



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



AHMEDABAD BRANCH OF WIRC OF ICAI

e News Letter

Vol. No. 5 | Issue No. 6 | August 2018

OFFICE BEARERS

CHAIRMAN

CA. Nirav Choksi

98254 91291

VICE CHAIRMAN

CA. Ganesh Nadar

99744 77447

SECRETARY

CA. Fenil Shah

89050 30507

TREASURER

CA. Bishan Shah

98250 23573

MEMBERS

CA. Chintan Patel

CA. Vikash Jain

CA. Harit Dhariwal

CA. Rajiv Ravani

EX. OFFICIO MEMBERS

CA. Dhinal Shah, CCM

98250 29950

CA. Priyam R. Shah

Vice-Chairman, WIRC of ICAI

98240 96112

CA. Purushottam Khandelwal,

Secretary, WIRC of ICAI

98250 20844

CA. Aniket Talati, RCM

98255 51448

MEMBERS

CA. Sandesh Mundra

CA. Shaleen Patni

CA. Aneri Sheth

CA. Darshit Khetani

CA. Hashmat Aswani

CA. Hemlata Dewnani

CA. Krunal Gandhi

CA. Mohit Tibrewal

CA. Neelo Porwal

CA. Nimesh Bhavsar

CA. Nimesh Hariya

CA. Rohit Maloo

CA. Rushabh Shah

CA. Sonu Dhing

CA. Zalak Jintanwala

Chairman Message

Dear Members,

The month of July 2018 is important for all of us for more than one reason. It's the month where the Institute celebrates its Foundation. Along with that the members face the challenging task of completing the return filing process of the non audit cases. Fortunately the date got extended for a month considering that penalty is going to be levied in cases of non filing of such returns. CA Day celebrations ended with giving away the award to women Chartered Accountants of Ahmedabad who have excelled

in professional and non professional fields. All the awardees were well deserved of the awards which were conferred upon them. Its for the first time such an initiative has been taken at the Ahmedabad Branch and I believe it will be continued in the years to come.

Technical sessions on Direct Tax Issues of Real Estate, Recent Judgments on Penny Stocks, Insolvency Professional Basics for clearing exams and advance for conducting the IP work were organized at the Branch. A complete interactive session with CGST officers of the highest level was organized. It was a very productive session where all the queries of the members were either replied or they were noted down for future reference and solving. Ahmedabad Branch is fortunate to play a proactive role in bridging the trust deficit between the government department and its members.

Friendship day was celebrated on 5th August all over the world. Ahmedabad Branch decided it to celebrate in a different manner. The Ahmedabad WICASA members celebrated this day with under privileged children. The idea of giving back to society what we have received on Friendship day was a brilliant idea and the entire credit goes to WICAS Chairman and Secretary of Ahmedabad branch CA Fenil Shah.

As the entire nation is moving ahead in its quest to become a developed nation and willing to leave behind the tag of an under developed nation, Ahmedabad cannot lag behind. But the pace of development along with certain limitations had resulted in huge chaos in the basic infrastructure of Ahmedabad. Traffic issues were all well known to us but we always thought that there is no solution for it. But the Ahmedabad Police Commissioner has decided to act tough on all traffic offences. Suddenly the roads appear bigger & better and the traffic is more sensible. As people start doing their jobs the way it was supposed to be done, it becomes a very purposeful execution of duties rather than mindless



What's
inside

Editorial

2

GST Case Law Updates

4

International Taxation

7

FEMA Updates

9

Income Tax Updates

3

Accounting, Auditing &
Company Law Updates

6

Quick connect

8

Lets Excel in Excel

11

Photo Gallery

12



execution. A small change and the very problem is eradicated from its root cause. Needless to say, this makes a lot of people happy and contented. Isn't this true for all facets of life? Let's start doing what we should do rather than following the crowd. Let's stand out among all the citizens. Let's raise our hands first for betterment of the society. I believe we can surely do this because if there are any professionals who can do this they are only CAs. We are CAs – Committed Achievers and if we commit to do something, we will surely achieve it.

Regards

Thanking You.

CA Nirav R Choksi

Chairman

Editorial



Dear Members,

After receiving a wonderful response to the June edition of our Newsletter, it gives me immense pleasure to share the July edition with a theme designed on the monsoon season. The refreshing rainy season injects an amazing amount of vigor into all of us. This year the amount of rains that we would receive is not certain, but this year definitely it is going to rain loads of compliances that we have to take care in various laws like Income Tax, GST, RERA, Company Law, FEMA, etc.

