



E-Newsletter of the Guwahati Branch of EIRC of
The Institute of Chartered Accountants of India
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Guwahati@ICAI

Contents...

1		Chairman's Message
2		Editor's Message
3		Updates
4		Articles
5		Branch Activities
6		Managing Committee

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CA. Ravi Kumar Patwa (Ex-Officio)



From the Chairman's Desk



Dear Members,

The branch has been consistently trying to update the members of the latest developments in our profession. During the month of June, we had organized various seminars viz. CPE Seminar on GST Annual Return and Audit and CPE Seminar on Corporate Law.

The branch also organized the International Yoga Day on 21st June, 2019. Mrs. Sarita Jain, certified Yoga Trainer from Institute of Yoga and Nutritional Science and presently yoga trainer at Rhythmix International Dance Studio gave yoga tips to members. The programme was followed by few Self Defence Techniques for members and Students by CA. Arijit Chakraborty, from Kolkata, a renowned Black Belt in Martial Art.

June was a hectic month for all of us from all sides. The due dates for GST Annual Return and Audit were extended to August, 2019 and thus we get more time for effective and quality compliance of laws.

However, I would like to assure that the branch shall always endeavor to update its members with the latest development in our profession.

The Branch is organizing a TECHNOLOGY SUMMIT- Empowering CAs to meet Challenges of Digital Transformation on 3rd August, 2019 wherein a galaxy of imminent speakers shall be present to grace the occasion. I request all members to participate in the program in large numbers and take advantage of the views shared in the program.

Through this newsletter I again appeal all the members to kindly contribute towards the CABF fund and support our needy members.

I conclude my message with the same belief of your continued support and guidance.

Regards,

CA. Dhiraj Kumar Jain
Branch Chairman

1



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From the Editor's Desk

Dear Colleagues,

At the very outset, I would like to convey my special thanks to all the members for their continued support with their articles, inputs and encouragement which enables us to successfully release the branch newsletter in a timely manner.

Branch Newsletter is an opportunity before us to update our members on all the latest activities of the Branch during the past month and we are continuously working towards it. However, your valuable inputs are solicited for further improvement in the newsletter.

The coming months shall be highly busy for the profession as we shall have to summarise all the voluminous and time taking works in the coming months by way of GST Audits and Annual Returns, Income Tax Returns, Tax Audits etc. But to do these functions we have to be updated and in pace with the latest developments.

The Branch is organizing a TECHNOLOGY SUMMIT - Empowering CAs to meet Challenges of Digital Transformation on 3rd August, 2019 wherein a galaxy of imminent speakers shall be present to grace the occasion. I request all members to participate in the seminar in large numbers.

The Branch has requested members to generously contribute towards the Chartered Accountants Benevolent Fund (CABF) so that the ICAI can extend its support to the needy friends of ours. In this context, I also would like to request all members of our branch to contribute to the fund to the extent possible.

Regards,

CA. Ayush Saraf
Editor

2



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UPDATES

RECENT UPDATES

TOPIC	DETAILS
TECHNOLOGY SUMMIT - Empowering CAs to meet Challenges of Digital Transformation	The Guwahati Branch of EIRC of ICAI is organizing a Technology Summit on 3 rd August, 2019 wherein certain very relevant issues will be discussed by our Guest Speakers. Members are requested to participate in large numbers and take benefit of the program.
Self Service Portal (SSP)	ICAI's Members and Student services have been made online, in digitized form on a new platform which works on a Self Service Mode on the Self Service Portal (SSP). Application forms are available online now barring a few which will also be available shortly. Kindly visit e-services on www.icaai.org . ICAI has decided to waive off delay condonation fee on all application forms with transaction dates between 01st April 2019 to 30th June 2019 and submitted online by 31st July 2019.
Result of Information System Audit (ISA) Assessment Test	Results of Information System Audit (ISA) Assessment Test held on 29 th June, declared on 18-07-2019 by ICAI.
Result of Common Proficiency Test (CPT)	Results of the Common Proficiency Test (CPT) held in June, 2019 declared on 18-07-2019

