

NEWS BULLETIN

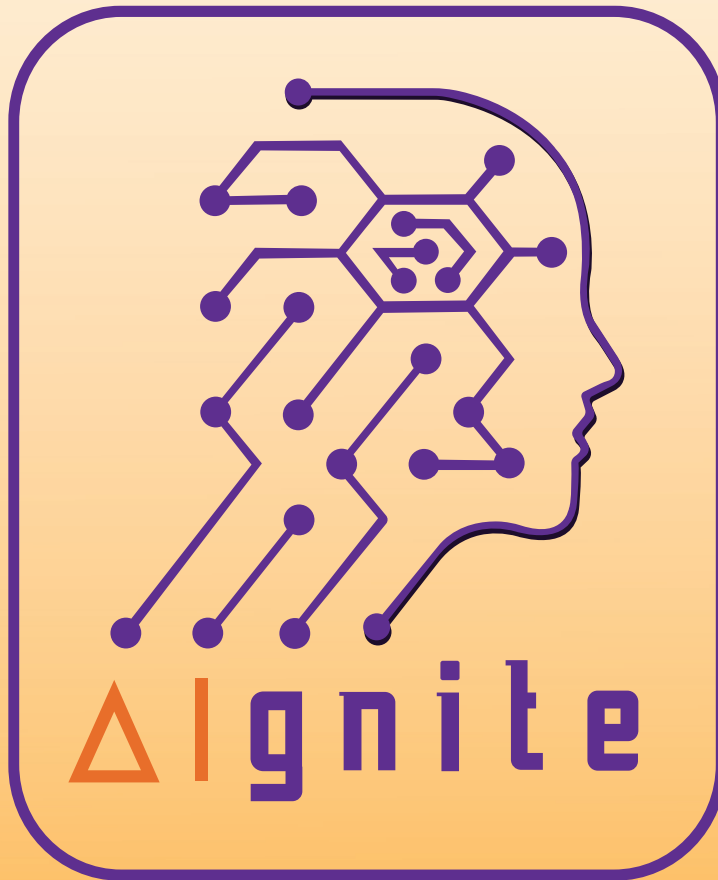
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KSCAA[®]

Karnataka State Chartered Accountants Association (R)



THEME OF THE YEAR 2024-25



From the President

My Dear Readers,



It is with great honour and a deep sense of responsibility that I address you for the first time as the President of our esteemed Association. As I step into this role, I am reminded of the rich history of our profession, built on the foundation of integrity, diligence, and excellence. Yet, as we look towards the future, it is clear that the landscape of our profession is undergoing a profound transformation, driven by rapid advancements in technology.

This year, we have chosen a theme that truly embodies the spirit of progress and innovation: **'Aignite.'** This theme represents not only the advent of Artificial Intelligence but also the spark of interest and the commitment to continuous learning that we, as Chartered Accountants, must welcome. We must embrace Artificial Intelligence (AI), automation, and technological tools to elevate our profession to new heights. This theme is not just about adopting new technologies; it's about reshaping our mindset, reimagining our roles, and preparing ourselves for the challenges and opportunities that lie ahead. At KSCAA, we believe that every member has immense potential. You are all capable of achieving great things, and sometimes, all that's needed is that small push-an ignition. Our association is here to provide that spark, to support you in your journey, and to ensure that once you start, you have all the momentum you need to reach new heights.

The world is changing at an unprecedented pace. Industries across the globe are being transformed by AI, automation, and digitalization, and our profession is no exception. As Chartered Accountants, we are uniquely positioned to lead this change. Our expertise in financial management, audit, taxation, and advisory services can be significantly augmented by the intelligent use of technology. However, to remain relevant and continue to provide value to our clients, we must embrace these advancements and integrate them into our daily practice.

Together, let's ignite our passion for learning, embrace the power of AI, and propel ourselves towards the future where the sky is just the beginning.

In my address to members after being elected as the president at the AGM, had laid out the action plan for my term, I would like to summarise here for the benefit of the readers:

1. KSCAA will join hands with few leading CA firms and a delegation will visit their firm to understand the best practices adopted. The objective of this initiative is to make members aware and embrace of what all it requires to build a top firm. Practice is an age-old recipe of time and patience and many of the firms have done well in their respective areas. The focus on learning in technical and functional areas to improve is available to everyone in plenty and is not absolutely enough to succeed. The learning from the technical knowledge has evened out with the penetration of the internet and webinars. A cohort

model of peer-to-peer learning, along with a delegation visit, would provide ample learning opportunity for CAs to work well.

2. Academic paper on Chartered Accountant fraternity: At KSCAA, we believe that the association has a responsibility to its members and also to CA fraternity as a whole. We propose to come up with topics to provide insight and knowledge to all its members. To strengthen the essence and quality of the publication and to provide in-depth information on the status of the quality of opportunities that are available for CAs in the practice.
3. Quarterly meetings of the Association with the departmental officers in both GST and Income Tax.
4. Conduct interviews of icons of our profession and host them on the Association YouTube channel.
5. Programs on Mock GST Tribunal
6. Attracting young members to our association who have fresh perspectives, innovative ideas, and boundless energy. These are the qualities needed to drive our association forward in these rapidly changing times.

Economy:

In August 2024, the Indian economy saw notable developments, including the RBI's decision to keep the repo rate steady at 6.5%, aiming to balance inflation control with economic growth. India's GDP is projected to grow between 6.5% to 7% in 2024-25. The Sensex and Nifty indices experienced increased volatility, with the Sensex fluctuating between 78,600 and 81,800 points, reflecting both global uncertainties and domestic policy shifts.

Upcoming Events:

A series of webinars on Tax Audit are being planned on 30th and 31st Aug 2024. Please keep an eye on the association's website and WhatsApp group for further details.

As we stand at the crossroads of tradition and innovation, let's choose the path that leads to growth and sustainability for our profession. By adopting new technologies, we can enhance our capabilities and deliver even greater value to our clients and society. Henry Ford once said, "Coming together is a beginning, staying together is progress, and working together is success." Let's come together, embrace the future, and work towards a year of success and fulfilment for our entire professional fraternity.

Wishing everyone a vibrant Krishna Janmashtami, Ganesh Chaturthi and a happy Teacher's Day. May these occasions bring inspiration, wisdom, and blessings into our lives.

Happy Reading!

Regards,

CA. Vijaykumar M Patel
President

KSCAA[®]

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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.





CA. Aditya Bharadwaj

INCOME TAX UPDATES

A. CBDT UPDATES

SECTION 10 (23FE) OF THE INCOME-TAX ACT, 1961 - EXEMPTION - INCOME OF SPECIFIED PERSON FROM AN INVESTMENT MADE IN INDIA

The exemption granted to Specified Sovereign Wealth Fund/ Pension Fund/ for incomes earned out of Investments made till 31 Mar 2024 has now been extended to investment made till 31 Mar 2025.

Separate notifications have been issued extending the date for various funds covered.

B. RECENT JUDICIAL PRONOUNCEMENTS –

I. High Courts

- The Assessing Officer acknowledged the charitable nature of the educational activities conducted by the assessee-society. However, the Commissioner (Exemption) overturned the assessment, arguing that the assessee did not engage in educational or charitable activities as defined under section 2(15), citing the lack of affiliation with a regulatory body. The Tribunal, on the other hand, ruled that affiliation with or recognition by a regulatory authority is not a necessary criterion for education under section 2(15). Therefore, the Tribunal's order did not warrant any interference..

Commissioner of Income Tax v NIIT Foundation 164 taxmann.com 628 (Delhi)

- Since the notice under section 148 for reopening the assessment was issued by the Jurisdictional Assessing Officer (JAO) instead of the Faceless Assessing Officer (FAO), as mandated by section 151A, the reassessment proceedings initiated by the JAO will be invalidated due to the defective notice.

Pravina Jagdish Patel v Income Tax Officer 164 taxmann.com 659 (Bombay)

- Following search and seizure operations by the CBI at the premises of a company employee, where the assessee was a director, the CBI provided

photocopies of relevant documents to the Income-tax Department. The Assessing Officer then initiated reassessment proceedings and issued a reassessment order. However, since it was clear from the record that the Assessing Officer's decision was influenced by his superiors, the reassessment order was to be overturned

Deputy Commissioner of Income Tax v Surendra Kumar Jain 164 taxmann.com 575 (Chhattisgarh)

- The assessee, who had exported rice, was subject to a search by Enforcement Directorate officials. They alleged that the assessee had mis-declared the value of the exported goods. Based on the seized documents, the Assessing Officer made additions to the assessee's income. However, since the Enforcement Directorate had dropped its proceedings against the assessee and the matter was settled, the basis for the proceedings under the Income-tax Act, 1961, was removed. Therefore, there was no justification for making additions to the assessee's reported income.

Commissioner of Income Tax – II v Sachdeva and Sons 165 taxmann.com 82 (Punjab & Haryana)

- The assessee-company was using the mercantile system of accounting but recognized interest on debtors on a cash basis, a practice that had been accepted since the 2003-04 assessment year. Given that there was no challenge to this fundamental aspect across various assessment years, it was not permissible to alter this position in subsequent years. Therefore, the revision order by the Commissioner, which claimed that the assessee was using a hybrid accounting basis and deemed it unjustified, was to be quashed.

Principal Commissioner of Income Tax v North Eastern Electric Power Corporation 164 taxmann.com 307 (Meghalaya)

- The assessee-company, a telecom service provider, entered into franchise/distributorship agreements with various entities and made payments to them. Since the contractual obligations of these distributors/franchisees did not demonstrate a



fiduciary relationship or imply that business was conducted on behalf of the principal, the assessee was not legally required to deduct tax at source. Therefore, the provisions of section 194H were not applicable.

Bharti Airtel Limited v Assistant Commissioner of Income Tax (TDS) 164 taxmann.com 546 (Bombay)

II. ITAT

- The Principal Commissioner (Exemption) issued a show cause notice for the cancellation of registration to the assessee trust on October 6, 2022. However, the registration could not be canceled retrospectively from April 1, 2014, as the provisions of section 12AA/12AB do not allow for such retrospective cancellation.

Maa Jagat Janai Trust v CIT(E) 165 taxmann.com 39 (Cuttack - Trib.)