The coming months, i.e. August & September, traditionally see a lot of festivals. Eid was celebrated recently and other festivals include Raksha Bandhan, Janmashtami, Parsi New Year and Ganesh Chaturthi. I take this opportunity to wish all members in advance for these festivals. At the same time, we should remember that the only reason we can celebrate all these festivals is due to the secular country that we live in. So let us also vow to become better and do better, thus uplifting our society and country through our deeds.

I would like to take this opportunity to sincerely thank all the contributors for sending the updates and sparing their precious time for the cause of the profession. In order to make the newsletter more resourceful, we need your support by way of contribution of updates, useful suggestions, etc. I would request you to send your contributions on the topics of Direct Taxes, GST, Corporate Law, Information technology, FEMA, Ind AS, Indian & World economy and other interesting topics. Kindly email your contributions, achievements etc. on ahmedabad@icai.org. The editorial team will publish the best contribution at its own discretion. I extend my sincere gratitude to the Editorial team for their hard work to publish this newsletter in time.

Happy Reading!

CA. Harit Dhariwal

Chairman, Newsletter Committee

Income Tax Updates

(Contributed by **CA. Mohit Tibrewal**)

My Dear Pr. Chief-Commissioner

You may recall that vide Instruction No. 17/2015 dated 9th November, 2015, Board had issued Guidelines for constitution of Local Committees in each of the Pr. CCIT Regions to expeditiously deal with tax payers' grievances arising from High Pitched Scrutiny Assessments.

The Committees were required to dispose of taxpayers' grievance after examining the case on parameters such as high-pitched additions on frivolous grounds, non-observance of principles of natural justice, non-application of mind, gross negligence etc. on the part of Assessing Officer.

In cases where Local Committee found the order to be unreasonable or high-pitched, they were required to submit report to the concerned Pr. CCIT/CCIT so that proper administrative actions could be taken in such cases.

2. In last three years, the performance of Local Committees has not been found to be satisfactory. Last Year i.e. for 2016-2017, after follow-up from the Board, Pr. CCsIT furnished their report on cases held to be high-pitched by the Local Committees. In some of the instances/cases, these reports were found to be deficient/incomplete.

For 2017-2018, not a single report of Local Committee from any of the Regions has been received in the Board. It may be mentioned that vide Instruction No. 17/2015, Pr. CCsIT were required to highlight outcome of work of Local Committees in their monthly DO Letters to the respective Zonal Member, however, it is observed that very few charges are following this practice.

I have also got a personal feedback from some of the charges that Local Committees have not been duly reconstituted after transfer/promotion of Members of the existing Local Committee.

I have also been informed that meetings of the Local Committee are not being held regularly in most of the Regions. You would also appreciate that all these deficiencies in functioning of Local Committees are hampering their effectiveness in tackling high-pitched assessments in an institutional manner.

3. Therefore, I would like to take this opportunity to emphasise that it is necessary to give due attention by the Pr. Ccs IT themselves to monitor performance of Local Committees on a regular basis so that these Committees serve as a useful mechanism/institution to curb high-pitched assessments in the Income-tax Department.

In addition to the mechanism outlined in Instruction No. 17/2015, following further steps should also be taken in cases which are found to be high-pitched by the Local Committees:

- 3.1 Wherever Local Committee has taken a view that addition made in the assessment order is high-pitched, explanation of the Assessing Officer should invariably be called for.

Wherever required, administrative action such as inter-city transfer of the concerned Assessing Officer to non-sensitive post should be taken in such cases without any delay.

Further, appropriate disciplinary action should also be taken/initiated in these cases;

- 3.2 No coercive action should be taken for recovery of demand in cases which have been identified as high-pitched by the Local Committee;
- 3.3 The concerned Commissioner (Appeals) should be requested to expedite hearing in such cases.

4. All Pr. CCsIT are requested to furnish the reports of Local Committees regarding assessments framed during the Financial Year 2017-2018 by 31st July, 2018 to Member (IT&C) as per the enclosed format. Thereafter, report of Local Committee would be required to be furnished to the Board every quarter as per the prescribed format.

5. I would also like that proper publicity in this regard may also be given at the local level. With the above initiatives along with your active involvement, I am hopeful that in future, Local Committees would inspire the taxpayers to place their grievances arising from high-pitched assessments before the Local Committees for appropriate redressal.



