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Happy New
Financial Year
Year 2018-19

2018-19
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AUDIT
Gold
PLANNING
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The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

AHMEDABAD BRANCH OF WIRC OF ICAI e-Newsletter

Vol. No. 6 - Issue No. 02 - April 2019

Chairman's Message



Summer Greetings from CA Ganesh Nadar!

In India, April marks not only the onset of the financial year but also the season of summer and mangoes of course! April 2019 also rang in the all-important polling season. We are positive that our civic conscious members have exercised their franchise and thereby played a pivotal role in deciding who'll be at the helm of our country.

March was a busy month for all of us and despite it being the financial year ending we packed in a lot of significant events the major one being our Honourable President Shri Prafulla Chhajed 'celebrating the past' by felicitating senior members for their unstinted support to ICAI. Another highlight was the MoU with Sheth Damodardas School of Commerce, GU for the GST Certificate Course. Women's Day was celebrated with a lot of cultural fanfare and an interaction with defence sector woman achiever Rukshar Baby along with hosting a Women CA Workshop on 'Professional Sisterhood: A New Feminism Tool'. Understanding the need for keeping the Fourth Estate apprised about the change in guard of the ICAI Executive Committee we had also hosted a Press Conference which was honoured with the presence of our President. An Orientation on the Campus Placement Program was also held. Other highpoints of the month included – Panel Discussion on GST; Seminars on : Company Law Amendments, New Forms of Companies Act 2013, Overview of LLP Conversion and Taxations Aspects and Income Tax; and a Statutory Bank Audit at GSC Bank.

On another note, besides Ram Navmi and Ambedkar Jayanti, April celebrated the rich cultural diversity of our country through multiple festivals like – Guddi Padva (Maharashtrian), Cheti Chand (Sindhi), Baisakhi (Punjabi), Puthandu (Tamilian), Vishu (Malayali), Pohela Boisakh (Bengali), Bihu (Assamese), Mahavir Jayanti (Jain) and Easter (Christians). Here's wishing the respective communities a fruitful year ahead.

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Through this issue of your newsletter we provide you with - updates on Accounting, Auditing, Company Law, GST, International Taxation, RERA and compliance due dates; the need for UDIN Compliance; and the good news regarding renewal of the MoU between ICAI and ICAEW which showcases the credibility of our CA Course alongside lending flexibility in terms of academic credit waivers for CA's wishing to practise in other countries where we have similar collaborations. Appreciating the need for motivating our younger members this issue also includes a short bio of Hollywood Actor Arnold Schwarzenegger. To enable our members to keep pace with technology we would be regularly carrying a column on E-Mail Techniques.

Through the launch of the Digital Learning Hub and the INR 590/- Fee Membership Waiver to those members who refrain from opting for a print of the Journal, ICAI-Delhi goes Green!

Before I conclude, an earnest request to take up one environment-friendly initiative (something as simple as using both sides of the paper) because, to borrow a popular quote from Jane Goodall - "You cannot get through a single day without having an impact on the world around you. What you do makes a difference and you have to decide what kind of a difference you want to make."

That's all from my end... Here's wishing all of you and your patrons a fulfilling financial year ahead... Happy Reading and Keep Contributing!



CA. Ganesh Nadar

Chairman

Mission to take our esteemed profession to unparalleled heights!

Editorial Message



Welcome to the new financial year 2019-2020!!

This April has not only brought a change to the Financial Year but also is the start of the biggest democratic election which can change the political environment of our country. Vote is the most powerful thing we own. Cast your vote, not vote your caste.

The month's name is derived from the latin word aperit, which means to open. It is considered that April is the month of the growing season and when trees and flowers begin to "open". And so has the interim budget opened the tax slabs, TDS limits and standard deductions for us. Buying flats will also be cheaper from this month as a reduction in GST rates.

Don't forget April month is full of days viz. April fools day, World Health Day & Earth Day. So play a prank or tricks on your loved ones, bring smiles to everyone's face, be healthy and keep the earth healthy.

Thanking You

CA. Rahul Maliwal

Chairman, Newsletter Committee



ICAI New Delhi News from the desk of CCM CA. Aniket Talati

My Dear Professional Colleagues,

I have great pleasure to commence this direct communication with you all by way of First edition of "New Delhi Times (Professional Updates from CA Aniket Talati). The mouthpiece of the ICAI is the CA Journal and I encourage all members to read the same along with the message of Hon'ble President. At the same time, I felt it would be helpful and necessary if all major activities and changes are summarised in the form of this bulletin which would enable the members to appreciate the important decisions taken but the Council as well as in various committee's meetings.

Seniors in the profession would recollect that my father, Hon'ble Past President of ICAI, CA. Sunil H Talati used to do this personal communication with all members during his tenure. I felt it apt that this legacy and healthy tradition continues so that all members can be kept aware about what is happening in the Institute and at the Council. This is with an idea, not only to bring transparency about the time and efforts consumed by your elected Central Council Members, but will also help to update oneself professionally. I will also indulge in my Open House Meetings in physical and digital form so as to connect with membership at large.

At the end, I urge you that let this monthly communication not be a one side dialogue from me. I will sincerely request and appreciate the feedback as well as your comments and views to further strengthen our Council, image of the profession and betterment of our entire professional fraternity.



CA Course increases global footprint

Avail ICAEW membership by passing the Advanced Level examinations and Ethics Learning Programme of ICAEW.

Union Cabinet on 7th March 2019 has approved the renewal of the MoU between ICAI and the Institute of Chartered Accountants in England & Wales (ICAEW), under which ICAI members in good standing will be eligible to apply for ICAEW membership by passing the Advanced Level examinations and Ethics Learning Programme of ICAEW. We already have such MoUs of qualification reciprocity with CPA Canada, CPA Ireland, SAICA and CPA Australia. Another such arrangement with Chartered Accountants Australia & New Zealand is in the pipeline. The Council is working towards making the CA Course a truly international course with global benchmarking and accreditation.

