations to ensure flexibility to maneuver and be quick enough to adopt new opportunities.
7. The effects of these risks and opportunities on the financial position, performance and cash flows i.e., impact on the financial statements also to be disclosed splitting the impact into short-, medium- and long-term basis, unless of course there are practical issues in providing the information which may be disclosed or the information is not identifiable or available. Other disclosures include:
 - a. *To define how entity has defined short, medium and long term for the purposes of reporting;*
 - b. *Disclosure if there is a significant risk of a material adjustment within the next annual reporting period to the carrying amount of assets and liabilities;*
 - c. *Impact of financial position over short, medium and long term managing sustainability related risks;*
 - d. *Plans to restructure including investment, disposal, acquisition, divestments, joint ventures, having innovative strategies, new business areas, asset retirement plans for which there may or may not be contractual commitments and sourcing of funds for the above projects.*
8. **Risk Management:** Risk Management disclosures include discussing about the sustainability risks

are integrated into the overall risk management process and also the impact of those risks on the entity's operation and initiatives. The risk management disclosure would also include how the entity monitors the risks and has remediation plans in place to mitigate such risks.

9. **Metrics and targets:** This portion is the heart and soul of the report, wherein entities would have to provide the details of achieving goals and information needs to be quantitative details. Identifying and applying metrics for varied types of businesses by itself would be a challenge. These metrics could be sourced from IFRS S1 or any other standard as well. The method used to calculate the metric, statutory regulations, if any, the input data that has gone into deriving the metric, the assumptions and limitations should also be disclosed. Further, if the outcome is audited by a third party, the details of such should also be provided. If there are changes in the metrics, information relating to comparatives, the reason for changes should also be disclosed.

General requirements

10. **Sources of Guidance:** If an entity would like to apply any other standards other than IFRS Sustainability Disclosure Standards like Sustainability Accounting Standards Board Standards ('SASB') or Climate Disclosure Standards Board ('CDSB') or Global Reporting Initiative ('GRI') or European Sustainability Reporting Standards ('ESRS') or any other standards. This would give an opportunity for the entity to show case the sustainability related initiatives under multiple frameworks, as long as they do not give a conflicting view.
11. **Location of Disclosures:** This Standard requires the information relating to sustainability risk and opportunities to be given along with the general-purpose financial reports that means alongside 'other information' viz., management report, management discussion & analysis, or such other reports; but it should ensure that the contents are cross-referred for information contained in other sections of the report.
12. **Timing of Reporting:** The information relating to sustainability should be given for the same period as that of the related financial statements / financial report. Sustainability related information which is given for a financial

statement prepared for more than or less than 12 months needs to be explained for the reasons for such type of disclosure and the fact that they are not comparable with the previous period. Akin to how post-balance sheet date subsequent events are taken cognizance in the financial statements, any event or conditions that occur after the end of the reporting period, but before the date on which the reports are authorized for issue should also be considered appropriately to ensure that there no material misstatements. In cases where the regulators require interim financial information to be prepared and presented, then based on the regulation sustainable linked information may provide update on the latest complete set of disclosures released earlier and any events or transactions which may impact such reporting.

13. Comparative Information: Entity should also disclose comparative information, as done in case of financial statements.

14. Statement of Compliance: As done in IFRS (also in Ind AS), an explicit statement that the entity has complied with sustainability disclosure standards needs to be given. This statement should not be given if there are any such non-compliances.

15. Judgements and Measurement uncertainty: Information relating to management judgements made in the process of sustainability reporting needs to be disclosed including the source of assumptions, those which may impact the financial reporting, variables used, sensitivity analysis where required, changes made to pass assumptions and its implications. These disclosures should also provide how much of uncertainty exists which may risk material misstatement.

16. Errors: Comparative amounts or information needs to be restated if there are any prior period errors identified and this needs to be distinguished from changes in estimates. Restatement comes along with explaining nature of prior period error, correction carried out (if correction is not possible the reasons thereof, should also be given.

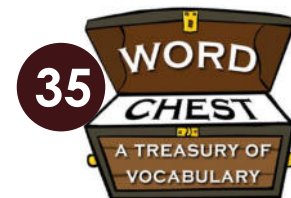
Other aspects:

1. The Standards should also be read with “Accompanying Guidance on General Requirements for Disclosure of Sustainability-related Financial Information” and “Basis of Conclusion”.