- The assessee sold a residential property and used the proceeds to purchase a house, which was initially in an uninhabitable condition. The expenditure incurred to make the property habitable, including costs for electrification, water facilities, woodwork, and glasswork, was essential for making the property livable rather than for renovation. Therefore, these expenses did not constitute renovation and the assessee's claim for exemption under section 54 should be allowed.

Om Prakash Thakur v ITO 164 taxmann.com 704 (Delhi - Trib.)

- Since the primary source of the assessee's income was agricultural activities and the revenue did not present any evidence indicating the presence of other income, merely increasing agricultural expenses and reducing exempt agricultural income would not automatically lead to the classification of income as coming from other sources. Therefore, the addition made by the Assessing Officer should be deleted

A.S. Srinath (HUF) v Income Tax Officer 164 taxmann.com 321 (Bangalore - Trib.)

- The assessee-company submitted additional evidence to the Commissioner (Appeals), which was not admitted. Given that this evidence was crucial, the matter should be remanded to the Assessing Officer for consideration, with the additional evidence being admitted and reviewed.

ADM Agro Industries Kota & Akola (P.) Ltd. V DCIT 164 taxmann.com 564 (Delhi - Trib.)

The assessee, a non-resident, provided all necessary details and documentary evidence related to the sale of an immovable property and the purchase of a new residential flat to claim a deduction under section 54. The benefit under section 54 could not be denied simply because she did not file a return of income claiming the deduction

Seema Heera v Assistant Commissioner of Income Tax (OSD)(IT)

- Income derived from saplings or seedlings grown in a nursery is considered agricultural income and cannot be taxed as income from other sources..

Labland Biotechs (P.) Ltd. V Income Tax Officer 164 taxmann.com 702 (Bangalore - Trib.)

- The Assessing Officer made an addition to the assessee's income under section 56(2)(viib) based on the difference between the fair market value of shares and their issue price allotted to certain companies. However, since the Assessing Officer did not reject the valuation report prepared by the assessee in accordance with Rule 11UA, and there was no evidence of unaccounted money, the addition made by the Assessing Officer was not justified.

PRL Developers (P) Ltd v ACIT 164 taxmann.com 328 (Mumbai - Trib.)

- Tribunal has power to extend stay even beyond period of 365 days if proceedings are delayed for reasons not attributable to assessee

Tata Cummins (P) Ltd v Deputy Commissioner of Income Tax 164 taxmann.com 140 (Ranchi-Trib.)

- The assessee, a medical practitioner, deposited cash in the bank that was derived from her professional income, which was already disclosed in her tax return and supported by entries in her books and a patient register with all required details. The fact that these deposits were made in the form of specified bank notes (SBNs) during the demonetization period does not render the income unexplained, as it was properly documented and accounted for

Shoba Tomar v Deputy Commissioner of Income Tax 164 taxmann.com 61 (Jaipur - Trib.)

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CA. Sowmya C A

INDIRECT TAX UPDATES

The Finance Bill (No. 2), 2024 was presented in Parliament on 23 July 2024 with primary emphasis on four core areas: Employment, Skilling, MSME's and Middle Class aligning with India's vision of 'Viksit Bharat 2047'. The GST Appellate Tribunal was constituted with the establishment of the Principal and the State Benches effective 1 Sep 2023. Several amendments have been proposed and some of the key amendments to the rules and circulars issued in the recent past have been summarized for an interesting read:

Notifications/Circulars:

- Tax Rates on certain goods such as Carton Boxes, Milk Cans, Solar Cookers have been rationalised. Further, exemption extended to agricultural farm produce in packages exceeding 25kg /25 Litre.

(Notfn No. 02/2024-CTR Dt. & 03/2024-CTR Dt. 12 Jul 2024)

- Exemption extended to certain services provided by the Ministry of Railways to individuals such as waiting room, cloak room, battery operated car, platform tickets etc. Accommodation services with a value of supply not exceeding twenty thousand rupees per person per month are exempted, provided the service is supplied for a minimum continuous period of ninety days.

(Notfn No. 04/2024-CTR Dt. 12 Jul 2024)

Amendment to Central GST Rules, 2017

- Rule 8 amended to provide that an applicant can be identified on the common portal, based on data analytics and risk parameters for Biometric-based Aadhaar Authentication.
- Rule 21 amended to provide for cancellation of registration if all returns from the date of cancellation of registration upto date of restoration of registration have not been filed within 30 days of such restoration (Contravention of 2nd and 3rd Proviso to Rule 23 of the CGST Rules).
- Rule 28(2) amended to exclude export transactions of corporate guarantees to related entities outside India and proviso inserted to provide that where recipient

is eligible to full input tax credit, the invoice value will be the deemed value of supply.

- Form GSTR-1A has been notified as an optional facility to add, amend or rectify any particulars of a supply reported/missed in the current Tax period's GSTR-1 before filing of GSTR-3B return of the same tax period without late fee.
- ITC available for distribution in a month must be distributed in the same month and reported in FORM GSTR-6 and cannot exceed the available ITC. Insertion of sub rule 1A to Rule 39 to provide a method to transfer of credit to ISD of RCM GST paid if both the GSTIN's have same state and PAN.
- Due date for filing of Annual Return by Composition Dealers from FY: 2024-25 has been extended to 30 June following end of such financial year.
- Proviso inserted in Rule 88B(1) to provide that interest will not be charged if balance of ECL on due date of GSTR-3B is enough to settle cash liability of return.
- Amendment of Rule 142(2) to provide for intimation to payment of taxes to the proper officer and issuance of ack. in DRC-04. Amendment of Rule 142(2A) to provide for issuance of intimation in Part C of DRC01A pursuant to reply filed by assessee. Insertion of sub-rule 2B to provide for a new form DRC-3A for intimation of amounts paid through DRC-03 to be credited to the Electronic Liability Ledger in Form GST PMT-01.
- Rule 110 substituted to provide that appeal fee Rs. 1000 for every demand of Rs.1 Lakh subject to a maximum of Rs. 25,000/- . Further, appeal fee for demand without tax shall be Rs.5000.
- Rule 111 is substituted to make some changes to enable functionality of filing of Appeal GST APL-07 on GST portal (by GST department) and final acknowledgement number generation from portal,
- New Rule 113A is inserted to enable withdrawal of GST Appeal vide form GST APL-05/07 from Appellate Tribunal. If final acknowledgment in

APL-02 is issued, the withdrawal of the said appeal would be subject to the approval of the Appellate Tribunal to be given within 15 days of filing of such withdrawal application.

(Notfn No. 12/2024-CT Dt. 10 Jul 2024)

- Notfn. No. 27/2022-Central Tax, dated the 26th December, 2022 rescinded which provided applicability of Rule 8(4A) of the CGST Rules only to certain States

(Notfn No. 13/2024-CT Dt. 10 Jul 2024)

- Exemption from filing Annual Return by a Registered Person for financial year 2023-24 whose aggregate turnover is up to two crore rupees.

(Notfn No. 14/2024-CT Dt. 10 Jul 2024)

- Amendment to Notfn. 52/2018-CT dt. 20.9.2018 - The rate of tax collection at source (TCS) to be collected by every electronic commerce operator for intra-State taxable supplies has been reduced to 0.25% CGST w.e.f 10 July 2024.

(Notfn No. 15/2024-CT Dt. 10 Jul 2024)

- Exemption on supply of goods falling under the heading 2202 by a Unit Run Canteen (URC) to authorised customers, from the whole of GST compensation cess leviable under section 8(2) of the GST (Compensation to States) Act, 2017.

(Notfn No. 01/2024-Compensation Cess(Rate) Dt. 12 Jul 2024)

- Amendment in circular no. 1/1//2017 for **shift of functions** to Superintendent of Central Tax from Assistant / Deputy Commissioners/Directors of Central Tax for following matters due to change in back-end systems.

(Circular No. 223/17/2024-GST dated 12-Jul-2024)

- **Guidelines for recovery of outstanding dues, in cases wherein first appeal has been disposed of, till Appellate Tribunal (GSTAT) comes into operation.**

- Where appeal before GSTAT could not be filed due to non-constitution of the Appellate Tribunal, it is clarified that taxpayers can secure 'stay' on the demand by making the pre-deposit payment on the portal and filing intimation of the same to the jurisdictional proper officer along with an undertaking to file appeal before Tribunal.

- Again, where the taxpayer has made payment through DRC-03 at any time during the course of tax proceedings, the payment will be linked through DRC-03A towards pre-deposit (not available on portal yet) and upon notification to the proper officer in writing for the purpose of stay of the recovery proceedings.

(Circular No. 224/18/2024-GST dated 12-Jul-2024)

- **Clarifications on various issues on taxability and valuation of supply of services of providing Corporate Guarantee (CG) between related persons**

Sl. No.	Issue	Clarification
1	a) Valuation of CG issued before 26/10/2023. b) Valuation of CG issued prior to 26/10/2023 but renewed thereafter	a) Valuation should be done according to Rule 28 prior to the amendment. b) Valuation should be done as per present Rule 28(2)
2	Whether the value of supply based on the guaranteed amount or on the basis of actual loan disbursement and can the recipient avail full ITC even if the loan is partly availed or not availed at all?	The value will be calculated based on the amount guaranteed irrespective of the loan disbursed and the recipient is eligible to full ITC
3	Applicability of GST when loans on which CG is issued is taken over by another bank/financial institution	There will be no impact on GST, unless there is issuance of fresh CG or there is a renewal of the existing CG
4	Where CG is provided by more than one entity / co-guarantor, what is the amount on which GST is payable by each co-guarantor?	Actual consideration paid/ payable to co-guarantors where value is more than 1% of guaranteed amount else on the 1% calculated proportionately on the amount guaranteed by each of them.

