



Happy Children Day



**Chengalpattu District Branch of SIRC of ICAI
(Formerly known as Kanchipuram District Branch)**

**E- NewsLetter
NOVEMBER 2022**



**Chengalpattu District Branch of SIRC of ICAI
Managing Committee Team**

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Chairman	CA. Sathiyarayanan K R
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Member	CA. Madhumitha R
Member	CA. Priya A

ARTICLES INVITED FROM MEMBERS:

Note: Articles are invited from members for publishing in newsletter. The articles shall be either on the specific subject or a general article. Members can mail their article with Name, Membership Number, Mobile Number, Residential Address, Office Address & Photo to our Mail mentioned below

Note: The views expressed in the articles published are their own views and Chengalpattu District Branch does not endorse or take responsibility for the views expressed in the articles.

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E-NEWSLETTER

CHENGALPATTU DISTRICT BRANCH OF SIRC OF ICAI

From the Chairman's Desk



Dear Friends

Greetings from Chengalpattu District branch of SIRC of ICAI.

Our branch has conducted physical CPE meetings last month and hope these were useful to all the members. We have similar programs organised for this month too expect all the members to get benefitted from these programs.

ICAI is conducting 21st world Congress of accounting from 18th to 21st of this month. Please do attend the sessions and benefit from it.

Similarly, SIRC has arranged for 54th regional conference in Hyderabad next month. I urge all the members to participate and support such events as it provides an excellent platform to meet our fellow members and interact with each other.

November month marks the onset of monsoons and so take care of yourself

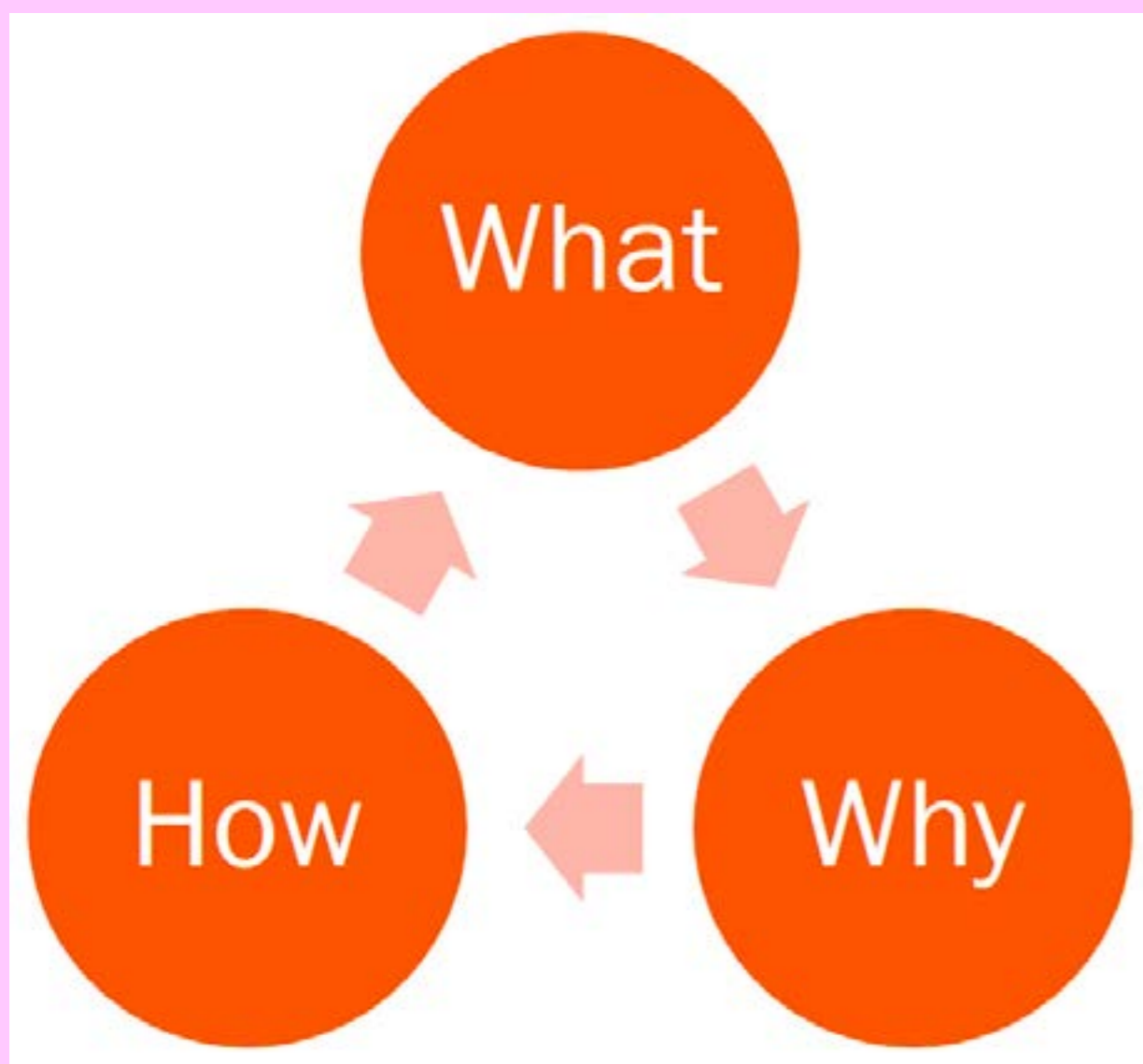
Thanking you all for your efforts towards the development of our branch.