2. Similar Standard is expected to be released from ICAI and it is expected these Standards are aligned.
3. Considering that for Companies Listed in India would also have to comply with BRSR / BRSR Core, would have to expect any guidance by the regulators on the reporting between the Standard and compliance would be play out.
4. The reading of the IFRS S1 would lead to believe that the way Annual Reports are going to present the information is going to bring a paradigm shift and integrated reporting would remain the solution to ensure seamless reporting.
5. From the perspective of the reporting business results, companies would have to redesign the way information is being collated including the roles and responsibilities of risk management, governance, auditors are expected to be impacted.

In the next article, would bring out the summary of IFRS S2 i.e., Climate Related Disclosures which includes industry specific guidance. For now close to 68 industries / sectors have been covered under IFRS S2.

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Robo-advisor

A robo-advisor is a virtual financial advisor powered by artificial intelligence (AI) that employs an algorithm to deliver an automated selection of financial advisory services. Typically offered by investment brokerage firms, robo-advisors are a type of expert system optimized for financial services, specifically for investing and portfolio management advice.

A robo-advisor is one example of a software robot, not a physical robot. However, the software supporting robo-advisors functions similarly to the AI that might drive a robot. Investors communicate with their robo-advisors through smartphone apps or over the web.

INTELLECTUAL PROPERTY RIGHTS AND PROTECTION IN INDIA INTERNATIONAL ISSUES RELATING TO INDUSTRIAL DESIGNS (PART - XXXV OF IPR SERIES)



Adv. M. G. Kodandaram, IRS

Industrial Design

In previous sections of this series, we have explored the concept of 'industrial design,' which refers to the characteristics of shape, configuration, pattern, ornamentation, or composition that are applied to any article, whether in two-dimensional or three-dimensional form. These features are created through various industrial processes or methods, such as manual, mechanical, or chemical means. The ultimate judgment of a design lies solely with the visual perception of the observer.

It is crucial to note that a design must be applicable to a tangible article. The overall visual appearance of a product, which is unique to that particular product, is what constitutes its design. This design plays a significant role in influencing consumer purchasing decisions. By making a product visually appealing and attractive, industrial designs can greatly impact consumer preferences and choices. Essentially, the success or failure of a product may be influenced, at least in part, by its aesthetic appeal.

This holds true for businesses of all sizes, ranging from small- and medium-sized enterprises (SMEs) to larger corporations, irrespective of their industry. Industrial designs can be of utmost importance in attracting customers and driving their preference for a particular product. Therefore, the significance of industrial design should not be overlooked by companies, as it can greatly contribute to their overall success. The application procedure for seeking copyrights in design under Indian law has been deliberated in detail in the earlier part of this series which may be referred.

Registered Industrial Design

The proprietor of a registered industrial design, also known as a 'design patent' in certain jurisdictions, possesses the authority to prohibit third parties from engaging in commercial activities involving articles that replicate or substantially replicate the protected design.

These activities include manufacturing, selling, or importing such articles. Industrial designs are applicable to a broad range of industrial and handicraft products, encompassing packaging, containers, furniture, household items, lighting fixtures, jewellery, electronic devices, textiles, as well as graphic symbols, graphical user interfaces (GUIs), and logos.

In essence, the scope of industrial designs extends beyond physical objects to encompass visual elements that are integral to various products and interfaces. By obtaining protection for their industrial designs, owners gain the exclusive right to safeguard their creations and prevent unauthorized copying or imitation, particularly when such actions are carried out for commercial purposes. This legal framework serves to encourage innovation and creativity by ensuring that designers and businesses can reap the benefits of their unique visual creations and prevent unfair competition in the marketplace.

To obtain legal protection for an industrial design, registration is typically required in most countries. In some jurisdictions, such as India, industrial designs are protected under patent law and referred to as "design patents." In India, the Designs Act of 2000 governs the protection of industrial designs, and it sets forth specific requirements that must be fulfilled for registration:

1. Novelty: The design must be original and not published or used in any country. However, a previously existing design applied to a new subject matter can be registered.
2. Application to an article: The design should be applied to a tangible article, excluding industrial plans or layouts from design registration.
3. Industrial process application: The design should be applied to an article through an industrial process, excluding paintings and sculptures that are not produced in bulk using an industrial process.