Sl. No.	Issue	Clarification
5	In the absence of actual invoice and payment, whether recipient is to pay under reverse charge for the purpose of availment of input tax credit	<ul style="list-style-type: none"> • GST is to be paid under the forward charge mechanism in case of domestic intra-group guarantees • GST would be payable under the reverse charge mechanism by the recipient of the service in case of foreign intra-group entities guarantees.
6	What is the 'Time of Supply' for discharge of tax liability on CG issued for more than one year	The value of CG issued for more than one year will be 1% of the Guarantee amount multiplied by the no. of years for which it is issued for and where CG renewable each year, GST is payable upon each renewal
7	Whether value declared in invoice issued for CG is deemed to be the open market value in cases where full input tax credit is available to the recipient of services	Where full input tax credit is available to the recipient of services, the value declared in the invoice shall be deemed to be the value of supply. (Notification No.12/2024-CT dated 10.07.2024)
8	Whether the valuation in terms of Rule 28(2) of CGST Rules will apply to the export of the service of providing corporate guarantee to related entity	Rule 28(2) does not apply when the recipient of CG services between related persons is located outside India, consequently, this valuation not applicable on export of services

- **Mechanism for refund of additional IGST paid due to upward price revision post-export:** Exporters can file for a refund of additional IGST paid via FORM GST RFD-01 on the common portal under "Any Other" category along with necessary documents prescribed in Rule 89(2)(bb) of the CGST Rules until separate filing mechanism is developed. The proper officer will verify details in GSTR-1 and tax paid in GSTR-3B and issue a refund sanction order with a detailed speaking order.

(Circular No. 226/20/2024-GST dated 11-Jul-2024)

- **Guidelines for processing of refund applications filed by Canteen Stores Department (CSD) on the portal:** New Rule 95B and Form GST RFD – 10A introduced on portal for filing of application by CSD every quarter, within prescribed timelines for refund of 50% of ITC used for subsequent supply to Unit Run Canteens or authorized customers. Issued vide Notification 12/2024 dated 10.07.2024.

(Circular No. 227/21/2024-GST dated 11-Jul-2024)

- **Clarification issued with respect to GST applicability on services provided by Ministry of Railways, Real Estate Regulatory Authority (RERA), Incentives shared Bhim-UPI transactions by banks to other stakeholders,**

(Circular No. 225/19/2024-GST dated 12-Jul-2024)

Re-insurance & Retrocession Services and Accommodation services by hostels to extend clarity on GST applicability and address operational challenges faced by various sectors, while also ensuring past compliance issues are regularized on 'as is where is' basis.

(Circular No. 228/22/2024-GST dated 15-Jul-2024)

- **Clarification issued with respect to GST rates and classifications for - Solar Cookers, Fire Water Sprinklers, Poultry Keeping Machinery and 'pre-packaged and labelled' agricultural produce and supplies made to or by government agencies subject to conditions prescribed and further clarified that issues for the past period are regularized on 'as is where is' basis**

(Circular No. 229/23/2024-GST dated 15-Jul-2024)

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CA. Vinayak Pai V

FINANCIAL REPORTING AND ASSURANCE

KEY UPDATES A. AS | Ind AS

1. Amendments to AS for NCEs - AS 22: International Tax Reform – Pillar Two Model Rules

On 29th July, 2024, the ICAI issued **amendments to AS 22, Accounting for Taxes on Income (For non-company entities)**.

Background: The 2021 *Pillar Two Model Rules* are part of the Two-Pillar Solution to address the tax challenges of the digitalisation of the economy and agreed upon by 137 member jurisdictions of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Statement. The Model Rules are designed to ensure large multinational enterprises pay a minimum level of tax on income arising in each jurisdiction where they operate.

Considering that entities may need time to determine how to apply the principles and requirements in AS 22 to account for **deferred taxes related to top-up tax**, the ICAI decided to **introduce a temporary exception to the requirements in AS 22 to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes** because once the Pillar Two Model Rules are enacted in India, these amendments would be relevant to the non-company entities applying AS issued by the ICAI and to whom Pillar Two Model Rules will be applicable.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2024.

Link to the Amendment:

<https://resource.cdn.icai.org/81275asb65510.pdf>

2. EAC Opinion – Classification of property as Investment Property (IndAS)

The August 2024 edition of the ICAI Journal has carried an Expert Advisory Committee (EAC) **Opinion – Classification of portion in the common office complex, occupied by Parent Company, as Investment Property in the Subsidiary company's financial statements under Ind AS framework.**

Background: The Querist, a public limited company (Child Ltd.) is a WOS of a listed government Company

(Parent Ltd.). A multistorey office complex was constructed on the amalgamated plots acquired on perpetual lease by both companies, comprising two towers of 5 floors each with common basements and ground floor. The total construction cost of the building incurred by and capitalised in the books of Child Ltd. was 50.1% of total cost and the remaining 49.9% was incurred and capitalised by Parent Ltd. The actual utilisation of the building was in different proportion. Parent Ltd. had occupied an excess portion of the building than its proportionate share therein. Out of the five floors in Tower B pertaining to Child Ltd., two floors are being occupied by Parent Ltd. for its use and remaining three floors are used by Child Ltd. for its use. In the present issue, there are two dimensions as pointed out by the Government auditors: a) Decision of Joint Executive Committee of Parent Ltd. and Child Ltd. for purchase of the two floors by Parent from Child Ltd. after conversion of property into freehold and execution of partition deed and b) charging of consideration by Child Ltd. from Parent in respect of the said two floors.

The EAC's opinion was sought on whether Child Ltd. is required to classify the said two floors as investment property in its financial statements, or the current classification of the said two floors under 'Property, Plant and Equipment' (PPE) is appropriate.

Key takeaways from the opinion:

- **Classification of a property** depends on the **purpose or intent of the entity for which the property is held**. Thus, **judgement is required to determine the appropriate classification** of the property based on the specific facts and circumstances, i.e., whether it should be classified as investment property or PPE or inventory. Considering the judgement exercised by the Company based on the criteria used by it to classify investment property or to distinguish the same from owner-occupied property, the **property (Building of Tower B) of Child Ltd.** or a portion thereof **may not be classified as 'investment property'**.
- **An entity develops criteria to distinguish** investment property from owner-occupied property and from property held for sale in the ordinary course of business **so that it can exercise that judgement** [Ind AS 40.14].



Since 1957



- The Company should disclose the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, in case such classification is difficult, and apply the criteria consistently.

Link to the Opinion –

<https://resource.cdn.icaai.org/81350cajournal-august2024-35.pdf>

B. ASSURANCE

3. ICAI Publication: Non-compliances observed by QRB during Quality Reviews

On 5th July, 2024, the ICAI published *Guidance on Non-compliances Observed by Quality Review Board during Quality Reviews (Volume 2)*. The volume comprises two parts, namely, *Observations related to Engagement and Quality Control Standards* and *Observations related to CARO and IFC*.

The publication is a compilation of **forty-seven common non-compliances** observed by the QRB while conducting quality reviews. It also contains suggested guidance for members on these common non-compliances.

Link to the Publication:

<https://www.icaai.org/post/aasb-guidance-on-non-compliances-qrb-v2>

4. IAASB: New Supplemental Guidance on audit reporting of Less Complex Entities

On 11th July, 2024, the International Auditing and Assurance Standards Board (IAASB) released *The International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (LCE) – Auditor Reporting Supplementing Guidance* to provide additional guidance for auditors with regard to modifications to the auditor’s report when using the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE).

The publication is non-authoritative and provides guidance on various elements of the auditor’s report, modifications to the opinion, the use of ‘Emphasis of Matter’ (EoM) paragraphs, the use of ‘Other Matter’ paragraphs, reporting on ‘Other Information’ and reporting on a material uncertainty related to going concern. It also features eight illustrative auditor’s reports, including examples of adverse opinions, disclaimer of opinions and opinions when there is a material uncertainty related to going concern.

Link to the Guidance:

<https://ifacweb.blob.core.windows.net/publicfiles/2024-07/IAASB-ISA-for-LCE-Guidance-Auditor-Reporting.pdf>

5. ICAI Exposure Draft: AQMM Version 2.0

On 12th July, 2024, the ICAI released an **Exposure Draft** of proposed changes to the **Audit Quality Maturity Model (AQMM v 1.0)**. The **key changes** proposed include: score basis and maximum scores have been revised for certain clauses; a separate section to evaluate the digital competency of firms has been introduced; separate annexures for the presence and implementation of checklists, formats and templates; etc.

The Exposure Draft is open for comments till 2nd August, 2024.

Link to the Exposure Draft:

<https://www.icaai.org/post/caqd-ed-aqmm-v2>

6. ICAI Exposure Draft: SA for LCE

On 26th July, 2024, the ICAI released an **Exposure Draft (ED)**, *The Standard on Auditing for Audits of Financial Statements of Less Complex Entities (SA for LCE)*. The *SA for LCE* is designed to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, for audits of financial statements of less complex entities (LCEs). It is premised on the basis that the firm is subject to SQM 1.

The *SA for LCE* is written in the **context of an audit of a complete set of general-purpose financial statements of an LCE**. It may also be adapted as necessary in the circumstances of the engagement to an audit of a complete set of special purpose financial statements, or an audit of a single financial statement or of a specific element, account or item of a financial statement, only if the entity is an LCE. **When an audit engagement is undertaken using this standard, the Standards on Auditing do not apply to the engagement.**

The ED is open for comments till 9th September, 2024.

Link to the ED:

<https://resource.cdn.icaai.org/81255aasb65479.pdf>

C. NFRA

7. Report on Valuation Methodology of AT-1 Bonds

On 31st July, 2024, the National Financial Reporting Authority (NFRA) released a publication, *Report on Valuation Methodology of AT-1 Bonds*. The report concludes, *inter-alia*: **AT-1 Bonds may be classified**



Since 1957



into two categories namely, actively traded Bonds and not-actively traded bonds; **valuation of AT-1 Bonds on YTC (Yield to Call) basis** will be consistent with the principles of market-based measurement under IndAS 113 and a recommendation that **at least once in three years, the valuation methodology may be revisited** to consider for changes in market practice.

Link to the Report:

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc6b56a45a56c59fafdb/uploads/2024/07/202407301562266528.pdf>

8. Orders u/s 132(4) – Statutory audit of Vikas Proppant and Granite Limited

On 5th July, 2024, the NFRA issued two orders (No.018 and 019/2024) u/s 132(4) of the Companies Act related to the statutory audit of Vikas Proppant and Granite Limited for F.Y. 2019 to 2021.