GST Case Law Updates

(Contributed by **CA. Monish S. Shah**)

Important Updates

GST Amendment Bills 2018

The GST Council in its 28th meeting held on 21st July 2018 recommended certain amendments to GST Acts, 2017. The Lok Sabha on Thursday (9th August 2018) passed four bills amending laws relating to the Goods and Services Tax (GST). These amendments are focused towards reducing the compliance burden on SME's and clearly express the intent of government, to make this tax a "Good and Simple Tax". A brief analysis of these amendments is as follows:

CGST Bill 2018 (As passed by Lok Sabha)

- 1) **Scope of Supply:** It has been provided that if any activity constitute supply under Section 7(1) (a), (b) & (c) then only schedule II is to be referred to further determine nature of supply i.e. whether it is supply of goods or supply of services
- 2) **Reverse Charge Mechanism:** Under the Act, when an unregistered person supplies goods or services to a registered person, the registered person is liable to pay the IGST on such supply. The bill amends this provision to allow the central government, on the recommendation of the GST Council, to specify a class of registered persons to pay tax on receiving specified categories of goods and services from an unregistered person. **(Government has already extended exemption from RCM on procurement of any goods or services by a registered person from an unregistered person till 30th September 2019: Refer N/N 22/2018-Central Tax (Rate))**
- 3) **Composition Levy:** The Bill seeks to raise the statutory threshold of turnover for a taxpayer to be eligible for the composition scheme **from one crore rupees to one crore and fifty lakh rupees**, and to allow the composition taxpayers to supply services (other than restaurant services), for up to a value not exceeding ten per cent. Of turnover in the preceding financial year, or

five lakh rupees, whichever is higher.

- 4) **Reversal of Input Tax Credit** (Application of Rule 42/43): It has been provided by inserting an explanation in Section 17(3) that input tax credit need not be reversed for supplies provided in schedule III **except** in respect of sale of land or building or both (if sold after receiving completion certificate i.e. Non-GST supplies)
- 5) **Blocked Credit (Section 17(5)):** Scope reduced, now GST Credit is available for Motor Vehicles for transportation of persons with seating capacity $\rightarrow \geq 13$ without any condition. It has been **clearly provided now** that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide to its employees under any law for the time being in force. Hence, the taxable person can take input tax credit of Life Insurance & health insurance. The workman compensation Act, 1923 provides for compensation to be provided by employer to employee in case any injury is caused to the employee during employment. In Practice, companies provide life insurance and health insurance free of cost to its employees to comply with this Act. Hence it can be said that the expense is incurred due to an obligatory requirement under law, therefore in authors view GST Credit can be taken.
- 6) **Registration Threshold (Section 22):** The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand to be increased to Rs. 20 Lakhs from Rs. 10 Lakhs. So now Threshold of INR 10 Lakh is applicable for Manipur, Mizoram, Tripura and Nagaland. Further **Mandatory Registration under GST** applicable for e-commerce operators who are required to collect tax at source under section 52 of CGST Act, 2017 **(Not for every e commerce operator. SEZ unit to mandatorily apply for separate registration** i.e. no entity can take single registration



for SEZ& Non SEZ unit in same state. **A person can take multiple registrations in the state** for different place of business subject to conditions, not required to establish separate business vertical.

- 7) **Suspension of GST Registration:** Pending Cancellation proceedings, GST Registration can be suspended temporarily under Section 29 of CGST Act, 2017
- 8) **Consolidated Debit/Credit Notes:** Now it will be possible to issue consolidated debit notes/credit notes for invoices issued during the same financial year. I am expecting changes in return formats to align this facility provided by law.
- 9) **GST Audit:** Any Department of the Central or State Government or local authority which is subject to audit by the Comptroller and Auditor-General of India need not get their books of account audited by any Chartered Accountant or Cost Accountant
- 10) **Quarterly GST Return:** Section 39 relating to "Furnishing of returns", has been amended to provide for prescribing the procedure for quarterly filing of returns with monthly payment of taxes.
- 11) **Utilization of Input SGST/UTGST:** It has been provided that SGST/UTGST Balance can only be used for paying IGST, if the person has no balance in IGST & CGST Account
 - **IGST Input** must be **fully utilized** for payment of **IGST Output** before using CGST Input
 - **CGST Input** must be **fully utilized** for payment of **CGST Output** before using IGST Input
 - **Section 54 Refunds:** It has been provided that the principle of unjust enrichment will apply in case of a refund claim arising out of supplies of goods or services or both made to a Special Economic Zone developer or unit
- 12) **Export Proceeds in INR:** It has been provided that receipt of payment in Indian rupees will be considered as satisfactory condition, where permitted, by the

Reserve Bank of India in case of export of services.