SA 701

is applicable for audits of Financial Statements for periods beginning on or after April 1, 2018

IND AS 116

IND AS 116 Leases is effective from 1st April 2019 and will replace Ind AS 17.

ICAI FEES REDUCED

Members who opt soft copy of Journal, will be given a discount of Rs. 500 in Mem. Fees



Gol has approved the renewal of MoU between ICAI and the Institute of Chartered Accountants in England & Wales (ICAEW) which increases the global footprint of the profession....



UDIN is made mandatory on GST and tax audit reports with effect from 1st April 2019.

Members attesting Tax Audits of Bank Branches may kindly make note of the same and ensure compliance of UDIN in attest services as per the phases



Digital Learning Hub Launched

With a view to keep our professional colleagues abreast with the latest developments and changes in the profession, which are in sync with the best international learning and delivery practices, ICAI has now come up with the new e-Learning hub which can be accessed anytime, anywhere and on any device. I am happy to share with you that I am the Deputy Convener of the special group created to oversee the implementation of successful e-learning module.

In this regard, I am happy to share that in view of the topical requirement and as many professional colleagues must be in the process of finalising audit plans for Bank Audits, we have developed the 1st Web Based Learning Module on AASB's 'Guidance Note of Audit of Banks (2019 Edition)'. This will enable the members to access content in a more convenient manner. This platform features collaborative learning tools providing an interactive environment for improved learning outcomes and driven by a world class Learning Management System (LMS). Members can use the said platform from their Desktops / Laptops / Tablet/ Mobile etc. Please select the e-services option on the website www.icai.org

SA 701 : Communicating Key Audit Matters (KAM)

SA 701 was issued in May 2016, with applicability for all audits of the year 2017-18 onwards and was later deferred to financial year 2018-19. It does not impose any new substantive procedural requirement on the auditors. The KAM referred to in SA 701 are to be chosen and picked out from matters already communicated to and discussed with those charged with governance.

IND AS 116 Leases issued by MCA

India has successfully transitioned to IFRS -converged Indian Accounting Standards (Ind AS), as specified class of companies have already implemented Ind AS. Since convergence is a continuous process, accordingly, ICAI continuously updates the issued standards with the developments happening at the International Accounting Standards Board (IASB) level. IFRS 16, Leases issued by the IASB is effective from 1st January, 2019. Ministry of Corporate Affairs (MCA) has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 that introduced Ind AS 116 Leases being effective from 1st April 2019 and will replace Ind AS 17.



"REDUCTION IN MEMBERSHIP FEES "

To promote e journal for members, who opt to support I GO GREEN WITH ICAI , the Central Council in its meeting held on 24th March 2019 has decided that the Members who opt not to have the hard copy of Journal, will be given a discount of Rs. 590(including GST @ 18%) in their Annual Membership Fees.

Members would recall that membership fees were raised a couple of years ago and this is an historic step by ICAI to reduce the financial burden on members by providing a discount, at the same time promoting the GO GREEN Initiative by reducing the printing costs and wastage. Members are encouraged to make the most of this benefit.

ICAI felicitated by GSTN in recognition of valuable contribution and support

Shri Narayan Kumar Chief Guest, Shri A.B. Pandey Chair - GSTN & Revenue Secretary Gol, Shri K Subramanian Chief Economic Advisor felicitated ICAI at GSTN Foundation Day in recognition of valuable support in development of GSTN.

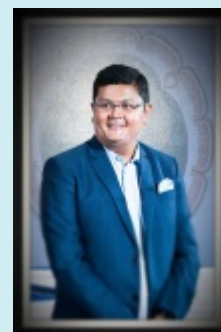
ICAI has played its role of 'Partner in Nation' building since its inception and recognition like this is testimony to the role played by the Indirect Tax Committee of ICAI in success of GST in general and GSTN in particular.

FROM THE DESK OF CA. ANIKET S TALATI, COUNCIL MEMBER, ICAI

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Accounting, Auditing & Company Law Updates

(Contributed by CA. Chintan Patel)

1. Ind AS Amendment Rules 2019 notified by MCA (effective from 1.4.2019)

A. Companies (Indian Accounting Standards) Amendment Rules, 2019

Ind AS 116 Leases has been made effective that will replace Ind AS 17.

http://www.mca.gov.in/Ministry/pdf/RuleIndAs_Eng_30032019.pdf

B. Companies (Indian Accounting Standards) Second Amendment Rules, 2019

It includes amendment to Ind AS 12 Income taxes by way of insertion of Appendix C Uncertainty over income tax treatments and other changes in Ind AS 19 Employee Benefits, Ind AS 23 Borrowing Costs, Ind AS 28 Investments in Associates and Joint Ventures, Ind AS 109 Financial Instruments, Ind AS 111 Joint Arrangements etc.

2. Exposure drafts issued by ICAI for comments:

| Sr. No. | Particulars | Last date of comment | Link |
|---------|--|----------------------|---|
| 1. | Guidance Note on Division I - Non Ind AS Schedule III to the Companies Act, 2013 | 20-Apr-2019 | https://resource.cdn.icai.org/54821clcg43966a.pdf |
| 2. | Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013 | 20-Apr-2019 | https://resource.cdn.icai.org/54822clcg43966b.pdf |

3. Deferral of implementation of Indian Accounting Standards (Ind AS) in banks

The RBI has decided that implementation of Ind AS be deferred by one year via the Statement on Developmental and Regulatory Policies issued with the first Bi-monthly Monetary Policy 2018-19 on 5 April 2018, pending necessary legislative amendments to the Banking Regulation Act, 1949 and as also the level of preparedness of many banks.

The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, it has been decided to defer the implementation of Ind AS till further notice.

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT146F6A26AD4C30C4ED984FOAE5500CDDF72.PDF>

4. SEBI prescribed the procedure and formats for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity

The Kotak Committee Report on Corporate Governance, inter-alia, suggested certain changes in the regulatory framework for Group Audit. While considering the recommendation of the Kotak Committee, the SEBI has decided to amend Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 (SEBI LODR Regulations) to include new sub-regulation 8 which will come into effect from 01 April 2019. SEBI

has also prescribed procedures and format for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity.