NFRA imposed a **monetary penalty of ₹2 lakh on the Engagement Partner (EP) apart from debarring him and the Audit Firm for 2 years** [related to F.Y. 2019 and 2020 audit]. And, with respect to the audit for F.Y.2021, the NFRA imposed a monetary penalty of **₹2 lakh and ₹3 lakh on the EP and Audit Firm, respectively, apart from debarring the EP for 2 years.**

Some of the **failures to meet the relevant requirements of the Standards on Auditing (SAs)** mentioned in the Orders include: Failure to plan the audit and understand the nature of the entity and its environment; failure to verify opening balances; failure to report material misstatement due to non-provisioning of ECL on trade receivables; not charging depreciation on leasehold land and plant and machinery; failure to evaluate the internal audit function; failure to carry out external confirmation of trade receivables and failure to demonstrate sufficiency and appropriateness of audit work in several critical aspects of the audit.

Link to the Orders -

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc6b56a45a56c59fafdb/uploads/2024/07/20240705153040844.pdf>

<https://cdnbbsr.s3waas.gov.in/s3e2ad76f2326fbc6b56a45a56c59fafdb/uploads/2024/07/20240705380026246.pdf>

D. IFRS

9. Narrow amendments to five IFRS Accounting standards

On 18th July, 2024, International Accounting Standards Board (IASB) published **Annual Improvements to IFRS**

Accounting Standards – Volume 11 making narrow amendments to **five IFRS accounting standards**. The annual improvements initiative is limited to changes that either clarify the wording in a standard or correct relatively minor unintended consequences or oversights in the standards.

The standards amended and the related topics are: 1) **IFRS 1, First-Time Adoption of International Financial Reporting Standards**: Hedge accounting at first-time adoption; 2) **IFRS 7: Financial Instruments: Disclosures** and its accompanying *Guidance* on implementing IFRS 7: gain or loss on derecognition, disclosure of difference between fair value and transaction price and credit risk disclosure; 3) **IFRS 9, Financial Instruments**: lease liabilities derecognition by lessee and transaction price; 4) **IFRS 10, Consolidated Financial Statements** : determination of de-facto agent; and 5) **IAS 7, Statement of Cash Flows**: cost method.

The amendments are effective for annual periods beginning on or after **1st January, 2026** with early adoption permitted.

Link to the announcement:

<https://www.ifrs.org/news-and-events/news/2024/07/iasb-issues-annual-improvements-ifrs-accounting-standards/>

10. Post Implementation Review: IFRS 9 - Impairment

On 4th July, 2024, the IASB published its **Post-Implementation Review (PIR): IFRS 9, Financial Instruments – Impairment**. The objective of the PIR was to assess whether the effects of applying the impairment requirements are as intended.

PIR Summary: The impairment requirements in IFRS 9 are working as intended and provide useful information to users. Specifically, the requirements have led to more timely recognition of credit losses; provide useful information to investors about expected credit losses, [albeit targeted improvements to credit risk disclosures were suggested]; and can generally be applied consistently, with some areas requiring further clarification and guidance.

Considering the feedback, the **IASB will explore whether requirements for modification, derecognition and write-off of financial instruments, and the consequential effects on recognition of expected credit losses, can be clarified** as part of its project on Amortised Cost Measurement. The IASB will also **investigate targeted improvements to the credit risk disclosure requirements** in IFRS 7, *Financial Instruments: Disclosures*.





Link to the PIR:

<https://www.ifrs.org/content/dam/ifrs/project/pir-9-impairment/pir-ifrs9-projects-summary-feedbackstatement.pdf>

11.Exposure Draft: Proposed amendments to IAS 21

On 25th July, 2024, the IASB published an **Exposure Draft (ED): *Translation to a Hyperinflationary Presentation Currency – Proposed Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates.*** The ED addresses accounting issues that affect companies that translate financial information from a non-hyperinflationary currency to a hyperinflationary currency. The ED introduces translation requirements for these companies.

The IASB has concluded that requiring the entity to **present income, expenses and comparative amounts** in terms of a **measuring unit current at the end of the entity’s reporting period** would increase the usefulness of that financial information and remove existing diversity.

The ED is open for comments till 22nd November 2024.

Link to the ED:

<https://www.ifrs.org/content/dam/ifrs/project/transl-hyperinflationary-currency/iasb-ed-2024-4-thpc.pdf>

12.Amendments to IFRS 19, Subsidiaries Without Public Accountability: Disclosures

On 30th July, 2024, the IASB published an Exposure Draft (ED) **proposing amendments to IFRS 19, *Subsidiaries without Public Accountability: Disclosures.*** The proposals would reduce disclosure requirements from new IFRS Accounting Standards and amendments issued between February 2021 and May 2024.

To ensure that IFRS 19 was issued without delay (i.e. in May 2024), the IASB had then decided that it would initially include full disclosure requirements from new Standards and amendments issued after the cut-off date of February 2021. The IASB is now consulting on whether and how to reduce these requirements with the aim that any amendments to the requirements will be effective at the same time as IFRS 19 itself.

The ED is open for comments till 27th November, 2024.

Link to the ED:

<https://www.ifrs.org/content/dam/ifrs/project/updating-ifrs-19/iasb-ed-2024-5-ifrs19-dr.pdf>

13. Exposure Draft – Climate-related and Other Uncertainties in the Financial Statements, Proposed Illustrative Examples

On 31st July, 2024, the IASB published an Exposure Draft (ED), ***Climate-related and Other Uncertainties in the Financial Statements, Proposed Illustrative Examples*** proposing **eight examples to illustrate how companies apply IFRS Accounting Standards when reporting the effects of climate-related and other uncertainties** in their financial statements. This proposal aims to improve transparency and strengthen the connection between financial statements and other parts of a company’s reporting, such as sustainability disclosures.

The illustrative examples focus on areas such as **materiality judgements (IAS 1/IFRS 18), disclosures about assumptions and estimation uncertainties (IAS 1/IAS 8/IAS 36/IFRS 18), disclosure about credit risk (IFRS 7) and disaggregation of information (IFRS 18).** The principles and requirements illustrated in these examples apply equally to other types of uncertainties beyond climate-related uncertainties.

The ED is open for comments till 28th November, 2024.

Link to the ED:

<https://www.ifrs.org/content/dam/ifrs/project/climate-related-other-uncertainties-fs/iasb-ed-2024-6-climate-uncertainties-fs.pdf>

E. US GAAP|ASSURANCE

14.FASB issues a New Chapter of the USGAAP Conceptual Framework: Measurement

On 12th July, 2024, the Financial Accounting Standards Board (FASB) issued ***Statement of Financial Accounting Concepts No.8: Conceptual Framework for Financial Reporting – Chapter 6, Measurement.***

The new chapter provides concepts for the FASB to consider when choosing a measurement system for an asset or a liability recognised in general purpose financial statements. It describes **two** relevant and representationally faithful **measurement systems: the entry price system and the exit price system and considerations when selecting a measurement system.** The chapter contains **three foundational premises**, namely, 1) measurement should be anchored in prices, and transactions and other events and circumstances affecting the entity should ultimately be measured in prices; 2) entry and exit prices are the only relevant measures; and 3) an asset should not be reported at more than what is recoverable, and a liability should not be recorded at less than what is settleable.

F. SUSTAINABILITY REPORTING

15.GRI & TNFD: Joint interoperability mapping resource

On 30th July, 2024, the Global Reporting Initiative (GRI) and the Taskforce on Nature-related Financial Disclosures (TNFD) published a **Joint Interoperability Mapping Resource** that gives a detailed overview of **alignment between the TNFD Disclosure Recommendations and metrics and the GRI Standards.**

Responding to feedback from market participants, the TNFD and GRI have developed the guidance to help GRI's 14,000 reporters globally align with the TNFD Recommendations and assist TNFD adopters in their sustainability reporting according to GRI Standards.

Link to the Guidance:

<https://www.globalreporting.org/media/2bocmv0b/240729-accompanying-guide.pdf>

G. SELECT PUBLICATIONS

16. Global Reporting Initiative (GRI): Mainstreaming Impact Reporting, Annual Report 2023. [8th July, 2024] [<https://www.globalreporting.org/media/jj4lfcmq/2023-gri-annual-report.pdf>]
17. UK Financial Reporting Council (FRC): Annual Report Y.E. 31st March, 2024. [24th July, 2024] [https://media.frc.org.uk/documents/FRC_Annual_Report_and_Accounts_23-24.pdf]
18. UK Financial Reporting Council (FRC): Annual Enforcement Review 2024. [25th July, 2024] [https://media.frc.org.uk/documents/Annual_Enforcement_Review_2024_PrjyJ48.pdf]
19. UK Financial Reporting Council (FRC): Annual Review of Audit Quality. [30th July, 2024] [https://media.frc.org.uk/documents/Annual_Review_of_Audit_Quality_2024_7yhXTsi.pdf]

H. SELECT GLOBAL ENFORCEMENT ACTIONS/INSPECTION REPORTS

Extracts from US PCAOB Inspection Reports of Audit Firms

20. Inspection report of an Audit Firm Headquartered in Philippines

Audit deficiency identified - With respect to **Revenue**, the Audit Firm's approach for testing revenue included performing tests of details for a sample of revenue transactions. It did not perform sufficient procedures to verify that each individual revenue transaction had an opportunity to be selected for testing because it **did**

not establish a basis to support the sampling interval used to select transactions for testing and, as a result, did not select a sample that could be expected to be representative of the population. [Release No. 104-2024-087]

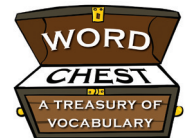
I. WHAT THEY SAID

“Investing requires trust. That is why reliable, independent audits are so important. Investors depend on auditors to apply due care and skepticism to ensure the financial statements they use to make decisions for their families and their futures are accurate. And capital markets depend on investors. As Paul Sarbanes, the United States Senator who helped create the PCAOB said, “Investors, after all, make the whole thing work. They’re the ones who are providing the resources so the entrepreneurial system can move forward, innovate, expand, and contribute to the strength of the economy.” Investor confidence is essential. But it is not inevitable. Trust must be earned. And that is where audit oversight comes in.”

-Erica Y. Williams, Chair, PCAOB | 23rd July, 2024

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Habeas Corpus

‘**Habeas Corpus**’ is a Latin term meaning “**you shall have the body**”. Habeas corpus is a legal principle requiring a person detained by authorities to be brought before a court to determine if their detention is lawful. It serves as a safeguard against unlawful imprisonment and ensures that individuals are not held without due process. By filing a habeas corpus petition, detainees can challenge the legality of their detention and seek release if their imprisonment is found to be unjust. This writ is a fundamental protection of personal liberty and is crucial in upholding constitutional rights, preventing abuses of power, and ensuring that legal procedures are followed in the detention process.