- 13) **Recovery Proceedings against deemed distinct person:** Recovery can be done from another business unit of Tax Payer in another state i.e. distinct person under GST
- 14) **Job Work Procedures:** Commissioner will be empowered to approve extension of 1 yr./2yr. time limit in case of Job Work i.e. time limit for bringing back inputs and capital goods.
- 15) **Schedule I:** Any person availing services from its associated enterprise outside India (related person) will be treated as supply even without consideration. IGST needs to be paid under RCM. Earlier this was applicable for Taxable Person, now proposed to cover every person, hence making registration mandatory to expand the revenue base.
- 16) **Schedule III:** No GST on High Sea Sales and Sale of Warehoused goods before custom clearance

IGST Bill 2018 (As passed by Lok Sabha)

- 1) **Reverse charge mechanism:** Under the Act, when an unregistered person supplies goods or services to a registered person, the registered person is liable to pay the IGST on such supply. The Bill amends this provision to allow the central government, on the recommendation of the GST Council, to specify a class of registered persons to pay tax on receiving specified categories of goods and services from an unregistered person. **(Government has already extended exemption from RCM on procurement of any goods or services by a registered person from an unregistered person till 30 September 2019: Refer N/N 23/2018-Integrated Tax (Rate))**
- 2) **Place of supply:** The Act provides for the determination of the place of supply of goods and services. In cases where services are supplied through transportation of goods, including by mail and courier, to a registered person, the place of supply is the location of such person. In other cases, where the services are supplied to an unregistered person, the place of supply is where the goods are handed over for their transportation. The Bill clarifies that in the above cases, if the goods are being transported to a place outside India, the place of supply will be the destination of the goods.



Accounting, Auditing & Company Law Updates

[Contributed by **CA. Chintan Patel**]

1. **Report of the Committee to review offences under the Companies Act, 2013**

The MCA has issued the report of the Committee to review offences under the Companies Act, 2013. This report attempts to make an objective assessment of the existing regulatory framework under the Companies Act, 2013 and make recommendations so as to achieve a marked improvement in the corporate compliance.

http://www.mca.gov.in/Ministry/pdf/ReportCommittee_28082018.pdf

2. **DIR -3 KYC extended till 15th September, 2018 without fees**

The MCA has issued the amendment rules, which state that for e-filing of form DIR-3 KYC, no fees will be charged till 15 September 2018, for the current financial year (2018-19) and fees of INR5,000 will be payable on or after 16 September 2018. Also form DIR-3 KYC is substituted with the new form.

3. **SA – 610 (R) Implementation Guide issued by ICAI**

The Auditing and Assurance Standard Board of ICAI has issued the Implementation Guide on Standard on Auditing (SA) 610 (Revised) – Using the Work of Internal Auditors, to assist auditors in practical implementation of this standard in real life audit situations.

<https://resource.cdn.icai.org/51441aasb-igsa610rev.pdf>

4. **Education Material on Ind AS 115 issued by ICAI**

ICAI has issued Educational Material on Ind AS 115, Revenue from Contracts with Customers addresses all relevant aspects envisaged in the Standard by way of brief summary of the Standard and **Frequently Asked Questions (FAQs)** which are being/expected to be encountered while implementing the Standard. <https://resource.cdn.icai.org/51388indas41073.pdf>

5. **The Companies (Accounting Standards) Amendments Rules, 2018**

The MCA has issued The Companies (Accounting Standards) Amendments Rules, 2018. It has substituted para 32 of AS 11 The effects of changes in foreign exchange rates. The amendment states that remittance from a non-integral foreign operation by way of repatriation of accumulated profits does not form part of a disposal unless it constitutes return of the investment. The amendment is effective from 1 April 2018.

6. **ICAI: Report on Audit Quality Review (2017-18) of the Quality Review Board**

The Quality Review Board has initiated a system of independent review of statutory audit services of the audit firms auditing accounts of top listed and other public interest entities in India pursuant to a process comprising selection of the Audit firms for review and engagement of Technical Reviewers.

The Board has issued a Report on Audit Quality Review (2017-18) providing key findings and analysis of observations made by the Technical Reviewers in review reports during the period which is available at the website of the Quality Review Board.

<http://www.qrbca.in/wp-content/uploads/2018/07/qrb40447.pdf>

7. **Notification of various section of the Companies (Amendment) Act, 2017**

The MCA has issued commencement notification to notify effective date for the following sections of the Companies (Amendment) Act, 2017.