The objective of this Procedure is to ensure that the statutory auditors undertaking the audit / review of the Consolidated Financial Statements / Results of the Parent Company obtain desired information as required under the Standard on Auditing (SA) 600, Using the Work of Another Auditor and the Guidance Note (GN) on Audit of Consolidated Financial Statements (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) in order to rely on the work of the auditors of the Financial Statements / Results / Information of the Components, while forming and expressing an opinion / conclusion, as applicable, on the Consolidated Financial Statements / Results of the Parent Company under Regulation 33(8) of SEBI LODR Regulations.

However, the audit and limited review of the respective Components that are being consolidated with the Parent Company shall continue to be undertaken by the respective auditors of such Components

https://www.sebi.gov.in/legal/circulars/mar-2019/procedure-and-formats-for-limited-review-audit-report-of-the-listed-entity-and-those-entities-whose-accounts-are-to-be-consolidated-with-the-listed-entity_42537.html



GST Update

(Contributed by CA. Monish S. Shah)

- 1) Input Tax Credit of Cess paid on purchase of motor vehicles used in providing services of transportation of passengers or renting of motor vehicles - as a matter of business policy, the said motor vehicles would be initially used for supply of rental business services and disposed of after three or four years of such use. - Held, applicant is eligible to ITC of entire amount of Compensation Cess paid on the purchase of vehicles used for rental business. Such ITC claimed shall be reversed every month equally apportioned over the prescribed period of 60 months to the extent of usage of exempted supply of service. As per Rule 43(c) of GST Rules, applicant is eligible to claim ITC of Compensation Cess paid at the time of purchases of Motor Vehicles and need to reverse a proportionate amount of ITC every month based on the turnover of rental service business and utilize balance ITC for discharging liability of Compensation Cess arising at the time of sale of such vehicles. (Orix Auto Infrastructure Services Limited - KERALA AUTHORITY FOR ADVANCE RULING)
- 2) Supply of services of 'management consultancy' to clients abroad - Working from residence in India by providing management consultancy services directly to foreign clients without engaging any staff for providing such service - Fixed Monthly consultancy fees for this service as per Consultancy Service Contract - does not fall within the definition of the term "Intermediary" as per Section 2(13) of IGST Act, 2017 - falls under the SAC code 998311 "management consultancy services." - Question for determination of the "place of Supply" of the services is beyond the jurisdiction of the Advance Ruling Authority. (Sri. Thomas Joseph Nellissery - KERALA AUTHORITY FOR ADVANCE RULING)
- 3) The activity of Bus Body Building on job work basis, on the chassis supplied by the customer, is supply of service. It is a service covered under SAC Code 9988 and thereby attract 18% GST. (Kondody Auto craft (India) Pvt.Ltd. - KERALA AUTHORITY FOR ADVANCE RULING)
- 4) GST liability with respect to goods provided free of cost by the Distributors of M/s Polycab Wires Private Limited to KSEB for reinstating connectivity in flood ridden areas; and admissibility of input tax credit in relation to such goods- Held, the distributor would be entitled for input tax credit. The applicant distributed electrical items like, switches, fan, cables etc. to flood affected people under CSR expenses on free basis without collecting any money, for these transactions input tax credit will not be available as per Sec.17(5)(h) of the KSGST and CGST Act. (M/s.Polycab Wires Private Limited - KERALA AUTHORITY FOR ADVANCE RULING)
- 5) Healthcare services provided by a person other than clinical establishment do not qualify for the exemption under GST. (J C Genetic India (P.) Ltd.). The Applicant is a Healthcare company and has collaborated with diagnostic companies, certified to

provide advance tests that help in the prevention and management of various health disorders. The Applicant filed an application for advance ruling to determine whether the Applicant qualifies to be 'Clinical Establishment' and whether healthcare services provided by it are exempt as per the exemption notification under GST? The Authority for Advance Rulings, Madhya Pradesh observed that the Applicant has a collaboration with diagnostic companies authorized by NABL (National Accreditation Board for Testing and Calibration Laboratories) and DSIR (Department of Scientific and Industrial Research) which itself indicates that the Applicant does not have its own authority for giving clear report or opinion of its own, for the tests conducted and certified by NABL. As per the exemption notification, 'Clinical Establishment' means a hospital, nursing home or any other institution that offers services or facilities requiring diagnosis or treatment for illness either as an independent entity or as a part of an establishment. Hence, mere involvement in sophisticated testing would not be sufficient to qualify as a 'Clinical Establishment'. The Authority for Advance Rulings, Madhya Pradesh held that the Applicant is functioning as a sub-contractor to the diagnostic companies and not as a 'Clinical Establishment' and, hence, healthcare services provided by it, are not exempt as per the exemption notification under GST.

Important Updates

- 1) Government has issued the notification implementing huge changes in the GST regime on Real estate sector. These amendments are effective from 1.04.2019.
- 2) As per Circular CGST 97 those who are eligible and wish to go for composition scheme of 6 % can now file Comp-02 by 30th April 2019
- 3) From 01-04-2019 for taking registration in Gujarat a compulsory spot visit in the name of Field Visit is introduced and the same needs to be filled in GST -REG 30
 - A. Taxpayers Covered: Registrations taken on or after 01.04.2019
 - B. Time Period of Visit: To visit premises within 7 days of allocation of GSTIN
 - C. Visit by which Officer? By Approving Authority of GSTIN
 - D. Report to Submit: Proper officer has to submit report within 7 days of field visit took place.
 - E. In which form report to submit: In Form GST REG-30
 - F. Duties of Approving Authority on Field Visit
 - To check Proper Board with Trade Name and GSTIN has been mentioned
 - To check 'Composition Taxable Person' has been mentioned in case of person opted composition
 - To assure that the business activity as mentioned during registration is been carried out at premise
 - G. Action to be taken: If taxpayer has not followed above checklist then his registration may cancel or suspended by the proper officer.
- 4) Rule 88 A has been amended thus the criteria of Order of Utilization of credit stands amended from 01-04-2019



GST Quick Connect

(Contributed by CA. Devam Shah)

Rule 41 – Transfer of Credit on Sale, Merger, Amalgamation, lease or transfer of business

A registered person in event of certain transaction as per the captioned heading of the Rule, in Form ITC 02 request for transfer of utilized ITC lying in his electronic Credit Ledger to transferee. Further the rule described in its proviso, ITC shall be apportioned in ratio of value of assets of new units as specified in demerger scheme. However, initially it created some uncertainty so as to calculate value of assets which involves ITC or it requires to consider all the value of assets irrespective of ITC availed or not while preparing for Form ITC 02.