4. Visibility in the final article: The design should be visible in the finished article since the judgment of a design is solely based on its visual appearance.
5. Exclusion of mechanical devices: Mechanical devices, regardless of their mode of operation, cannot be registered as designs.
6. Exclusion of trademark and copyright elements: The design cannot include trademarks, property marks, or elements protected under the Copyright Act of 1957.

In India, once an industrial design is registered, its protection is valid for ten years from the date of design patent registration. This protection term can be extended for an additional five years by submitting an extension application along with the prescribed fee.

Advantages of Protecting Industrial Designs

Industrial Designers place the human in the centre of the process. They acquire a deep understanding of user needs through empathy and apply a pragmatic, user-centric problem-solving process to design products, systems, services, and experiences. They are strategic stakeholders in the innovation process and are uniquely positioned to bridge varied professional disciplines and business interests. They value the economic, social, and environmental impact of their work and their contribution towards co-creating a better quality of life.

Industrial designers prioritize the needs of users, placing them at the center of the design process. They utilize empathy to gain a deep understanding of user needs and employ a pragmatic, user-centric problem-solving approach to design products, systems, services, and experiences. As strategic stakeholders in the innovation process, industrial designers act as bridges between various professional disciplines and business interests. They value the economic, social, and environmental impact of their work and aim to co-create a better quality of life.

Including the protection of industrial designs as an integral part of a business strategy is crucial. There are several key reasons to protect industrial designs:

1. Return on investments: Protection enables businesses to obtain a return on the investments made in developing and marketing innovative and appealing products.
2. Exclusive rights: Protection grants exclusive rights for a minimum of 10 years, preventing others from commercially exploiting or copying the industrial design.
3. Brand reinforcement: Industrial designs can play

a significant role in a company's brand identity. Protecting these designs helps safeguard and strengthen the company's brand.

4. Licensing and selling opportunities: Protection provides rights that can be licensed or sold to other enterprises, generating income for the owner of the design rights.
5. Positive brand image: Protecting industrial designs contributes to a positive brand image, as these designs are valuable assets that can enhance the market value of a company and its products.
6. Rewarding creativity: Industrial design protection incentivizes and rewards creativity, encouraging further innovation.

It is important to note that industrial design rights are territorial, meaning they are limited to the country or region where protection is granted. Currently, there is no global or international industrial design right in existence. To seek protection in other countries, an application for industrial design registration or patent grant must be filed in each country according to its respective laws. This means that if protection is desired in countries like India, the USA, and the UK, separate applications should be filed with the intellectual property (IP) office of each country.

To simplify the process and avoid the need to file applications in every individual country, the World Intellectual Property Organization's (WIPO) Hague System offers a practical business solution. Through a single international application, the Hague System allows for the registration of up to 100 designs in numerous territories.

The Hague System.

The Hague System for the International Registration of Industrial Designs offers a simplified and efficient process for protecting industrial designs across multiple countries using a single application. Here is an overview of how industrial design protection works under the Hague System:

1. Eligibility: To be eligible for protection, the design must be new, meaning it has not been made public before the application filing date, and it must possess individual character, creating a distinct impression from existing designs.
2. Applicant eligibility: To file an international application under the Hague System, the applicant must be a national or have a domicile, habitual residence, or a genuine and effective industrial or commercial establishment in a member country

of the Hague Agreement.

3. Filing the international application: The international application is submitted to the International Bureau of the World Intellectual Property Organization (WIPO). It includes details about the applicant, a representation of the industrial design, and the required fees. The application can be filed in English, French, or Spanish.
4. Examination and formalities check: The International Bureau conducts an examination to verify that the application meets formal requirements. They review the application for any deficiencies or irregularities and may request corrections or additional information, if necessary.
5. Designation of member countries: The applicant can designate one or more member countries where they seek protection for the industrial design. Each designated country will independently examine the design based on their national laws and regulations.
6. Examination by designated countries: Upon receiving the international application, each designated country examines the industrial design according to their national requirements. This examination includes assessing novelty, individual character, and other criteria for design protection.
7. Grant or refusal of protection: Each designated country independently decides whether to grant or refuse protection for the industrial design. If protection is granted, it generally carries the same effect as a national design registration in that specific country.
8. Duration of protection: The duration of protection for an industrial design under the Hague System varies from country to country. The maximum duration is 15 years from the filing date of the international application, subject to the payment of renewal fees.

It's important to note that the Hague System streamlines the filing and administrative process, but it does not establish a unified global design right. Each designated country retains the authority to grant or refuse protection based on its own laws and examination procedures.