Sr.No.	Section no. of the Companies (Amendment) Act, 2017	Corresponding section of the Companies Act, 2013	Effective from
1.	Section 20	Section 82 relating to Company to report satisfaction of charge	5 July 2018
2.	Section 15	Section 73 relating to Prohibition on acceptance of deposits from public	15 August 2018
3.	Section 16	Section 74 relating to Repayment of deposits, etc., accepted before commencement of this Act	15 August 2018
4.	Section 75	Section 366 relating to Companies capable of being registered	15 August 2018
5.	Section 76	Section 374 relating to Obligations of companies registering under this Part	15 August 2018
6.	Section 5	Amendment to Section 7 - Incorporation of Company	27 July 2018
7.	Section 6	Amendment to Section 12-Registered office of Company	27 July 2018
8.	Section 10	Substitution of Section 42 with a new Section 42 - Issue of shares on private placement basis	7 August 2018
9.	Section 36	Amendment of Section 134 – Financial Statement, Board's Report, etc.	31 July 2018

International Taxation

(Contributed by **CA. Mohit Balani**)

JUDICIAL PRONOUNCEMENTS

1. PCIT Vs. Barclays Technology Centre India (P.) Ltd. Bombay High Court 95 taxmann.com 170

- Company rendering Knowledge Process Outsourcing (KPO) services would not be comparable to company engaged in rendering software development services to its AE.
- Company having abnormally high profit margin only during subject assessment year would not be comparable.

2. PCIT Vs. Softbrands India (P) Ltd. reported in [2018] 94 taxmann.com 426 (Karnataka)

- Picking of comparable for TP Adjustments, applying of filters, etc., do not give rise to any substantial question of law requiring interference under section 260-A

3. Phillip Morris Services India S.A Vs. DDIT reported in [2018] 95 taxmann.com 156 (Delhi - Trib.)

- Government enterprise is not comparable with a private business service provider because in case of Government enterprises profit motive is not relevant consideration, and Government companies work for other public sector undertakings and in that sense related party transactions are much more than filter of 25 per cent

4. First Source Solutions Ltd. Vs. ACIT reported in [2018] 94 taxmann.com 264 (Mumbai - Trib.)

- While numerator in PLI under TNMM is always net profit margin, denominator can either be cost incurred or sales effected or assets employed or any other relevant base; and denominator varies from case to case depending upon nature of transaction and host of other relevant factors.



Quick connect

[Contributed by **CA. Anuj Agrawal**]

Potential Voting Rights – “To be assessed to know if CONTROL exists”

An entity is considered to be under control by one of its Investor when its relevant activities (which are a cause of affecting profits/loss of the business) are being directed by such Investor. Such control could either be through present voting share e.g. Equity voting right or could be in a form of potential voting rights e.g. call options, warrants, convertible instruments which could be converted/ exercised which will result into voting rights in the Investee.

Now,

After the applicability of Ind-As/ IFRS, all such potential voting rights would now to be taken care while assessing the voting rights or percentage holding which can then be substantiated if control is exists.

Let's first refer the guidance as per the relevant accounting standards which talks about the concept of Potential Voting Rights-

Potential voting rights

Ind-As -110- Consolidated Financial Statements- Appendix B

Para- B47 - When assessing control, an investor considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has power. Potential voting rights are rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts. Those potential voting rights are considered only if the rights are substantive.

Para- B48 - When considering potential voting rights, an investor shall consider the purpose and design of the instrument, as well as the purpose and design of any other involvement the investor has with the investee. This includes an assessment of the various terms and conditions of the instrument as well as the investor's apparent expectations, motives and reasons for agreeing to those terms and conditions.

Para -B49 -If the investor also has voting or other decision-making rights relating to the investee's activities, the investor assesses whether those rights, in combination with potential voting rights, give the investor power.

Para -B89 -When potential voting rights, or other derivatives containing potential voting rights, exist, the proportion of profit or loss and changes in equity allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivatives, unless paragraph B90 applies.

Para –B 23 (a)- Whether there are any barriers (economic or otherwise) that prevent the holder (or holders) from exercising the rights.....

Para -B24 -To be substantive, rights also need to be exercisable when decisions about the direction of the relevant activities need to be made. Usually, to be substantive, the rights need to be currently exercisable. However, sometimes rights can be substantive, even though the rights are not currently exercisable

Example –

Entity “**Apple**” has following Voting shares structure –

30% voting shares by Company “**Mango**”

70% voting shares by Company “**Orange**”

Apart from these voting shares as mentioned above, there are some call options equivalent to 50% of voting shares which are held by Company “Mango” which will reduce the shareholding of “Orange” from 70% to 20% upon exercise by Company Mango, and upon such exercise the shareholding of “Mango” will increase from 30% to 80%.