CA. Vinay Thyagaraj

AUDIT OF ACCOUNTS OF REAL ESTATE PROJECT UNDER RERA - 2024

The Real Estate (Regulation and Development) Act, 2016 (RERA) was enacted in India to protect the interests of homebuyers and promote transparency in the real estate sector. Under RERA, the role of audits is vital to ensure compliance with the provisions of the Act. Chartered Accountants (CAs) play a crucial role in ensuring compliance with the Real Estate (Regulation and Development) Act, 2016 (RERA). Their involvement in RERA audits is vital for maintaining transparency, accuracy, and adherence to the regulations set forth by the Act.

RERA Audits are conducted to ensure the funds collected from homebuyers are being utilized and are in line with the progress of the development / construction project. These audits help the stakeholder to get the confidence and ensure that the promoters are completing their projects within the stipulated timelines.

Audit under RERA as per the Act and Karnataka RERA Rules 2017 -

3rd Proviso to section 4(2)(L)(D) of the RERA Act 2016 – *Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by **a chartered accountant in practice**, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilised for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project*

Annual Audit under RERA Act	RERA Act – 3 rd proviso to sec 4(2)(L)(D)	1. Amounts collected from Allottees for a particular project have been utilised for the same project and 2. the withdrawal has been in compliance with the proportion to the % of completion of the project 3. Compliance to the provisions of RERA Act
	Due date for obtaining the Audit Report under RERA	Within six months from the end of the financial year (i.e., 30 th Sep, 2024 for the year ending 31 st March 2024)

CERTIFICATE FORMAT NOTIFIED KARNATAKA RERA AUTHORITIES

Karnataka RERA introduced a new format for Form 7 in September 2022, further emphasizing the role of Chartered Accountants (CAs) in ensuring compliance and transparency in real estate projects. Form 7 is a compliance certificate required by the Karnataka Real Estate Regulatory Authority (K-RERA) in pursuance to the provisions of the Act. It is designed to provide a detailed and certified account of the project's financial status and compliance with RERA guidelines.

This form must be certified by a Chartered Accountant who holds a valid certificate of practice. The certification process involves a thorough examination of the project's financials to ensure that they align with the regulations set forth by RERA.

The summary of the form 7 is as follows –

1. Report on Statement of Accounts on project fund utilisation and withdrawal -

Annexure A

- a. Table A – amount collected from the allottees of the project – points to be considered while filling and certification –
- b. Table B – Amount incurred by the Promoter (the details are similar to the Form 4, Quarterly update CA Certificate format)
- c. Table C – summary of total collections and realisation since the inception of the project –
- d. Table D – Liabilities towards the Project development

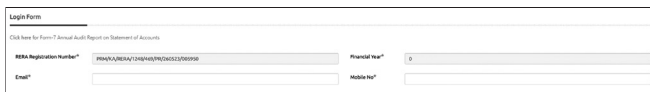
- e. Table E – Liabilities towards Bank Borrowings –
- f. Table F – Liability based on the orders of RERA authority, Appellate

Annexure B

- g. Further the professional shall certify various provisions under RERA. The brief of the compliances is as under –
 - i. Compliance with respect to the RERA bank account
 - ii. Details of all quarterly update certificates and details of filings quarter on quarter.
 - iii. RERA Bank account directions 2020 contents shall be read, understand before certifying this Form 7.
 - iv. Section 13 compliance - Section 13 mandates the registration of agreement of sale, if the promoter wishes to collect in excess of 10 % of the project cost and report non-compliances
 - v. Details of borrowing by mortgaging the project land etc
 - vi. Details of forms 4,5,6
 - vii. List of Agents engaged as per project

The Form 7 is in pdf and available at <https://rera.karnataka.gov.in/downloadPage> -

Click here to start uploading the Annual Audit Report for the Financial Year 2023-24 – <https://rera.karnataka.gov.in/applyForAnnualReport>



The screenshot shows a login form for the RERA portal. It includes fields for 'RERA Registration Number*', 'Project Name*', 'Email*', and 'Mobile No*'. There is also a 'Forgot Password' link and a 'Login' button.

- The form 7 is exhaustive and covers the entire real estate project financials, cash flow, various compliances mandated under the RERA Act. The certifying professional shall understand each provision before certifying the Annual Report on Statement of accounts and its annexure thereon.
- Non-compliance / non-furnishing of Form 7 (Annual Audit of Accounts Reports) shall attract penal provisions under RERA Act 2016. The Authority is having the power to revoke Section 60 of the RERA Act. Such penalty may extend upto 5 % of the estimated cost of the real estate project as determined by the Authority.
- The Authority has levied the penalty of 0.5% of the project cost on 440 projects amounting to Rs.40.

Creore plus for non-submission of Annual Audit of Accounts under RERA for the Financial year 2022-23

Note :

- i) **State-Specific Reporting Formats:** Different states have prescribed specific formats for the RERA audit report, along with detailed instructions to ensure uniformity and compliance with the regulations.
- ii) **Certification by Chartered Accountant:** The report must be issued by a Chartered Accountant (CA) who holds a valid Certificate of Practice, ensuring that only qualified professionals are responsible for certifying the financial health and compliance of the project.
- iii) **Collection of Project Information:** The Chartered Accountant is responsible for gathering comprehensive financial and non-financial information related to the project from the promoter. This includes all relevant documentation and records necessary for accurate reporting.
- iv) **Estimation and Cost Analysis:** The CA must collect detailed information on the estimated cost of the project, including any potential escalations, and thoroughly document these figures. This ensures that the financial planning of the project is transparent and accounted for.
- v) **Consideration of Professional Certificates:** The CA is required to review and consider all professional certificates issued by other experts, such as Architects, Engineers, and other Chartered Accountants, which are necessary for the withdrawal of funds from the project. These certificates are crucial for verifying the legitimacy and compliance of financial transactions.
- vi) **Identification and Reporting of Deviations:** While certifying the amounts, if the CA observes any deviations from the provisions of the RERA Act, Rules, Regulations, Circulars, or Orders, these discrepancies must be clearly listed and reported. Some examples include:
 - a) **Misuse of Allottee Funds:** If funds collected from allottees are deposited into an account other than the designated one, the CA must report the specific amount misallocated.

- b) **Excessive Withdrawals:** If funds have been withdrawn in excess of what is permitted under the CA's certificate (Form-4), the CA must report the overdrawn amount.
- c) **Diversion of Funds:** Any diversion of funds to other projects or purposes must be highlighted and reported as a serious compliance issue.
- d) **Non-Compliance with Certification Requirements:** If an Architect's (Form-5) or Engineer's (Form-6) certificate has not been obtained, or if there are discrepancies between these certificates and the project's financial status, these issues need to be reported by the CA.

This certificate shall be submitted to the authorities and is a public document. It may be made available for viewing on the respective state regulators' portals. The comments in this certificate are based on interpretation and are not binding on any regulatory authorities. Therefore, there can be no assurance that the regulatory authorities will not take a position contrary to the comments or views expressed herein.

2. Responsibility of the promoters (Landowners, Developers, Builders) of the Real Estate Project

- (a) The promoter must maintain financial and other relevant information related to the real estate project.
- (b) This information should be provided to Chartered Accountant professionals to obtain the RERA Audit Report on an annual basis.
- (c) Submit the audit report to the authority either online or offline.
- (d) Reconcile the receivables, received amounts, utilized funds, and the balance in the bank account as of 31-03-2024.
- (e) Follow best practices and standard operating procedures.
- (f) The project cost and costs incurred as per RERA should be reconciled with the books of accounts for audit and compliance with other statutes, such as GST, Income Tax, ROC, statements submitted to the bankers, investors etc.
- (g) Maintain and update data in the books of accounts on a project-wise basis (rather than company-wise) for easier and more accurate reconciliation across various statutes.

- (h) Seek support from consultants and experts to understand and implement the requirements as per the statute.

3. Documentation and verification of records for issuance of RERA Audit Report by Chartered Accountant

- (a) **Accounting Records:** Maintain updated books of accounts.
- (b) **RERA Registration Application:** Keep a copy of the application filed for project registration under the RERA Act to verify the details submitted by the promoter.
- (c) **Project Cost Calculation:** Maintain detailed calculations used to determine the estimated cost of the project, including land cost and construction cost.
- (d) **Project-Related Documents:** Keep all project-related documents, such as land documents, sanctions, clearances, and NOCs, to track the costs incurred in obtaining these sanctions and NOCs.
- (e) **Bank Statements:** Retain all bank statements for the RERA project account and any other bank accounts where the promoter deposits funds.
- (f) **Allottee/Customer Statements:** Maintain statements of allottees/customers, including a list of sales agreements, advances received, and balance receivables.
- (g) **Allottee Funds Management:** Ensure that 70% of the money collected from allottees is deposited into the RERA project bank account.
- (h) **Cost Variance Analysis:** Analyze and document any variance between the estimated project cost and the actual cost incurred, along with the reasons for the variance.
- (i) **Certificates for Fund Withdrawal:** Keep certificates from the Engineer, Architect, and CA for the withdrawal of money based on the percentage of construction completion.
- (j) **Loan Statements:** Maintain statements for project loans or other loans.
- (k) **Interest Allocation:** Calculate and allocate interest towards the respective RERA project based on fund utilization, especially if a single loan is used for multiple projects (such as a term loan or overdraft).

- (l) **Indirect Taxes/GST:** Track and reconcile indirect taxes and GST paid from time to time.
- (m) **TDS Reconciliation:** Reconcile and ensure proper TDS deductions made by buyers at 1%.