Vide Notification No. 16/2019 – Central Tax dt. 29.03.2019, an Explanation has been inserted which clarifies the term “value of assets” means the value of the entire assets of the business, whether or not input tax credit has been availed thereon.

Rule 42 –Manner of determination of ITC in respect of inputs and input services and reversal thereof

1. An Explanation has been inserted in clause (f) w.e.f 1st April 2019, which signifies the value of T4 shall be zero in case of supply of services covered by clause (b) of paragraph 5 of Schedule II, because inputs and input services during the construction phase will be commonly used for construction of apartments booked on or before the date of issuance of completion certificate or first occupation, whichever is earlier and those are not booked or unsold.

2. w.e.f 1st April 2019, In clause (i), proviso has been inserted stating, in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the value of E and F for a tax period shall be calculated for each project separately as under:

E= aggregate carpet area of the apartments, construction of which is exempt from tax + aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;

F= aggregate carpet area of the apartments in the project;

Explanation 1: In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier;

Explanation 2: Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in the notification No. 11/2017-Central Tax (Rate), shall be taken into account for calculation of value of 'E'.

3. w.e.f 1st April 2019, in clause (m), the amount of reversal to be made in respect of D1 (attributable to exempt supplies) and D2 (attributable to non business) in Form GSTR 3B or through Form DRC 03

4. The words shall be substituted in sub rule (2), which states “Except in case of supply of services covered by clause (b) of paragraph 5 of the Schedule II of the Act, the input tax credit”, the reversal shall take place considering the sub rule (1) & shall be calculated for FY before due date for furnishing of the return for the month of Sept following end of FY to which credit relates.

5. Insertion of sub rule (3) - As far as supply of services covered by clause (b) of paragraph of Schedule II of the Act is concerned, the ITC determined under sub rule (1) shall be calculated for each ongoing project or project commences on or after 1st April 2019 which did not require transition of ITC in respect to change of rates, for entire period from commencement of project or 1st July 2017 whichever is later to the completion / first occupation of project, in manner prescribed in said sub rule, the value of 'E' & 'F' shall be calculated as follows:

E= aggregate carpet area of the apartments, construction of which is exempt from tax + aggregate carpet area of the apartments, construction of which is not exempt from tax, but which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier

F= aggregate carpet area of the apartments in the project

the aggregate amount of reversal to be made in respect of D1 (attributable to exempt supplies) and D2 (attributable to non business) in Form GSTR 3B or through Form DRC 03 and in case there excess reversal already done, such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project.

person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment.

6. Insertion of sub rule (4) - In case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the input tax determined under sub-rule (1) shall be calculated finally, for commercial portion in each project, other than residential real estate project (RREP) which underwent transition of input tax credit consequent to change of rates of tax on the 1st April, 2019

for the entire period from the commencement of the project or 1st July, 2017, whichever is later, to the completion or first occupation of the project, whichever is earlier, before the due date for furnishing of the return for the month of September following the end of financial year in which the completion certificate is



issued or first occupation takes place of the project, in the following manner

The aggregate amount of common credit on commercial portion = C3aggregate_comm

$C3aggregate_comm = [aggregate\ of\ amounts\ of\ C3\ determined\ under\ sub- rule\ (1)\ for\ the\ tax\ periods\ starting\ from\ 1st\ July,\ 2017\ to\ 31st\ March,\ 2019,\ x\ (AC / AT)] + [aggregate\ of\ amounts\ of\ C3\ determined\ under\ sub- rule\ (1)\ for\ the\ tax\ periods\ starting\ from\ 1st\ April,\ 2019\ to\ the\ date\ of\ completion\ or\ first\ occupation\ of\ the\ project,\ whichever\ is\ earlier]$

AC = total carpet area of the commercial apartments in the project

AT = total carpet area of all apartments in the project

The amount of final eligible common credit on commercial portion = C3final_comm

$C3final_comm = C3aggregate_comm \times (E / F)$

E = total carpet area of commercial apartments which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier.

F = AC = total carpet area of the commercial apartments in the project

C3aggregate_comm exceeds C3final_comm, such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project

person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment.

C3final_comm exceeds C3aggregate_comm, such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project

7. Insertion of sub rule (5) Input tax determined under sub- rule (1) shall not be required to be calculated finally on completion or first occupation of an RREP which underwent transition of input tax credit consequent to change of rates of tax on 1st April, 2019

Rule 43 – Manner of determination of ITC in respect of capital goods and reversal thereof in certain cases

1. An Explanation has been inserted in clause (b) w.e.f 1st April 2019, which signifies the input tax credit in respect of capital goods shall be zero in case of supply of services covered by clause (b) of paragraph 5 of Schedule II, because inputs and input services during the construction phase will be commonly used for construction of apartments booked on or before the date

of issuance of completion certificate or first occupation, whichever is earlier and those are not booked or unsold.