Define control assessment in the light of Potential Voting rights as per given **scenarios-**

- 1- Call option held by Mango is **deeply out of the money** (current price is much lower than the strike price of call)?

To continue reading please follow link -
<http://gyanifrs.com/2017/05/potential-voting-rights-to-be-assessed-to-know-if-control-exists/>

(Author of this article is an experienced chartered accountant who has specialization on various GAAP conversions assignments covering different industries around different part of the world including acting as an Independent IFRS Advisor & Corporate Trainer.

FEMA Updates

(Contributed by **CA. Saumya Sheth**)

A. Introduction of Single Master Form(SMF) by RBI (RBI/2017-18/194, A.P (DIR Series) - Circular No.30 dated 7 June 2018)

- Ø RBI has issued a Circular by which Single Master Form (SMF) has been introduced with the objective of integrating different reporting structures of various types of foreign investment in India.
- Ø SMF would provide a facility for reporting total foreign investment (including indirect foreign investment) in an Indian entity as well as Indian investment vehicle. SMF would be filed online.
- Ø In order to implement the above, RBI on 28 June 2018 introduced an online interface named **"FIRMS"** (Foreign Investment Reporting and Management System) <https://firms.rbi.org.in>. FIRMS interface has been made online in two phases:

Phase I: Registration on FIRMS and updation of Entity Master

- Ø Under Phase I, Entity Master was made available online wherein all Indian Entities who have received foreign Investment (direct or indirect) were needed to register themselves on FIRMS and update the Entity Master specifying details in relation to total foreign investment received. Last date for registration on FIRMS was originally 12 July 2018 which was extended to 20 July 2018. Further, any changes or alterations to the Entity Master may be made on or before 15 August, 2018.
- Ø Entity Master form required all Indian entities to provide data with regards to all foreign investments received from date of incorporation till date irrespective of the fact that appropriate regulatory reporting was done to RBI or not.
- Ø Further, a declaration was also required to be signed stating that "foreign investment received and reported now will be utilised in compliance with the provision of Prevention of Money Laundering Act 2002 (PMLA) and Unlawful Activities (Prevention) Act, 1967 (UAPA)" by the authorized signatory.
- Ø Detailed guidelines were issued by RBI with respect to filing of Entity Master.

- Ø Further as per above RBI Circular dated 7 June 2018, Indian entities not complying with filing of Entity Master will not be able to receive foreign investment (including indirect foreign investment) and will be considered as non-compliant under FEMA.
- Ø With the kind of elaborate reporting in filing Entity Master, it is clear that RBI is gathering data for all entities which had received Foreign investment.

Phase II: Introduction of SMF

- Ø Under Phase II, Single Master Form (SMF) containing 9 Forms would be made available online. Although format for SMF has been provided in the RBI circular, same is yet to be notified by RBI
- Ø SMF is required to be filed by Company, LLP and a Startup which are in receipt of foreign investment i.e. If the entity has not received any foreign investment, there is no requirement of NIL reporting.
- Ø SMF shall subsume following forms:

Forms	Particulars
FC-GPR	Filed for issuance of capital instruments to person resident outside India
FC-TRS	Filed for transfer of capital instruments Form
LLP-I	FDI in LLP through capital contribution and profit shares
Form LLP-II	Disinvestment/ transfer of capital contribution and profit shares in LLP
Form ESOP	Issue of ESOPs / sweat equity shares/ shares against exercise of ESOP by an Indian company to an employee resident outside India
Form CN	Issue or transfer of convertible notes
Form DI	Reporting of downstream investment (indirect foreign investment) in a company or LLP
Form InVi	Reporting of investment by a person resident outside India in an Investment vehicle
Form DRR	Issue/transfer of Depository Receipts



Ø Following forms have not been subsumed and will be reported separately:

§ Advance Remittance Form (ARF)

§ Annual Return on Foreign Liabilities and Assets (FLA)

Ø Thus, by combining almost all reporting forms under one common framework, RBI would be able to consolidate all foreign exchange data relating to one entity as well as easing compliance requirements for Indian entities.

B. Liberalised Remittance Scheme- RBI/2017-18/204A.P. (DIR Series) Circular No. 32 dated 19 June 2018

Ø Furnishing of PAN has now been made mandatory for all remittances under Liberalised Remittance Scheme (LRS Route). Earlier furnishing of PAN was not required for making remittance upto USD 25,000 under LRS route.