4. RERA Audit – Challenges

- (a) Sufficient Knowledge of Act and Rules –Both promoter and professionals
- (b) Information filled during registration is erroneous – what stand will u take
- (c) Record / data / expenses maintenance
 - a. RERA Project wise
- (d) Allocation of common expenses RERA project-wise
 - a. Basis of allocation
 - b. Loan availed and interest apportionment to RERA project-wise
- (e) Reconciliation at various stages and different records
- (f) In case of single RERA registration – information from Landlord and compliance there on under RERA (being a Co- Promoter)

5. RERA Audit – tip to professionals

- (a) Don't be biased on the information and report
- (b) Don't be under the influence of Promoters / others
- (c) Don't be casual on report / certification
- (d) Collect sufficient documents / information before issue of report
- (e) If you don't know, ask others
- (f) If you are not sure – report it
- (g) Certificates issued may become public documents and amenable under RTI

6. Penal action may be initiated by the Authority against professionals who have issued certificates for withdrawals or audits which are not in compliance with the Act, Rules, Regulations, Circulars, orders etc.

The Authority, in addition to taking penal actions as contemplated in the Act and the Rules, shall also take up the matter with the concerned regulatory body of the said professionals of the architect, engineer or chartered accountant, for necessary penal action against them,

including dismemberment, if the form 4/7 issued by the Chartered Accountant reveals that:

- a) any certificate issued by the project architect, engineer or the chartered accountant has false or incorrect information and
- b) the amounts collected for a particular project have not been utilized for the project and
- c) the withdrawal has not been in compliance with the proportion to the percentage of completion of the project

7. Important Circulars and Notifications issued by Karnataka RERA with respect to the Certificates, Bank Account operations etc –

- a) The Karnataka Real Estate Regulatory Authority (General) Regulations, 2022
- b) RERA Bank Account Directions, 2020
- c) Land Owners having Area/Revenue Share in Real Estate Project to be treated as Promoter (landowner)
- d) Mandatory deposit of money into the RERA project designated bank account borrowed by the promoter by mortgage of the project land and utilisation for the same project development purposes

(these can be downloaded from <https://rera.karnataka.gov.in/home>)

Conclusion – Reconciliation of values across Books of Accounts, RERA submissions, GST returns, and Income Tax filings is essential before finalizing and submitting a RERA Audit Report. This process ensures consistency and accuracy in financial reporting, compliance with regulatory requirements, and minimizes the risk of discrepancies that could lead to penalties or legal issues. Proper reconciliation supports effective decision-making and provides a reliable audit trail, facilitating smoother audits and maintaining stakeholder confidence.

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ACCOUNTING OF GREENHOUSE GAS AND CARBON EMISSIONS

CA. Aditya Kumar S

Background: SEBI’s Business Responsibility and Sustainability Reporting (‘BRSR’) requires entities to report on GHG emissions in Principle 6 – Businesses should respect and make efforts to protect and restore the environment. Whereas Clause 5 of Principle 6 requires specific disclosures on gases like NOx, Sox, organic pollutants etc., Clause 6 requires disclosures of GHG classified as Scope 1, Scope 2 and Scope 3 (in leadership indicator). Scope 1 emissions are largely on account of use of company’s resources and facilities, Scope 2 emissions are those arising out of purchase of electricity and other energy from outsiders and Scope 3

emissions are those relating to value chain partners. The reporting requirements for these GHG is quite elaborate and needs a strong information system to collate and report. However, the GHG information being presented is more than just reporting requirement. This article attempts to introduce the concept and the need to have records to measure GHG emissions and its uses.

Carbon accounting and greenhouse gas (GHG) accounting are related but distinct concepts, both crucial for understanding and managing emissions that contribute to climate change. Here’s a brief explanation of each and their differences:

Particulars	Carbon Accounting	Greenhouse Gas Accounting
Focus	Carbon Dioxide (CO ₂)	Includes other significant greenhouse gases like methane (CH ₄), nitrous oxide (N ₂ O), and fluorinated gases.
Scope	CO ₂ emission due to fuel combustion, deforestation and other processes	In addition to CO ₂ , it includes Each of these gases has a different Global Warming Potential (GWP), meaning they vary in how much heat they trap in the atmosphere.
Purpose	To reduce carbon footprint and mitigate global warming and climate change.	Holistic understanding and reduction of total GHG emissions.
Measurement	Metric tons.	Measures emissions in terms of CO ₂ -equivalents (CO ₂ e).

In summary, while carbon accounting is concerned specifically with carbon dioxide emissions, greenhouse gas accounting takes a broader and more comprehensive approach to include all significant greenhouse gases, offering a more complete picture of a company’s or country’s total contribution to climate change.

Need of Carbon / GHG Accounting: Business should appreciate that understanding the emissions and recording is beyond BRSR reporting requirements. The following are some of the aspects that needs to be considered on why Carbon Accounting would be required:

- a. Identifying carbon emissions accurately helps organization to identify the focus areas required to achieve the Net Zero objective and identify those parts of the business which needs attention, and the operations can be streamlined to ensure the emissions can be lowered. This could lead to lower energy costs and ultimately higher margins.
- b. Promotes sustainable development initiatives of the business. Achieving Net Zero is one objective but tracking the emissions would help organization to ensure that they invest more in technologies which would eventually reduce the power costs over a period and make business more sustainable.
- c. Building reputation. Companies who are ensuring that the business is more environmentally friendly and has taken initiatives to reduce carbon footprint gains better brand image than others.¹
- d. Impact on value chain. The sustainability reporting encompasses the impact of carbon emissions of not only the business but also its value chain partners. Business would have to discuss with the implications with business partners and take a collective decision on how to ensure the emissions are tracked and managed. Influencing the decision of others would help in

<https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/consumer-and-employee-esg-expectations.html>

building a better sustainable ecosystem going forward.

- e. Ensuring compliance. Regulators across the world are bringing in more regulations, apart from reporting of the emissions, to also bring in certain monetary costs including taxes for businesses who do not comply with local emission requirements.
- f. Risk Management: Understanding and managing emissions can help mitigate risks associated with climate change, such as regulatory penalties and reputational damage.

Standards of Reporting: As the world moves to ensure Net Zero by 2050 or such other targets, it is important to assess how much carbon are we emitting today and what steps must be taken to reduce such emissions. The GHG Protocol has issued standards requiring reporting the emissions in a particular framework² viz.,

- a. Corporate Standard – This provides guidance for companies and other organizations to prepare GHG emissions inventory.
- b. GHG Protocol for Cities – This is used for accounting and reporting city-wide GHG emissions.
- c. Mitigation Goal Standard – Guidance for designing national and subnational mitigation goals and a standardized approach for assessing and reporting progress toward goal achievement.

- d. Corporate Value Chain – To assess the emissions impact on the value chain.
- e. Policy and Action Standard – To estimate the impact of policies and actions.
- f. Product Standard – To understand the full life cycle emissions of a product and help in producing sustainable products.
- g. Project Protocol – To quantify GHG benefits of climate change mitigation projects.

Methodologies to measure emission³: Largely these are the methods employed to study the emissions:

- a. Spend based methodology: Here the financial values of a purchased good or service is used, and an emission factor is multiplied. This approach largely uses industry averages of emission levels from various sources. Experts say this may not be accurate but gives some indication of possible energy emissions.
- b. Activity based methodology: This is the methodology wherein the information is sourced within the organization and including its value chain partners by analysis of activities.
- c. Hybrid methodology: This is a combination of both the above methodologies. This method entails collecting as much activity-based data as possible from the value chain and supplementing it with spend based estimates for the remaining emissions.

Particulars	Spend Based	Activity Based	Hybrid Based
Source of Data Collection	Invoices, Expense reports and other records	Energy consumption, fuel usage across the entity.	Use both financial and non-financial parameters
Emission Factors	Extracted from Industry-level or National-level Data	Industry specific, technology specific data which is scientifically calculated.	Spend based and activity based
Calculations	Financial Value x Emission Factors.	Activity Data x Emission Factor.	

Factors to be considered in Carbon / GHG Calculation:

- a. Complexity – It is time consuming process to collect the data of emission across the entity. Companies must collect the data from various sources including manufacturing facilities, transportation activities including employees’ vehicles and usage, warehouses, other offices including that of the value chain partners i.e., suppliers, customers, and other distribution channels. To what extent would value chain partners would be sharing the data is also important.

- b. Availability of Data – Whether within the organization or outside the organization boundary; data availability by itself is a challenge. How much data is available? Even if available whether they are complete, accurate, relevant, useful for the analysis and whether the value chain partners are willing to share the data to the business unless there is a regulatory requirement to do so.
- c. Limitation of Scope - How much can an organization be able to define the scope to source the data, collate and estimate the emissions; especially in case of large organizations including widely spread.

<https://ghgprotocol.org/standards>
<https://net0.com/blog/carbon-accounting-methodologies>



- d. Integrity of the Data – In the whole information pipeline, there is every possibility of that

Steps for recording emissions:

- a. Do a study on what is the status of the company's operations. An energy audit should be initiated with an objective to identify the emissions.
- b. Identify how to source the information from within the organization and from value chain partners. There must be lot of education and awareness programs that the value chain partners may require including to support the data collation and sharing. Unless they see the benefits in how this data would improvise the business; there will be reluctance to do it.
- c. Have a common methodology to source the data from various sources including having a common template or forms or questionnaires which needs to be circulated and information obtained within the timeline.
- d. Identify opportunities to reduce carbon footprint including (a) possibility of recalibration of machines (b) replacing assets with more energy efficient assets (c) implementing the recommendations of energy audit to reduce carbon footprint and such other measures required to ensure that the carbon footprint is reduced over time. These opportunities may require financial and operational support and the management must ensure that there are adequate budgetary and funding plans for the same.
- e. Have realistic goals to reduce the emission. Business should have short-term, medium-term and long-term goals and have a roadmap to achieve them. Have a separate team to monitor the progress and implement the strategies and management to review the same on a quarterly basis.
- f. Keep measuring the performance. Ensure that the performance is measured with the goals and take corrective action where required. During evaluation, it is quite possible one may have to go back to the drawing board to restart the process, but this is a learning phase, and the aim should always be to have a long-term vision for a sustainable business.

Other Standards:

ISO 14064: (Greenhouse Gases) ISO 14064 is a set of standards developed by the International Organization for Standardization (ISO) providing guidance on quantifying, monitoring, reporting, and verifying greenhouse gas (GHG) emissions which includes:

1. Framework on quantification and reporting of GHG at the entity level and project level.
2. Principles and requirements for determining baselines, monitoring, and reporting project.
3. Guidance for the validation and verification of greenhouse gas assertions.