2. w.e.f 1st April 2019, In clause (g), proviso has been inserted stating, in case of supply of services covered by clause (b) of paragraph 5 of Schedule II of the Act, the value of E and F for a tax period shall be calculated for each project separately as under:

E= aggregate carpet area of the apartments, construction of which is exempt from tax + aggregate carpet area of the apartments, construction of which is not exempt from tax, but are identified by the promoter to be sold after issue of completion certificate or first occupation, whichever is earlier;

F= aggregate carpet area of the apartments in the project;

Explanation 1: In the tax period in which the issuance of completion certificate or first occupation of the project takes place, value of E shall also include aggregate carpet area of the apartments, which have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier;

Explanation 2: Carpet area of apartments, tax on construction of which is paid or payable at the rates specified for items (i), (ia), (ib), (ic) or (id), against serial number 3 of the Table in the notification No. 11/2017-Central Tax (Rate), shall be taken into account for calculation of value of 'E'.

3. Sub rule (2) shall be substituted for this rule which is as under:

In case of supply of services covered by clause (b) of paragraph 5 of schedule II of the Act, the amount of common credit attributable towards exempted supplies (Tefinal) shall be calculated finally for the entire period from the commencement of the project 1st July, 2017, whichever is later, to the completion or first occupation of the project, whichever is earlier, for each project separately, before the due date for furnishing of the return for the month of September following the end of financial year in which the completion certificate is issued or first occupation takes place of the project, as under:

$Tefinal = [(E1 + E2 + E3) / F] \times Tc\ final$

E1= aggregate carpet area of the apartments, construction of which is exempt from tax

E2= aggregate carpet area of the apartments, supply of which is partly exempt and partly taxable, consequent to change of rates of tax on 1st April, 2019, which shall be calculated as under

$E2 = [Carpet\ area\ of\ such\ apartments] \times [V1 / (V1 + V2)]$, -

Where, -

V1 is the total value of supply of such apartments which was exempt from tax;

and

V2 is the total value of supply of such apartments which was taxable



E3 = aggregate carpet area of the apartments, construction of which is not exempt from tax, but have not been booked till the date of issuance of completion certificate or first occupation of the project, whichever is earlier

F= aggregate carpet area of the apartments in the project;

Tc final= aggregate of A final in respect of all capital goods used in the project and A final for each capital goods shall be calculated as under,

A final= $A \times (\text{number of months for which capital goods is used for the project} / 60)$ and,-

- (a) where value of Tefinal exceeds the aggregate of amounts of Te determined for each tax period under sub-rule (1), such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03 in the month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project and the said

person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment or

- (b) where aggregate of amounts of Te determined for each tax period under sub-rule (1) exceeds Tefinal, such excess amount shall be claimed as credit by the registered person in his return for a month not later than the month of September following the end of the financial year in which the completion certificate is issued or first occupation takes place of the project.

Explanation.-For the purpose of calculation of Tcfinal, part of the month shall be treated as one complete month

Where any capital goods used for the project have their useful life remaining on the completion of the project, input tax credit attributable to the remaining life shall be availed in the project in which the capital goods is further used

International Taxation Updates

(Contributed by CA. Twinkle S. Shah)

Judicial Pronouncements

1. Vishay Components India Private Limited vs. Principal Commissioner of Income tax (IT Appeal No. 1643 of 2016) 103 taxmann 421 (2019) (Bombay High Court)

- In the transfer pricing documentation, the assessee had aggregated all the international transactions and adopted Transactional Net Margin Method (TNM) on aggregated transactions by using profit level indicator (PLI) of operating margin over operating revenue.
- The TPO was of the view that aggregation of all the transactions with its AE was not correct and TPO applied the Resale Price Method (RPM) for benchmarking the transaction relating to import of finished goods for resale and Cost-Plus Method for benchmarking the transactions for export of its finished goods to AE's. This resulted in transfer pricing adjustment. The Commissioner (Appeals) upheld the view of the TPO.
- In the appeal before the Tribunal, the assessee contested that tax authorities had been accepting TNM method as most appropriate method for benchmarking the aggregated international transactions with AE's over the period of time. It is found that the TPO had for the other years on same facts has accepted the fact that there was no difference in two segments involved for transfer pricing. The Tribunal had accepted the contention of the assessee.

- Considering the above, High Court had held that revenue is consistently accepting TNM method as the most appropriate method to determine the ALP. The revenue has not been able to show any material difference in the subject assessment year which would justify a change in the most appropriate method (TNM method) adopted while benchmarking the international transactions.

- The High Court further held that where there is no change in facts has been asserted by the assessee, it would be for the TPO to show the difference in facts warranting a different view in this assessment year to that taken in the subsequent assessment years. The High Court further held that since the same is a finding of fact based on appreciation of evidence no substantial question of law arise for consideration.

2. Nippon Paint (India) Private Limited [TS-171-ITAT-2019(CHNY)] (Chennai Tribunal)

- The assessee, made foreign remittances towards salary and other cost reimbursement of foreign nationals taken on secondment from the group company. Both the remittances were made without deducting tax at source. The AO held that the remittance was technical assistance fees for providing technical support, training and accompanying activities and treated the assessee in default u/s. 201(1)/(1A) of the Income tax Act, 1961 ('Act') for not deducting tax under section 195 of the Act. The Commissioner (Appeals) further upheld that the remittances were in the nature of Fees for



Technical Services ('FTS'). Aggrieved, assessee filed an appeal before Chennai Tribunal.

1. Remittance of Other costs (travel expenses, food expenses, local conveyance etc)

- Before Tribunal, the assessee explained that remittances were travel expenses, food expenses, local conveyance etc. incurred by various technical personnel during their stay in India and it has no profit element in it.
- The Tribunal held that the necessity of visit of such personnel was very much part of the scope of service rendered. Tribunal remarked that "But for the visits of the personnel the services would not have been rendered at all or at the most could not have been performed to the extent of service requirements."
- The Tribunal further held that the expenses have been incurred in connection with technical services agreement they bear a clear nexus with the technical services rendered and part and parcel in the process of service of a technical character.

2. Remittance of Salary Cost

- The assessee submitted that on the salary paid to seconded employees tax was deducted under section 192 of the Act and hence no tax needs to be deducted under section 195 of the Act.
- On this, the Tribunal noted that seconded temporarily employees exchanged experience and skill training by the employer. i.e. the employer in this case is the entity which is seconding and once the term of the secondment is over, they

will return to their original employer and they do not loose the employer-employee relationship of the parent organization.