Ø In the context of remittances allowed under LRS for maintenance of close relatives, the earlier regulations defined 'relative' with regards to

Companies Act, 1956. However, the LRS regulations has now been amended to align the 'relative' definition with regards to Companies Act, 2013.

Ø It is interesting to note that definition of 'relative' under Companies Act, 2013 is much narrower as compared to definition of 'relative' under Companies Act, 1956.

C. ECB – Monthly reporting of ECB in ECB-2 Return - RBI/2017-18/193 A. P. (DIR Series) Circular No. 29 dated 7th June, 2018

Ø As per the above RBI Circular, an additional requirement has been inserted in ECB 2 return for providing details of the hedges for ECBs.

Ø Part E of the Return, is modified so as to include only standard information on hedged/unhedged ECB exposure.

Ø Further, details of hedging in Part E.1 of the Return and foreign exchange earnings and expenditure in Part E.2 of the Return also has to be furnished in newly prescribed format as under:

Amended E block in ECB-2 Return

E.1 Hedging details:

Outstanding Principal ECB amount (in million)*	Currency	Financial hedge(s)		Natural hedge		Annualised percentage cost of financial hedge(s) for ECB
		Notional value (in million)	% of outstanding ECB amount	Notional value (in million)	% of outstanding ECB amount	

*as on the last date of the reporting month

E.2 Foreign exchange earnings and expenditure, if any, for the last three financial years (only corresponding to same currency of ECB):

Financial Year	Currency	Foreign Currency earnings (in million)	Foreign Currency expenditure (in million)	Annual EBID** (in INR million)

**Earnings before Interest and Depreciation (EBID), as defined table above = Profit After Tax + Depreciation + Interest on debt + Lease Rentals, if any.

The monthly reporting format of ECB 2 Return revised as above would be applicable from month-end June 2018.

Lets excel in excel !

(Contributed by **CA. Hemlata Dewnani**)

MultiDimensional V Lookup

All of the lookups you have seen have been one-dimensional, meaning that they searched for a lookup value in a single column or row. However, in many situations, you need a two-dimensional approach. This means that you need to lookup a value in a column and a value in a row or in second column, and then return the data value at the intersection of the two.

Examples of Multidimensional Vlookup are :

- 1) Market and script code 2) Email ID and Password 3) Branch and item name for rate .

Suppose we have a branch name,item name and rate. For this we need a helper column. We will create that with the help of Concatenate formula as described below :

	A	B	C	D
1	Branch	Item	Helper column	Rate
2	Ahmedabad	Pepsi	=CONCATENATE(A2,B2)	45
3	Mumbai	Pepsi	=CONCATENATE(A3,B3)	50
4	Delhi	Pepsi	=CONCATENATE(A4,B4)	48
5	Pune	Pepsi	=CONCATENATE(A5,B5)	52
6	Jaipur	Pepsi	=CONCATENATE(A6,B6)	49
7	Ahmedabad	coke	=CONCATENATE(A7,B7)	46
8	Mumbai	coke	=CONCATENATE(A8,B8)	43
9	Delhi	coke	=CONCATENATE(A9,B9)	42
10	Pune	coke	=CONCATENATE(A10,B10)	40
11	Jaipur	coke	=CONCATENATE(A11,B11)	48
12	Ahmedabad	fanta	=CONCATENATE(A12,B12)	42
13	Mumbai	fanta	=CONCATENATE(A13,B13)	41
14	Delhi	fanta	=CONCATENATE(A14,B14)	40
15	Pune	fanta	=CONCATENATE(A15,B15)	46
16	Jaipur	fanta	=CONCATENATE(A16,B16)	47

We want to have the data in the following format that is Rate of different beverages according to city. So we want to fetch data from the above table but for this we have to look two values one is city and other is item name.so simpl V lookup can not be used over here.

	A	B	C	D	E
19	Particulars	Pepsi	coke	fanta	Total
20	Ahmedabad	=VLOOKUP(CONCATENATE(\$A20,B\$19),\$C\$2:\$D\$16,2,0)			
21	Mumbai				
22	Delhi				
23	Pune				
24	Jaipur				
25	Total				

The CONCATENATE function joins up to 255 text strings into one text string. The joined items can be text, numbers, cell references, or a combination of those items. For example, if your worksheet contains a Branch name in cell A1 and the item name cell B1, you can combine the two values in another cell by using the following formula: =Concatenate(text1,text2,.....)