However, it is worth mentioning that India is not a signatory to the Hague Agreement. In the absence of the Hague System, the applicable international treaty for India

is the Paris Convention. Under the Paris Convention, an Indian design application can be filed in other signatory countries within 6 months of filing in India.

Paris Convention for the Protection of Industrial Property

The Paris Convention for the Protection of Industrial Property, established in 1883, covers various areas of intellectual property, including patents, trademarks, industrial designs, utility models, and geographical indications. The Convention encompasses substantive provisions that can be categorized into three main areas: national treatment, right of priority, and common rules.

1. National treatment: Under the Convention, each Contracting State is obligated to provide the same level of protection to nationals of other Contracting States as it provides to its own nationals in terms of industrial property protection. Even nationals of non-Contracting States can receive national treatment if they are domiciled or have a genuine and effective industrial or commercial establishment in a Contracting State.
2. Right of priority: The right of priority applies to patents, trademarks, and industrial designs. It allows an applicant, based on their initial regular application filed in one Contracting State, to apply for protection in any other Contracting State within a specified period (12 months for patents and utility models; 6 months for industrial designs and trademarks). These subsequent applications will be treated as if they were filed on the same day as the first application, giving them priority over applications submitted by others during that period. This provision offers practical advantages, as applicants have time to decide in which countries they want to seek protection and organize the necessary steps for securing it.
3. Common rules: The Convention establishes certain common rules that all Contracting States must adhere to. These rules ensure that industrial designs are protected in each Contracting State, regardless of whether articles incorporating the design are manufactured in that particular State. This means that industrial designs can be protected globally by utilizing this route.

The Paris Convention for the Protection of Industrial Property provides important provisions for national treatment, the right of priority, and common rules, which contribute to the international protection of industrial designs and other forms of intellectual property.

Paris Convention for the Protection of Patents

The Paris Convention for the Protection of Patents establishes several common rules that all Contracting States must adhere to. These rules are particularly significant in relation to patents and include the following:

1. Patents granted in different Contracting States for the same invention are considered independent of each other. They are separate rights granted by each State.
2. The granting of a patent in one Contracting State does not impose an obligation on other Contracting States to grant a patent for the same invention. Each State retains the autonomy to decide on the grant of patents within its jurisdiction.
3. A patent cannot be refused, invalidated, or terminated in any Contracting State based on the fact that it has been refused, invalidated, or terminated in another Contracting State.
4. The inventor has the right to be identified as such in the patent. The patent should properly acknowledge the contribution of the inventor(s).
5. The grant of a patent cannot be refused, and a patent cannot be invalidated, on the grounds that the sale of the patented product or a product obtained through the patented process is subject to restrictions or limitations imposed by domestic law.
6. A compulsory license, which allows others to use the patented invention without the patentee's consent, may be granted only if the patentee fails to work or inadequately works the patented invention. However, such a license can only be granted upon request filed after three years from the grant of the patent or four years from the filing date of the patent application. Additionally, the request for a compulsory license must be rejected if the patentee provides legitimate reasons justifying their inaction.

The Paris Convention for the Protection of Patents sets forth important provisions regarding the independence of patents, the rights of inventors, limitations on refusal or invalidation based on international decisions, restrictions on patent product sales, and conditions for granting compulsory licenses. These rules ensure a level of consistency and protection for patent rights among the Contracting States.

Paris Convention for the Protection of Trademarks

The Paris Convention for the Protection of Trademarks establishes certain common rules that all Contracting States must follow. These rules are particularly important with regard to trademarks and include the following provisions:

1. The Paris Convention does not govern the specific requirements and procedures for filing and registering trademarks, as these are determined by the domestic laws of each Contracting State. Consequently, the refusal or invalidation of a trademark registration cannot be based on the fact that the mark has not been filed, registered, or renewed in the country of origin.
2. The registration of a trademark in one Contracting State is considered independent of its potential registration in any other country, including the country of origin. Therefore, if the registration of a mark is canceled or annulled in one Contracting State, it does not affect the validity of the registration in other Contracting States.
3. If a mark has been properly registered in the country of origin, it must be accepted for filing and protected in its original form in other Contracting States upon request. However, registration may be refused in specific cases, such as when the mark infringes the existing rights of third parties, lacks distinctive character, contravenes morality or public order, or is likely to deceive the public.
4. If the use of a registered trademark is compulsory in a Contracting State, the registration cannot be cancelled for non-use until after a reasonable period. Even then, cancellation can only occur if the owner is unable to justify the lack of use.