- Accordingly the Tribunal held that since the assessee has not become employer of seconded employees, what the assessee paid to the non-resident entities is the income of those companies and not in nature of reimbursement of salary.

Thus, Tribunal dismissed assessee's appeal.

Press Release dated March 27, 2019 by Central Board of Direct Taxes –

Signing of Inter-Governmental Agreement for exchange of country by country reports between India and the United States of America (USA)

India and USA sign Inter-Governmental Agreement for Exchange of Country-by-Country (CbC) Reports;

CBDT press release states that the agreement for Exchange of CbC Reports, along with the Bilateral Competent Authority Arrangement between the two Competent Authorities, will enable both the countries to automatically exchange CbC Reports filed by the ultimate parent entities of Multinational Enterprises ("MNEs") in the respective jurisdictions, pertaining to the years commencing on or after 1st January 2016.

The Press Release further, clarifies that It would also obviate the need for Indian subsidiary companies of US MNEs to do local filing of the CbC Reports, thereby reducing the compliance burden.

The Press Release also stated the fact that India has already signed the Multilateral Competent Authority Agreement (MCAA) for Exchange of CbC Reports, which has enabled exchange of CbC Reports with 62 jurisdictions till date.

Congratulation



CA. Rohan Shah, a proud moment to have member of Ahmedabad Branch receiving FE CEO of the Year Award.



Direct Tax Updates

(Contributed by CA. Mohit Tibrewal)

1. Circular No. 6/2019 dated 31.03.2019 – Giving effect to the judgment(s) / Order(s) of Hon'ble Supreme Court on Aadhaar – PAN for filing return of income.

In light of the aforesaid judgement(s)/order(s) of Hon'ble Supreme Court, from 01.04.2019 onwards, to give effect to the above judgements/orders, it has been decided by the Board that provision of clause (ii) of sub-section (1) of section 139AA of the Act would be implemented and it is mandatory to quote Aadhaar while filing the return of income unless specifically exempted as per any notification issued under sub-section (3) of section 139AA of the Act. Thus, returns being filed either electronically or manually cannot be filed without quoting the Aadhaar number.

https://www.incometaxindia.gov.in/communications/circular/circular_6-2019.pdf

2. Notification No. 13/2019 dated 05.03.2019 – Relief to Start Ups.

In exercise of the powers conferred by clause (ii) of the proviso to clause (viib) of sub-section (2) of section 56 of the Income-tax Act, 1961 (43 of 1961) and in supersession of the notification of Government of India in the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes published in the Gazette of India, Extraordinary, Part-II, Section (3), Sub-section (ii) vide number S.O. 2088(E) dated 24th May, 2018, except as respect things done or omitted to be done before such supersession, the Central Government, hereby notifies that the provisions of clause (viib) of sub-section (2) of section 56 of the said Act shall not apply to consideration received by a company for issue of shares that exceeds the face value of such shares, if the said consideration has been received from a person, being a resident, by a company which fulfils the conditions specified in para 4 of the notification number G.S.R. 127(E), dated the 19th February, 2019 issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade and published in the Gazette of India, Extraordinary, Part-II, section 3, Sub-Section (i) on 19th February, 2019 and files the declaration referred to in para 5 of the said notification of the Department for Promotion of Industry and Internal Trade.

This notification shall be deemed to have come into force retrospectively from the 19th February, 2019.

https://www.incometaxindia.gov.in/communications/notification/notification_13_2019.pdf

3. Notification No. 16/2019 dated 08.03.2019 – Revision in the limit of exemption for gratuity payment to employees.

In exercise of the powers conferred by sub-clause (iii) of clause (10) of section 10 of the Income-tax Act, 1961 (43 of 1961), and in supersession of Ministry of Finance, Department of Revenue, notification number S.O. 141(E), dated the 11th June, 2010, except as respects things done or omitted to be done before such supersession, the Central Government, having regard to the maximum amount of any gratuity payable to employees, hereby specifies twenty lakh rupees as the limit for the purposes of the said sub-clause in relation to the employees who retire or become incapacitated prior to such retirement or die on or after the 29th day of March, 2018 or whose employment is terminated on or after the said date.

https://www.incometaxindia.gov.in/communications/notification/notification_16_2019.pdf

4. Notification No. 31/2019 dated 31.03.2019 –Extension of linking PAN with Aadhaar.

In exercise of the power conferred under sub-section (2) of section 139AA of the Income Tax Act, 1961 (Act), the Central Government, hereby notifies that every who has been allotted PAN as on 01.07.2017 and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number in the form and manner specified in notification no. 7 dated 29.07.2017 by 30th September 2019.

However notwithstanding the last date of linking Aadhaar number with PAN being extended to 30.09.2019, it is also made clear in circular no. 6 /2019 that w.e.f. 01.04.2019 it is mandatory to quote Aadhaar number while filing return of income as required under section 139AA(1)(ii) unless specifically exempted. It is also made clear that the returns being filed either electronically or manually cannot be filed without quoting the Aadhaar number.

https://www.incometaxindia.gov.in/communications/notification/notification_31_2019.pdf



RERA

(Contributed by CA. Mahadev Birla)

Real Estate (Regulation and Development) Act, 2016

How Gujarat Real Estate Authority Enjoy its Power:-

Real Estate (Regulation and Development Act), 2016 (RERA) implementation was a stepping stone to bring about a changes in the way real estate sector operated and now it is noticed that purpose of RERA is revealing it's effect day by day. One important thing is to note that State Real Estate Authorities is the most powerful tool for ensuring proper and effective implementation of RERA by the states across India.

Section 20(1) of RERA requires each state government to establish an Authority to be known as the Real Estate Regulatory Authority within a period of one year from RERA coming into force. The RERA casts a duty on the Authority to 'protect the interest of consumers in the real estate sector'. Hence, Section 21 of RERA mandates that the Authority should comprise a Chairperson and not less than two whole time Members, appointed by the appropriate government.