Than we can use simply vlookup with concatenate but there is one twist. I want to enter formula once and can drag it both side that is Down and right side also. So we will lock the cells according to the need. So try to learn this technique with syntax :

VLOOKUP(lookup_ value,table_array,col_index_num, range_lookup)

VLOOKUP(CONCATENATE(\$G3,H\$2),\$C\$2:\$D\$16,2,0)

Particulars	Remarks
Lookup_value : CONCATENATE(\$A20,B\$19). often, you may want to mixed absolute and relative cell references by preceding either the column or the row value with a dollar sign—which fixes either the column or the row (for example, \$A20 or B\$19).	In this \$A is locked that is Branch name and 20 is open that is relative if I drag it down it will be 21 than 22 than so on but A will remain the same and Name of item is in the 2nd row so to lock the row we had \$19 and B is relative cell refrence and It will be C and than D and so on if we drag it right side but 2 nd row will be fixed. So now we can drag it both sides
Table Array = It is a table of text, numbers, or logical value, in which data is retrieved. It can be reference to a range or a range name. It looks for the value in first foremost cell only that why we will select from helper column	In our example first column is branch name but we want to search in Helper column (lookup value) .so we will select from C2: C16 as it searches in first column of selection only. we will lock it fully that is absolute cell refrence
Col_index_num = It is the column in a table_array from which the matching value should be returned. The first Column of values in the table is column 1	It would be 2 as from selection you have to count. You have selected from C to D. Our Answer is in D that's why 2
range_lookup = It is a logical value: to find closest match in the first column (sorted in ascending order)= True or omitted: find an exact match = False	As we need Exact match we will select false or 0

Forthcoming Events of Ahmedabad Branch of WIRC of ICAI

S. No.	Date	Name of the Seminar / certificate course / others	Venue	Program Details	Fees	CPE Hrs.
1	Tuesday, 04-09-18	CPA Australia - Information Session in association with ICAI	Shantinath Hall, "ICAI Bhavan", 123, Sardar Patel colony, Naranpura, Ahmedabad	http://www.icaiahmedabad.com/event.php?id=MTEzNg==	Free for members	2
2	Saturday, 06-10-18	Certificate course on forensic accounting and audit & fraud detection at ahmedabad commencing	Hotel Starrotel (St. Lurn), Old Vadaj, Ahmedabad	http://www.icaiahmedabad.com/event.php?id=MTEwNQ==	Rs 20,000 + GST	15



GST Refresher Course



Certificate Course on IND AS on 21.07.2018



Information System Audit PT Batch on 08.07.18



Workshop on Insolvency Profession on 14.07.2018



Post Qualification Course on International Taxation on 14 & 21.07.2018



Seminar on Income Tax on 07.07.2018



Open House on GST 17.07.2018



Women CA Achiver Award on 07.07.2018



Seminar on Insolvency Resolution Profession on 14.07.2018

The views and opinions expressed or implied in this E- Newsletter are those of the authors or contributors and do not necessarily reflect those of the Ahmedabad Branch of WIRC of ICAI. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage. Material in this publication may not be reproduced, whether in part or in whole, without the consent of the Ahmedabad branch.

DISCLAIMER: The Ahmedabad branch of WIRC of ICAI is not in any way responsible for the result of any action taken on the basis of the advertisement published in the Newsletter. The members, however, may bear in mind the provision of the Code of Ethics while responding to the advertisements.





Terrains bow before our fastest selling SUV.

Mercedes-Benz GLC. Make the best of every ground.

Soak in the sheer power of the SUV the world admires.

Rs. **9,999**/- Low EMI + **3** Years Complimentary Maintenance + **3** Years Buy Back Guarantee
+ Rs. **1** Lakh Trade-In Bonus*

  [emeraldmercedesbenz](#)

Mercedes-Benz Financial



Emerald Motors: Showroom & Service Center: Near Parimal Cross Road, C.G. Road, Ahmedabad-380006.

Gujarat Helpline Number: +91 7878733555, **Service Helpline Number:** +91 7878633555 and

24x7 Emergency Service Helpline Number: +91 9687365724. **Website:** www.emeraldmercedes.com

Opening hours: 10:00 am to 7:00 pm.

*Terms and conditions apply. Limited period offer. All offers from dealers. Finance at the sole discretion from financier. Scheme and offers applicable on select models. Accessories, colours and fittings shown may not be part of standard specification. Mercedes-Benz cars: GLC meets Bharat Stage IV emission norms.