3



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Finance (No. 2) Bill, 2019 Proposals



CA. Mohan Agarwal

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DIRECT TAX PROPOSALS

Deduction of tax by certain individuals or HUF

Presently, there is no requirement for an individual or HUF to deduct tax at source on payments made to a resident contractor or professional when it is for **personal use**, or if the individual or HUF is **not subjected to audit** for his business or profession. It is proposed to insert a new provision making it obligatory for such individual or HUF to deduct tax at source at the **rate of five per cent** if the annual payment made to a contractor or professional **exceeds Rs. 50 lakh**. It is also proposed that a person deducting tax under this section shall be able to deposit TDS on the basis of the Permanent Account Number (PAN) only. It is also proposed to enable filing of application for issue of certificate for nil or lower rate of TDS.

Consideration for TDS on immovable property

For the purpose of tax deduction at source from payment made for acquisition of immovable property, consideration shall include other charges in the nature of club membership fee, car parking fee, electricity and water facility fee, maintenance fee, advance fee or any other charges of similar nature which are incidental to the purchase of immovable property.

Gifts made to non-residents

Presently, gifts made by a resident to another resident are liable for income tax subject to some exemptions. It is proposed to provide that gift of any sum of money, or property situated in India, by a person resident in India to a person outside India (not being a gift otherwise exempt), on or after 5th day of July 2019, shall be deemed to accrue or arise in India.

Compulsory filing of return

It is proposed to make return filing compulsory for persons, who have deposited more than Rs. 1 crore in a **current account** in a year, or who have expended more than Rs. 2 lakh on **foreign travel** or more than Rs. 1 lakh on **electricity consumption** in a year or who fulfils the prescribed conditions, in order to ensure that persons who enter into high value transactions also furnish return of income. It is also proposed to provide that a person whose income becomes lower than maximum amount not chargeable to tax due to claim of rollover benefit of capital gains shall also be required to furnish the return.



Articles

A scheme of faceless electronic assessment involving no human interface to be launched this year

Cases selected for scrutiny shall be allocated to assessment units in a random manner and notices shall be issued electronically by a Central Cell, without disclosing the name, designation or location of the Assessing Officer. The Central Cell shall be the single point of contact between the taxpayer and the Department.

Aadhaar & PAN to be made interchangeable

Government has proposed to make PAN and Aadhaar interchangeable and allow those who do not have PAN to file Income Tax Returns by simply quoting their Aadhaar number and also use it wherever they are required to quote PAN. Now, Aadhaar Card for Non-Resident Indians with Indian Passports after their arrival in India will be issued without waiting for 180 days.

Threshold for applicability of lower corporate tax rate of 25% increased from ₹250 crore to ₹400 crore.

Affordable Housing: Enhanced interest deduction up to ₹3.5 lakh for purchase of an affordable house

For realization of the goal of 'Housing for All' and affordable housing, a tax holiday has already been provided by the Government on the profits earned by developers of affordable housing. Also, interest paid on housing loans is allowed as a deduction to the extent of 2 lakh in respect of self-occupied property. In order to provide a further impetus, the Government has proposed to allow an additional deduction of up to 1,50,000/- for interest paid on loans borrowed up to 31st March, 2020 for purchase of an affordable house valued up to 45 lakh. Therefore, a person purchasing an affordable house will now get an enhanced interest deduction up to 3.5 lakh. This will translate into a benefit of around 7 lakh to the middle class home-buyers over their loan period of 15 years.

In order to align the definition of affordable housing in the Income-tax Act with the GST Acts, it is proposed to increase the limit of carpet area from 30 square meters to 60 square meters in Metropolitan regions and from 60 square meters to 90 square meters in non-metropolitan regions. It is also proposed to provide the limit on cost of the house at Rs. 45 lakh in line with the definition in the GST Acts

Deposit taking and systemically important non-deposit taking NBFCs can now pay tax in the year they receive interest for certain bad or doubtful debts.