For effective implementation of RERA and to protect the interests of home buyer in the real estate sector, the RERA has conferred the Authority with extensive powers that are more in the nature of those enjoyed by the civil courts in India and less like powers traditionally enjoyed by quasi-judicial authorities like that of the authority.

As per section 35(1) Authority has been granted power to initiate an enquire either on the basis of receipt of complaint under section 31(1) by an aggrieved person or suomotu, i.e. on its own, for violation of the Act or the rules or regulations made under the Act, against the promoter or the allottee or the real estate agent, as the case may be.

The authority may seek written information or explanations, or appoint one or more persons to inquire into the affairs of the promoter or the allottee or the real estate agent, as the case may be.

As per section 35(2) for effective utilisation of the power given u/s 35(1), Authority has been given the powers of a civil court to call for information and summon attendance.

Therefore, pursuant to such inquiry and investigation conducted under Section 35(1) of the RERA, if the Authority so desires, it can call for

information and summon attendance of concerned persons in order to conduct the inquiry and investigation in a comprehensive manner.

The Authority shall have the same powers as are vested in a civil court, while trying a suit, enjoy under the Code of Civil Procedure, 1908. This section empowers the Authority to, amongst others:

1. Order the discovery and production of books of account.
2. Summon and enforce the attendance of persons.
3. Examine them on oath, issuing commissions for examination of witnesses or documents.

Recent Amendment

As per section 81 The Authority may, by general or special order in writing, delegate to any member, officer of the Authority or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the power to make regulations under section 85, as it may deem necessary.

By exercising the power given under section 81, the Authority has decided to take the services of two Retired senior Officers of All India Services having knowledge and experience of Quasi-judicial proceedings such as redressal of complaints about the dispute between the real estate promoter and allottee, Regulatory action contemplated under Section-3, Section-4, Section 11(2), non-compliance of periodical returns etc.

Gujarat Real Estate Regulatory Authority (GujRERA Authority) has issued order i.e. GujRERA Order No. 21 dated 19.03.2019 "Delegation of power for the Quasi-judicial proceedings" where by exercising the provision of Section 81 of Gujarat Real Estate (Regulation and Development) Act, 2016, authority has appointed Dr. P K Ghosh IAS (Retd.) and Shri LC Meena IAS (Retd.) and delegated the power to undertake Quasi-judicial proceedings, pertaining to complaints for project registered with GujRERA.

<https://gujrera.gujarat.gov.in/resources/staticpage/order-21.pdf>



Technique of the Month

(Contributed by CA. Hemlata Rameshlal Dewnani)

Auto forwarding in the Mail Account

1 The problem we face as a Chartered Accountant, Non receipt of important mails from client. As the registered mail id is of client in various departments in which they receive different updations such as OTP, Intimation, Notices, Confirmation of forms submission, Acknowledgments etc on client mail id.

2 We can manage like this that even if the client receive 100 or 1000 mails but the specific mails which are from department to be Auto forwarded to us. For this specific setting is to be done in client mail id

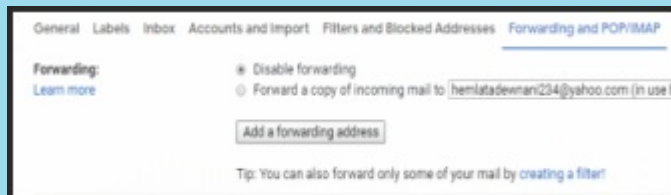
Steps for Auto Forward :-

A Add a Forwarding Address

1 Open Gmail using the account you want to forward messages from. ...i.e client (Registered mail id)

2 In the top right, click Settings .

3 Click Settings.



4 Click the Forwarding and POP/IMAP tab.

5 In the "Forwarding" section, click Add a forwarding address.

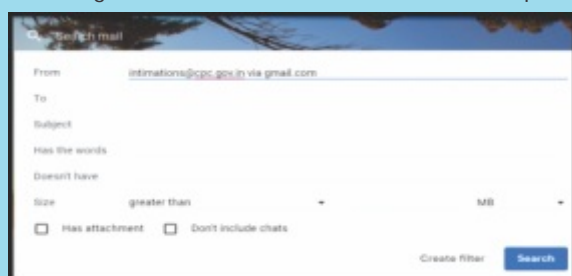
6 Enter the email address you want to forward messages to i.e Specific CA (our) ID

7 A verification link will be sent to verify the permission for forwarding just click the link for moving further.

8 Now Forwarding address has been added over here .We can add more than one email id also if required for Different sections or Department heads

B If we want to forward all mails

1 If we want to forward all mails we can select "Forward a copy of incoming mail to" after that as shown in the above picture.

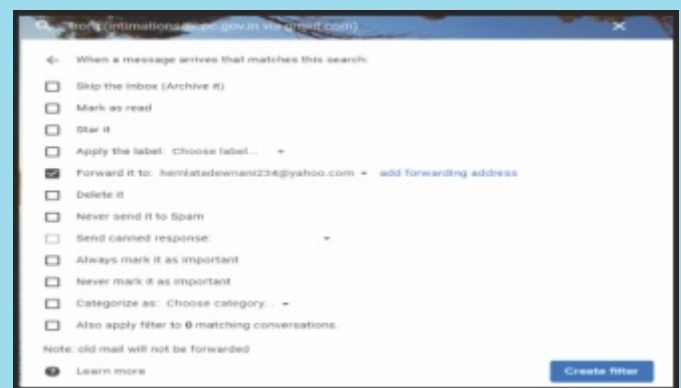


C But in our case we require specific mails only to be forwarded i.e mails from the department

1 Once Forwarding address verified Go Back in Gmail Settings >Settings > Filters and Blocked address tab> Click Create a new filter

2 Enter the criteria for the email you'd like to forward in the box that pops up as shown in the above screen. To forward mail from a certain sender i.e intimations@cpc.gov.in , (enter that email address, name, domain, or any part of these) next to From. Select Create filter.