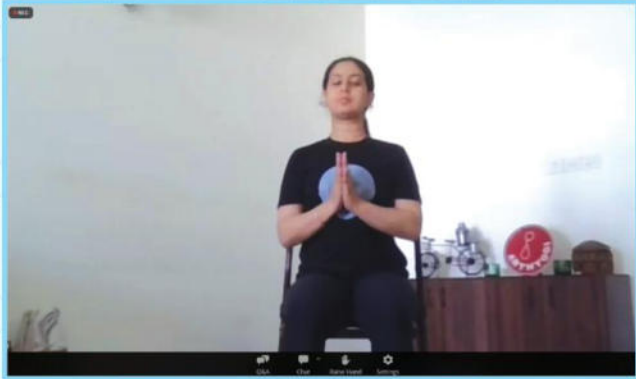
The Paris Convention for the Protection of Trademarks establishes key regulations to ensure consistency and protection of trademarks among Contracting States. These rules cover aspects such as registration independence, refusal of registration under certain circumstances, protection of well-known marks, restrictions on the use of official emblems, and the requirement for compulsory use of registered marks.

International protection for IPRs is continued in the coming article.

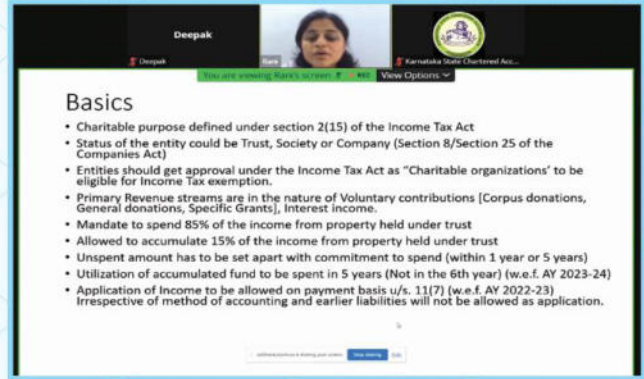
*Author can be reached at :
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Photo Gallery



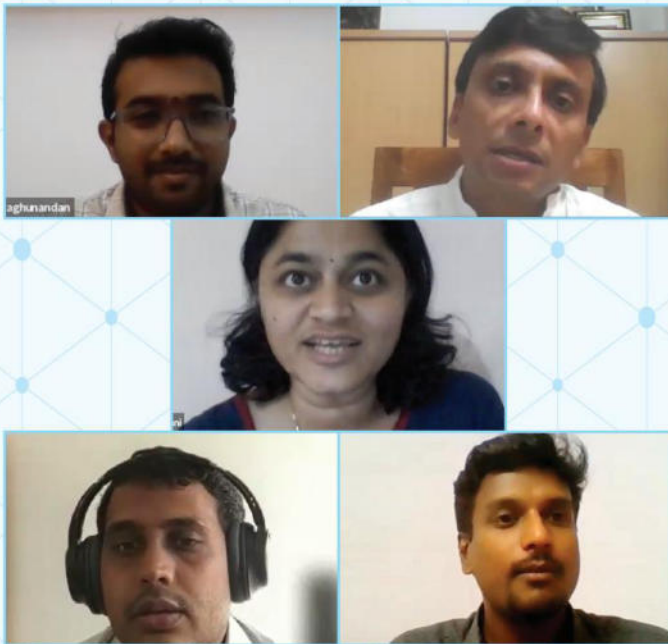
Webinar "Zen-Seat" – Online session of Simple Chair yoga and Restorative Yoga conducted on 17th June 2023 organized by the Women Empowerment Committee of KSCAA.



Interactive Webinar on ITR 7 and Form 10B Audit report conducted on 7th July 2023 organized by Direct Tax Committee of KSCAA.



Discover U in You" – Online meeting on Learning How to Manage Stress, Health and Relationships on 27th June 2023 organized by the Women Empowerment Committee of KSCAA.



Income Tax for the real world- A Practical Online course for article assistance & compliance executives conducted in June 2023 by Direct Tax Committee of KSCAA



Inauguration of Building of Davanagere Chartered Accountants Association on 21st June 2023.

KSCAA: Rewinding the Glory

ಕವಿಸ್‌ಸಿವಿ: ವೈಭವದ ಸಂಹವಲೋಕನ