ISO 50001: Energy Management Systems (EnMS): ISO 50001 specifies requirements for establishing, implementing, maintaining, and improving an energy management system. The goal is to enable organizations to follow a systematic approach to achieve continual improvement in energy performance, including energy efficiency, use, and consumption including framing energy Policy, identifying opportunities to improve performance, implementation of projects, monitoring progress, internal audit mechanism and continuous improvement.

Organizations can derive significant synergies by integrating ISO 14064 and ISO 50001. For example, improved energy management (ISO 50001) often leads to reduced GHG emissions (ISO 14064), thereby helping organizations to better manage their overall environmental footprint. Implementing both ISO 14064 and ISO 50001 standards demonstrates an organization's commitment to sustainable development and environmental stewardship, meeting both regulatory expectations and market demands for responsible business practices.

Conclusion: Carbon / GHG accounting is an essential tool for measuring, managing, and reporting emissions. Its adoption by organizations, governments, and individuals is vital for addressing climate change and working towards a more sustainable and environmentally conscious future. We should collectively take meaningful steps to contribute to the betterment of environment and protect the planet for future generations. Consultants including internal auditors have an opportunity to support the business in (a) identifying and suggesting the information framework based on which the Carbon / GHG emissions can be identified and recorded (b) establish internal controls to ensure information being collated is complete, accurate and valid (c) support the management in its action plan to achieve its initiatives to reduce carbon footprint (d) report to management on any deviations and suggest corrective action (e.) help in validating the reporting requirements and other statutory compliances.

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Adv. M G Kodandaram

INTELLECTUAL PROPERTY RIGHTS AND PROTECTION IN INDIA E-COMMERCE EXPORTS FOR MSMEs (PART - XLVIII OF IPR SERIES)

MSMEs Powerhouse of Indian Economy

Micro, Small, and Medium Enterprises (MSMEs) are the powerhouse of the Indian economy, significantly contributing to job creation, export activities, and overall economic development. India is home to over 6.4 crore MSMEs, with 1.5 crore registered on the Udyam portal, collectively employing around 11 crore individuals and contributing about 27% to the national GDP. As the second-largest employment sector after agriculture, MSMEs represent 23% of the Indian workforce, 38.4% of the total manufacturing output.

MSMEs play a crucial role in employment generation in India, with their widespread presence across both urban and rural areas ensuring balanced regional development. This distribution helps reduce the pressure on urban centers and curbs rural-urban migration. The sector's contribution to the GDP is substantial, forming the backbone of economic activities while nurturing entrepreneurship and innovation. Their diverse presence across various sectors, including manufacturing, services, and trade, creates a robust and resilient economic structure. Further, MSMEs are instrumental in driving exports, of the country's total exports, which underscores their critical role in India's trade and economic growth.

IP for Expansion of Global Trade

In today's globalized economy, the protection of Intellectual Property (IP) is paramount for businesses seeking to market their products and services internationally. Intellectual Property Rights (IPRs) not only safeguard innovations but also enhance the commercial value of products and services by signifying ownership, quality, reputation, and expertise.

IPRs play a crucial role in boosting the commercial value of products and services. By securing patents, trademarks, copyrights, and industrial designs, businesses can establish a strong market presence and differentiate themselves from competitors. Patents protect technological innovations, ensuring that inventors can capitalize on their creations. Trademarks, on the other hand, protect brand identity, allowing

businesses to build consumer trust through consistent quality and reputation. Copyrights safeguard creative works such as books, music, films, games, images, and sounds, enabling creators to monetize their efforts while preventing unauthorized use.

IPRs are essential tools for establishing and maintaining long-term relationships with vendors, online companies, and consumers. For instance, copyrighted works must be properly recognized and protected to open mutually profitable business avenues and avoid infringement disputes. This recognition nurtures a trustworthy environment where businesses can collaborate without fear of IP theft. Similarly, trademarks facilitate entry into new markets through effective advertising and by offering consumers reliable products and services they can trust. These protections ensure that businesses can confidently expand their operations and form lasting partnerships worldwide.

Expanding Through Franchising

Franchising is a powerful strategy for expanding a locally developed business internationally. By granting others the right to sell their products or services, businesses can tap into new markets without bearing the full brunt of operational costs. This model allows for rapid expansion while maintaining brand consistency and quality. Protecting the underlying technology or know-how through patents, trademarks, or industrial designs ensures that the franchisee delivers a product or service that meets the original standards, thereby building consumer confidence and loyalty both locally and abroad.

For MSMEs, creating and protecting IPs in the countries where they plan to market their products is crucial. These businesses often operate with limited resources and face significant challenges in entering global markets. By securing IPRs, MSMEs can enhance their competitive edge and secure their innovations from potential infringements. Exporters can also receive expert international trade assistance from various sources such as National and Regional IP Offices, Trade Authorities, Export Promotion Agencies, National



Embassies, Chambers of Commerce, and Legal Counsel. These entities provide valuable guidance and support in navigating the complexities of international IP protection and trade regulations. As the world continues to globalize, the role of IPRs in expanding global trade will only become more significant, emphasising the need for robust IP strategies and protections.

Export Potential

MSMEs hold immense potential in the export sector, with their contributions accounting for 45.03% of India's total exports. This sector's participation in global trade is crucial for boosting foreign exchange reserves and achieving trade balance. However, the export potential of MSMEs remains underutilized due to various challenges, including economies of scale, compliance requirements, cost-effective production, and efficient logistics management. Despite the hurdles, certain sectors present significant opportunities for Indian MSMEs in export markets. These sectors include handicrafts, handloom textiles, Ayurveda and herbal supplements, leather goods, imitation jewellery, and wooden products. Globally, these markets exceed USD 340 billion, providing a vast arena for Indian MSMEs to tap into.

The emergence of e-commerce has opened new avenues for MSMEs to overcome traditional barriers to export. E-commerce platforms offer a level playing field, allowing small enterprises to reach global customers, adhere to compliance standards, and manage logistics efficiently. By utilizing these platforms, MSMEs can expand their market reach and boost their competitiveness.

Government Initiatives

Recognizing the potential of MSMEs, the Government of India has introduced numerous initiatives, including export marketing through e-commerce via Indian Posts and registered courier companies in the Foreign Trade Policy 2023(FTP). This policy aims to achieve USD 1 trillion in merchandise exports by 2030, emphasizing new and emerging sources of export growth, with cross-border e-commerce identified as a key driver.

The global cross-border e-commerce market is projected to expand to USD 800 billion by 2025 and reach USD 2 trillion by 2030, accounting for around 6.6% of total global merchandise trade. India aims to significantly increase its share in this rapidly growing segment. The focus will be on facilitating seamless exports through e-commerce platforms and addressing essential ease-of-doing-business factors to transform the MSME sector into a formidable growth engine.

Through this mode, MSMEs can expand their export markets, even with small transactions. All export benefits and incentives are also extended to e-commerce exports. Chapter 9, titled “*Promoting Cross Border Trade in Digital Economy*,” of the FTP 2023 provides details of this procedure and can be accessed at https://content.dgft.gov.in/Website/dgftprod/2a0f81fa-fdb9-4d01-acd4-e35865edf903/FTP2023_Chapter09.pdf

Promoting E-commerce Exports

The objective of the policy (Chapter 9 of FTP) is to establish a framework for cross-border trade of goods and services from India in the digital economy and to promote e-commerce and other emerging channels of exports. It outlines the intent and roadmap for establishing e-commerce hubs and related elements such as payment reconciliation, book-keeping, returns policy, and export entitlements. As a starting point, the consignment wise cap on E-Commerce exports through courier has been raised from ₹5Lakh to ₹10 Lakh in the FTP 2023. Integration of Courier and Postal exports with ICEGATE (customs portal for imports and exports) will enable exporters to claim benefits under FTP. Extensive outreach and training activities are being taken up to build capacity of artisans, weavers, garment manufacturers, gems and jewellery designers to onboard them on E-Commerce platforms and facilitate higher exports. By using these opportunities, the MSME sector can drive a significant transformation, boosting India's economic growth and development.

Access to markets is a persistent challenge for MSMEs looking to expand their exports. E-commerce offers a powerful solution to this obstacle, yet MSMEs in India have been slow to capitalize on its potential. According to the Global Trade Research Initiative (GTRI), MSMEs in China exported goods worth over \$200 billion through e-commerce platforms in 2022, while India's e-commerce exports barely reached \$2 billion. This stark contrast highlights the need for strategic initiatives to boost e-commerce exports from India.

Efforts to Promote E-Commerce Exports

The Directorate General of Foreign Trade (DGFT) Regional Authorities are at the forefront of promoting e-commerce exports. In collaboration with Customs Authorities, the Department of Posts, industry partners, and knowledge partners, DGFT is focusing on raising awareness, building skills, and sharing knowledge with exporters and entrepreneurs. These collaborative efforts aim to streamline processes and make it easier for small businesses to engage in international trade.

One of the significant challenges faced by e-commerce exporters is related to payment and banking. DGFT is actively working with government stakeholders to resolve these issues, ensuring a smooth and efficient payment process which will provide a more level playing field for e-commerce exporters, enabling them to compete more effectively in the global market.

Sectors with Comparative Advantage

India has a comparative advantage in certain sectors and products, which can be exploited to achieve higher profit margins and establish a strong brand identity. Focusing on these sectors will require less marketing and promotion as Indian products in these categories are already well-recognized globally. The following sectors have been identified as having significant export potential:

- **Religious Artifacts:** Indian religious artifacts are valued for their cultural and spiritual significance.
- **Handicrafts and Home Décor:** Unique and culturally rich, Indian handicrafts are highly sought after.
- **Beauty and Personal Care:** Natural and herbal beauty products from India are gaining international popularity.
- **Ayush and Herbal Products:** Traditional Indian medicine and herbal products are increasingly in demand globally.

- **Textiles, Handloom, and Apparel:** Known for their quality and craftsmanship, Indian textiles and apparel have a strong global market.
- **Leather & Leather Goods:** Indian leather products are valued for their durability and design.
- **Semi-precious Jewellery & Accessories:** Indian jewellery is known for its intricate designs and craftsmanship.
- **Spices and Food Products:** Indian spices and food products are renowned for their flavour and quality.
- **Tea and Coffee:** Indian tea and coffee are recognized for their distinctive taste.
- **Automotive Parts:** High-quality automotive parts from India have a growing market abroad.
- **Engineering Goods:** Indian engineering goods are known for their reliability and innovation.