3 We can create filter with different perspective and options also as shown in picture such as to, subject, has the words etc



4 Select the box to the left of Forward it to, select the address to which you want these messages delivered from the drop-down list(only verified address) or add forwarding address from here, and select Create filter. Email matching the criteria you've set will now be forwarded to this address as soon as receives.i.e only mails From intimations@cpc.gov.in will be forwarded to CA Automatically

5 A red notice alert from Gmail Account will be shown on the top reading "Your filters are forwarding some of your email to email@domain.com. This Notice will end in 7 days."

6 Follow the same steps For GST, ROC ,Customs and other email IDs of Department and relaxed



Important Due dates for Compliance

(Contributed by CA. Mahavir Shah)

| Sr. No. | Act | Compliance | Due Date |
|---------|------------|---|------------------|
| 1 | GujRERA | In case of Promoter : Quarterly Return for Project to be filled with 7 days from the end of the Quarter allocated by RERA Authority | 7th April, 2019 |
| 2 | GujRERA | In case of Agent : Half Yearly Return to be filled with 7 days from the end of the Half year allocated by RERA Authority depending on Registration Date | 7th April, 2019 |
| 3 | Income Tax | Tax Collected (TCS) during the month of March-19 to be deposited | 7th April, 2019 |
| 4 | GST | GSTR-7 for the month of March-19 for persons required to deduct TDS under GST | 10th April, 2019 |
| 5 | GST | GSTR-8 for the month of March-19 for e-commerce operator required to collect TCS under GST | 10th April, 2019 |
| 6 | GST | GSTR-1 for the month of March-19 for taxpayer having Annual Aggregate Turnover exceeding Rs.1.50 Crore | 11th April, 2019 |
| 7 | GST | GSTR-6 for the month of March-19 for Input Service Distributor (ISD) | 13th April, 2019 |
| 8 | PF / ESIC | Payment of PF / ESIC for the month of March-19 | 15th April, 2019 |
| 9 | GST | GSTR-4 for the Quarter of Jan to Mar-19 for Composition Dealer | 18th April, 2019 |
| 10 | GST | Payment of GST & Filling of GSTR-3B for the month of March-19 | 20th April, 2019 |
| 11 | GST | GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of March-19 | 20th April, 2019 |
| 12 | PF / ESIC | PF Return filling for the month of March-19 | 25th April, 2019 |
| 13 | MCA/ROC | Form INC-22A (Active) by every company incorporated on or before 31st December, 2017, regarding particulars of the company and its registered office | 25th April, 2019 |
| 14 | GST | GSTR-1 for the quarter ended on March-19 for taxpayer having Annual Aggregate Turnover not exceeding Rs. 1.50 Crore | 30th April, 2019 |
| 15 | Income Tax | Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA and 194IB during the month of March-19 | 30th April, 2019 |
| 16 | Income Tax | Tax Deducted (TDS) during the month of March-19 to be deposited | 30th April, 2019 |
| 17 | Income Tax | Filling of Declarations received in Form 15G/15H during the quarter ended on 31st March, 2019 | 30th April, 2019 |
| 18 | MCA/ROC | Form DIR-3 KYC, Application for KYC of Directors for the year ending 31st March, 2019 | 30th April, 2019 |
| 19 | GujRERA | In case of Promoter : Quarterly Return for Project to be filled with 7 days from the end of the Quarter allocated by RERA Authority | 7th May, 2019 |
| 20 | GujRERA | In case of Agent : Half Yearly Return to be filled with 7 days from the end of the Half year allocated by RERA Authority depending on Registration Date | 7th May, 2019 |
| 21 | GST | GSTR-7 for the month of April-19 for persons required to deduct TDS under GST | 10th May, 2019 |
| 22 | GST | GSTR-8 for the month of April-19 for e-commerce operator required to collect TCS under GST | 10th May, 2019 |





MOU with Sheth Damodardas School of Commerce - Gujarat University for Certificate Course on GST on 01.03.2019



Lecture Meeting on Panel Discussion on Issues under GST on 02.03.2019



Campus Placement Program Orientation Programme on 07.03.2019



Womens Day Celebration on 08.03.2019



AHMEDABAD BRANCH OF WIRC OF ICAI

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Press Conference - President of ICAI on 08.03.2019



Seminar on Recent Company Law Amendments on 10.03.2019



Lecture Meeting on New Forms of Companies Act, 2013 on 11.03.2019



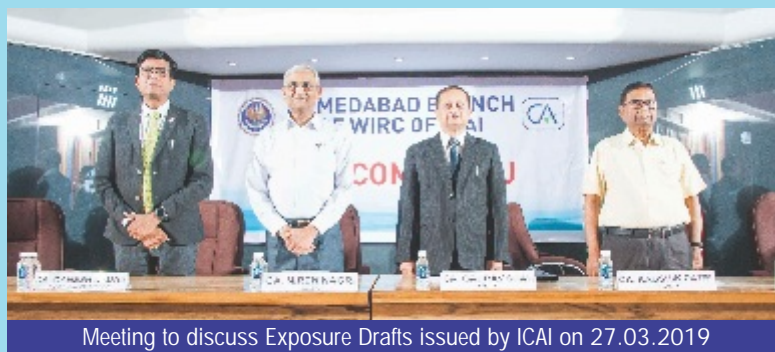
L/M on Overview of LLP-Conversion & Taxation Aspect on 16.03.2019



Seminar on Income Tax on 16.03.2019



Women CA Workshop on Professional Sisterhood
A New Feminism Tool on 19.03.2019



Meeting to discuss Exposure Drafts issued by ICAI on 27.03.2019



Gujarat University with ICAI for Certificate Course on
GST Syllabus submit on 26.03.2019



Conference on Statutory Bank Audit at GSC Bank on 22 & 23.03.2019



AHMEDABAD BRANCH OF WIRC OF ICAI

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Members Meet on 08.03.2019



Senior Members Celebrating the Past by Hon'ble President ICAI CA. Prafulla Chhajed on 08.03.2019



President Talk on Women Achievers Talk on 08.03.2019

AHMEDABAD BRANCH OF WIRC OF ICAI

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