Effective tax rate for individuals having taxable income above ₹2 crore has been increased

Surcharge has been enhanced on individuals having taxable income from 2 crore to 5 crore and 5 crore and above so that effective tax rates for these two categories will increase by around 3 % and 7 % respectively.

5



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Articles

TDS of 2% on cash withdrawal exceeding ₹1 crore in a year from a bank account to promote less cash economy

In order to discourage large amount of cash withdrawal from bank accounts, it is proposed to provide for tax deduction at source at the rate of 2% on cash withdrawal by a person in excess of Rs. 1 crore in a year from his bank account. Some business models, where large cash withdrawal is a necessity, are proposed to be exempted. It is also proposed that the Central Government may notify the persons to whom these provisions shall not be applicable in consultation with the Reserve Bank of India.

No charges or MDR on specified digital mode of payments. These modes are to be compulsorily provided by large businesses

The business establishments with annual turnover more than 50 crore shall offer such low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as merchants. RBI and Banks will absorb these costs from the savings that will accrue to them on account of handling less cash as people move to these digital modes of payment.

Tax benefits on purchase of electric vehicles

Government has moved GST council to lower the GST rate on electric vehicles from 12% to 5%. Also to make electric vehicle affordable to consumers, additional income tax deduction of Rs. 1.5 lakh will be provided on the interest paid on loans taken to purchase electric vehicles. This amounts to a benefit of around `2.5 lakh over the loan period to the taxpayers who take loans to purchase electric vehicle.

Prefiling of Income Tax Returns

Pre-filled tax returns will be made available to taxpayers which will contain details of salary income, capital gains from securities, bank interests, and dividends etc. and tax deductions. Information regarding these incomes will be collected from the concerned sources such as Banks, Stock exchanges, mutual funds, EPFO, State Registration Departments etc. This will not only significantly reduce the time taken to file a tax return, but will also ensure accuracy of reporting of income and taxes.

6



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Articles

Angel tax issues on the Start Ups resolved & further concession given

To resolve the so-called 'angel tax' issue, the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums. The issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification. With this, funds raised by start-ups will not require any kind of scrutiny from the Income Tax Department.

In addition, special administrative arrangements shall be made by Central Board of Direct Taxes (CBDT) for pending assessments of start-ups and redressal of their grievances. It will be ensured that no inquiry or verification in such cases can be carried out by the Assessing Officer without obtaining approval of his supervisory officer.

At present, start-ups are not required to justify fair market value of their shares issued to certain investors including Category-I Alternative Investment Funds (AIF). This benefit has been extended to Category-II Alternative Investment Funds also. Therefore, valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny.

The condition for carry forward and set off of losses in cases of eligible start-ups is proposed to be relaxed enabling them to carry forward their losses on satisfaction of any one of the two conditions, i.e. continuity of 51% shareholding/voting power or continuity of 100% of original shareholders.

Further, the provision which allows exemption of capital gains from sale of residential property on investment of net consideration in equity shares of eligible start-up shall be extended by 2 years. Thus, the benefit shall be available for sale of residential property on or before 31st March, 2021.

The condition of minimum holding of 50% of share capital or voting rights in the start-up is proposed to be relaxed to 25%. The condition restricting transfer of new asset being computer or computer software is also proposed to be relaxed from the current 5 years to 3 years.