The collaborative efforts of DGFT, Customs Authorities, the Department of Posts, the registered courier service providers and other stakeholders are expected to play a crucial role in achieving these objectives, ensuring that Indian MSMEs can leverage e-commerce to reach new heights in international trade. In the coming part exports through Indian posts and courier will be deliberated..

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SUDOKU - 48

					7		1	9
4	6	9	1		5		2	
					8	3		5
	9				6		7	3
8								6
7	5	6	3			2	8	
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Solution to Sudoku - 47 July - 2024

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





CA Allama Prabhu M S

Ethics from Epics - 11

“.....a friend indeed”

आपत्सु स्नेहसंयुक्तं मित्रम्

A person who does not come to the rescue of his friend in distress is not a friend at all.

- (Chanikya Neeti)

Apart from providing joy and sense of purpose, a true friend is expected to support the other in times of distress.

In Mahabharata, we find various examples of friendships, each giving profound thought-provoking message.

Prominent amongst them are:

- Drupada & Drona
- Krishna & Sudhama
- Karna & Duryodhana
- Krishna & Arjuna

Let's delve and dwell into these narratives illustrating the complexities and intricate dynamics of friendship.

Drupada and Drona - The betrayal

“An insincere and evil friend is more to be feared than a wild beast; a wild beast may wound your body, but an evil friend will wound your mind”

- Buddha

Drona and Drupada were steadfast friends in the hermitage of Guru Agnivesha.

Drupada, son of King Prishada, moved by the warmth and affection shown by Drona, promised that whatever belonged to him would equally belong to Drona too.

Several years later, when Drona was in deep poverty, his wife insists him to get a cow so that they can feed Ashwathama, their only child.

Remembering the promise made by his close friend, Drona approaches Drupada and asked for a cow... just a single cow!

Drupada's response was intolerable; not only was it an offensive display of arrogance and power, but it also caused Drona insult and humiliation. Pride and ego had shattered their bonds of friendship.

Betrayed and disappointed, Drona vowed to teach Drupada a befitting lesson. A false friend is hard to recognise until the moment reveals him.

It is painful to face the reality, especially when it challenges your strong beliefs and contradicts your trust. The consequences of betrayal changed the course of future events.

“Refusing even a Cow is only a pretext (ನೆಪ). Drona was already in the fire of poverty, Drupada added fuel to it. Drupada committed a pramada (a serious error in the behavior of a person) against a pious learned highly skillful poor teacher. This is a clear cut example for how an insult can lead to a catastrophe !

- Jnanasagara S Krishna Swamy,

in his special comments in the Article *All for a Cow.*,
KSCAA News bulletin, Dec 2012

Krishna & Sudhama – The supportive

This combination is just the opposite of the first one narrated above.

In contrast, Krishna demonstrates what and how friendship ought to be !

Krishna showers Sudhama with his affection and hospitality. He bestows and blesses him with all sorts of wealth & completely eradicates his poverty.... even without Sudhama asking for help!

The bed rock of a meaningful and genuine friendship is simply providing support when needed.

Krishna's overwhelming grace towards Sudhama, demonstrated that true friendship transcends all social, economic and status barriers.

Karna & Duryodhana – A Strategic Alliance

“A real friend is one who walks in when the rest of the world walks out.”

- Walter Winchell

This is a very complex friendship. Initially caused due to inevitable dependency, eventually turns out to be an inseparable bond.

In the tournament, when Karna challenged Arjuna, he was denied participation & was even humiliated because he was not a Kshatriya. Duryodhana recognises his prowess in martial skills & his desire to challenge and confront Arjuna. He loses no time; he honours him by making him the king of Anga and thereby elevates his social status, instantly!

Touched by this benevolent gesture, Karna resolves to remain loyal to Duryodhana & takes an oath impulsively !

Duryodhana wanted a strong opponent for Arjuna and Karna wanted a royal patronage. A mutually symbiotic relationship was forced and forged, which slowly develops into a mutually cherishing bondage. They even shared the same seat...that was the depth of intimacy and closeness between them.

Duryodhana's confidence in Karna was complete and Karna's dedication towards Duryodhana was concrete.

Out of sheer gratitude, Karna chose to support and fight for Duryodhana, even after knowing the evil acts & intents of the latter.

Despite knowing that Arjuna was his younger brother, Karna took an oath to kill him, a decision that led to his own death.

The sense of indebtedness was stronger than the thickness of blood and it overweighed all other considerations.

Krishna & Arjuna – A Multidimensional Bondage

For Arjuna, Krishna was a friend, a relative, a guide, a mentor, a well-wisher, a protector, and a defender. What more could the luckiest Arjuna ask for?

Arjuna had remarkable archery skills. When others were still making baby steps in archery, he had mastered *Shabhdavedi* and won the affection of his Guru Dronacharya.

Arjuna had married Draupadi. He also married Ulupi from Nagaloka and Chitrangada from Manipura. When he was in heaven learning divine weaponry, enamoured with his charm, Urvashi proposed to him. But, Arjuna, remembers that Urvashi had once married to his ancestor (Pururava), respectfully regarded her as his mother, rejects the proposal, and thereby displayed his righteousness.

Krishna was fond of Arjuna; he admired him for his valour, charm, and noble qualities; and he even facilitated his marriage to his sister Subhadra.

Arjuna possessed an unwavering devotion and faith in Krishna.

There was mutual admiration and respect; but beyond the exceptional intimacy, there existed a deep-rooted philosophical and spiritual connect!

In Kurukshetra, just before the war, Arjuna expressed his moral fears and vulnerabilities and suffered an emotional crisis. Krishna responds with great understanding and compassion & clears all his doubts.

The dialogue between Krishna and Arjuna is captured and immortalised in *The Bhagavad Gita*, inspiring millions worldwide, for generations!

Krishna chose Arjuna to impart great knowledge and wisdom because he was convinced that Arjuna was a worthy person capable of understanding, grasping, and propagating profound thoughts and wisdom.

Throughout the association, we witness a stunning show of divine grace!

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Message From Immediate Past President



Dear Members,

As we reach the conclusion of my tenure for 2023-24, I write this as my final presidential message to this prestigious institution. Let's take a moment to reminisce about the extraordinary journey of professionalism and success we have traversed together this year. Serving as the 51st President of my beloved alma mater has been both a great learning experience and a humbling honor. As the saying goes, "The more you stay in the presence of a rose garden, the more you will begin to smell roses." I was blessed by God to have the opportunity to serve the profession through KSCAA.

Reflecting on my journey at the helm of the profession, which began as a co-opted Executive Committee Member in 2015-16 and culminated in the esteemed position of President, I can confidently say that this period has been marked by both professional excellence and personal fulfillment.

When I first joined KSCAA, I was the only woman in the Committee. As I took on the role of President, two things initially worried me: How would I maintain the standard and legacy upheld by my predecessors over the last 67 years? And how would I overcome the fear of being judged? Looking back, I'm reminded of the words of Steve Jobs: "You can't connect the dots looking forward; you can only connect them looking backwards.

So you have to trust that the dots will somehow connect in your future. You have to trust in something—your gut, destiny, life, karma, whatever. Because believing that the dots will connect down the road will give you the confidence to follow your heart, even when it leads you off the well-worn path, and that will make all the difference."

The guidance and support of Team KSCAA and my predecessors gave me the confidence to navigate this journey successfully.

The theme for the year was "Recraft Yourself." We focused on how each individual could reshape and refine their skills, with our programs and events aligning with this theme.

I extend my heartfelt gratitude to the executive committee, mentors, volunteers, and all members for their dedication and hard work throughout this term. Your commitment and passion have been the driving forces behind our successes.

As I take my leave and pass the baton to the new team, know that you all will remain in my heart forever. I wish the new President and the team great success.

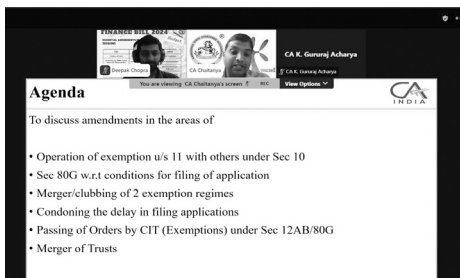
Dhanyavaadagalu.

Let us stay connected as good friends.

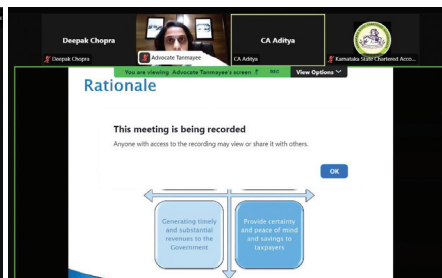
CA Sujatha G

PHOTO GALLERY

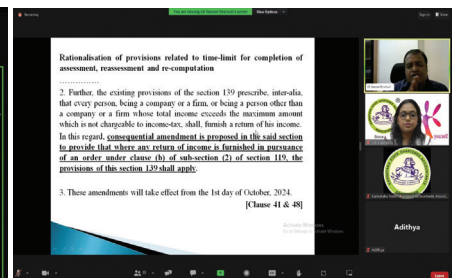
Webinars on Unlocking the Finance Bill 2024



Webinar on Charitable Trust Taxation provisions held on 1st August 2024



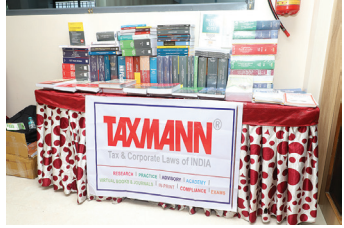
Webinar on Vivad Se Vishwas scheme held on 2nd August 2024



Webinar on assessments, reassessments, search assessments and appeals held on 5th August 2024



51st Annual General Meeting Held on 12th August 2024





EXECUTIVE COMMITTEE 2024-25



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President



CA. Shivaprakash Viraktamath
Vice President



CA. Praveen S Shettar
Secretary



CA. Siddhartha S Javali
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Committee



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Chairman
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Chairman
Indirect Taxes Committee



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Journals Committee



CA. Sujatha G
Immediate
Past President