7



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Articles

Some Important Advance Rulings under GST



CA. Manoj Nahata

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ISSUE	DECISION
1) Whether “Clinical Research” services provided by a person to entities located outside India is liable to CGST and SGST or IGST?	<p>Held: CGST and SGST will applicable.</p> <p><i>Clinthia Research Limited- AAR Maharashtra</i></p> <p>The Authority ruled that the supply of clinical research services to the entities located outside India is not eligible to be treated as export of service in terms of section-2(6) of the IGST Act. The services are liable to CGST and SGST as the Supplier of service and the place of supply is in the same state in terms of section-13(3)(a) of the IGST Act.</p>
2) Whether a supplier is liable to GST on supply of services by way of renting dwelling units even if the recipient Commercial entity is using the dwelling unit for residential purpose of its employee?	<p>Held: No</p> <p><i>Borbheta Esatate Pvt. Ltd. –AAR West Bengal</i></p> <p>The Authority concluded that the supply of services by way of renting dwelling units is exempt from GST and accordingly, the applicant is not liable to GST.</p>
3) Whether credit is admissible of the input tax paid on the purchase of motor vehicles for the supply of cabs on a renting basis to institutions?	<p>Held: No</p> <p><i>Mohana Ghosh- West Bengal</i></p> <p>The Authority concluded that GST paid on the purchase of motor vehicles for supplying rent-a-cab service is not admissible for credit in terms of section 17(5)(b)(i) of the GST Act.</p>

Articles

Some Important Advance Rulings under GST

Contd....

ISSUE	DECISION
<p>4) Whether an importer was again required to pay IGST on the component of ocean freight under RCM mechanism on deemed amount which would amount to double taxation of IGST on the deemed component of ocean freight of the imported goods?</p>	<p>Held: Yes</p> <p><i>M/s. E-DP MARKETING PRIVATE LIMITED-AAR Madhya Pradesh</i></p> <p>The Authority concluded that in terms of prevailing provisions of the IGST Act, 2017 and the Rules made there under, the applicant is liable to pay IGST on ocean freight under RCM as provided under Notification No.10/2017-IT(R) read with Notification No.8/2017-IT(R).</p>
<p>5) Whether services provided under vocational training courses recognized by National Council for Vocational Training (NCVT) or Jan Shikshan Sansthan (JSS) is exempt either under Entry No.64 of the exemption list of GST Act, 2017 or under “Educational Institution” defined under Notification No. 22 C.T(R)?</p>	<p>Held: Certain services exempt under Sr. No.66 of Notification No. 12/2017 C.T(R) dated 28.06.2017</p> <p><i>The Leprosy Mission Trust of India-AAR Maharashtra</i></p> <p>The Authority ruled that the services provided under vocational training courses recognized by National Council for Vocational Training (NCVT) or Jan Shikshan Sansthan (JSS) is exempt neither under Entry No.64 of the exemption list of GST Act, 2017 nor under “Educational Institution” defined under Notification No. 22 C.T(R). Vocational training courses pertaining to diesel mechanic, computer operator and programming assistance, welder and motor mechanic are only exempt under Sr No.66(a) of the Notification No.12/2017 C.T (R) dated 28.06.2017 as amended.</p>

9



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BRANCH ACTIVITIES



6 Hour CPE Seminar on GST Annual Return & Audit was hosted at the Branch Premises on 11th June, 2019. CA. Vikash Agarwala and CA. Ragini Goyal were the speakers.



4 Hour CPE Seminar on Corporate Law was organized at branch premises on 22.06.2019. CA. Sumit Binani and CA. (Dr.) Debashis Mitra were the speakers.



International Yoga Day was celebrated at Branch Premises on 21st June, 2019. Mrs. Sarita Jain, certified Yoga Trainer from Institute of Yoga and Nutritional Science and presently yoga trainer at Rhythmix International Dance Studio gave yoga tips to members. The programme was followed by few Self Defence Techniques for members and Students by CA. Arijit Chakraborty, from Kolkata, a renowned Black Belt in Martial Art.

10

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MANAGING COMMITTEE

REQUEST FOR CONTRIBUTION TO -CHARTERED ACCOUNTANTS BENEVOLENT FUND (CABF)

APPEAL TO MEMBERS

The Guwahati Branch of EIRC of ICAI hereby requests all its members to contribute generously towards the CABF and help the Institute in extending support towards needy chartered accountants and their families. Donors may kindly contact Branch Chairman for the same.

MANAGING COMMITTEE OF GUWAHATI BRANCH OF EIRC OF ICAI FOR THE PERIOD 2019-2020

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