CA Sathiyarayanan K R
Chairman

01.11.2022

GST - Business Reconstitution

CA. SARAVANAPRABHU.M.

The Question(s)**The Question**

Issue #1: Is there a Supply?

Issue #2: Is there a Supply of Goods / Service? Issue #3: Is the Transaction Taxable / Exempt?

Issue #4: What is the Value of Supply?

Issue #5: Is there any impact of ITC?

Issue #6: What are the procedures to be followed?

Issue #1: Is there a Supply?

SECTION 7. Scope of supply. (1) For the purposes of this Act, the expression "supply" includes –

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

...

(c) the activities specified in Schedule I, made or agreed to be made without a consideration

Issue #2: Is there a Supply of Goods/Service?

Schedule II - Para 4 - Clause (c)

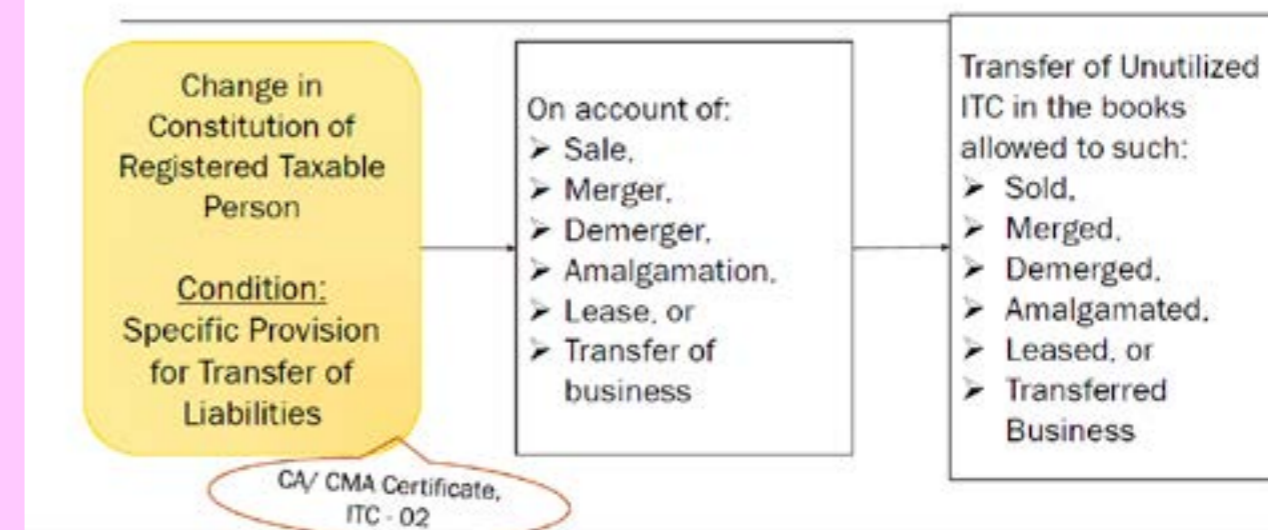
Where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless –

(i) the business is transferred as a going concern to another person; or

(ii) the business is carried on by a personal representative who is deemed to be a taxable person

Notification 12/2017 CTR

2	Chapter 99	Services by way of transfer of a going concern, as a whole or an independent part thereof.	Nil	Nil
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Impact on ITC [S. 18(3)]

Change in Constitution of Taxable Person [S.18(3)]

In case of Demerger, ITC will be apportioned in the ratio of the "Value of assets" of the new units as specified in the demerger scheme.

Note: "Value of Assets" means the value of the entire assets of the business whether or not ITC has been availed thereon.

The transferee shall record the Inputs and CG so transferred in his books of account.

Queries [S.18(3)]

1. ITC 02 - What ITC is to be transferred?
2. One to one correlation required of balance with Inputs?
3. What is to be Transferred?
4. ITC 02 - Where is it to be filed?
5. What is the procedure?
6. Relevant date for ITC Transfer - Issues?

**GST - Procedure on Re-constitution
Other Procedures to be followed**

Step 1: New Registration for the Transferee to be taken under the category Change In Constitution Of Business within 30 days of the Effective Date (Date of conversion), under the category of Change in Constitution Of Business (Sec. 22, CGST Act, 2017).

(3) Where a business carried on by a taxable person registered under this Act is transferred, whether on account of succession or otherwise, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.

Step 2: GST Liability and Disclosure

The Moot point to be decided is whether the said conversion would amount to a Transfer and consequently supply under GST Law.

If the said conversion is not considered as a supply under GST Law and hence no GST liability on the said transaction

Further, the closing balance of ITC can be transferred to the Transferee by Filing of Form ITC 02, u/s 18(3) r/w R. 41, accompanied by Certificate of CA certifying that the change in constitution has been done with a specific provision for transfer of liabilities. The same is to be filed for all States where the Transferor and the Transferee are registered

Step 2: Alternative View

Exempt Supply: If the said conversion is considered as a supply then the same may be considered as a exempt supply covered by Sl No. 2 of Notification 12/2017 CTR dt. 28.06.2017 - "Services by way of transfer of a going concern, as a whole or an independent part thereof".

ITC Reversal: Further, in this case, the details of the exempt supply may be required to be disclosed in the GST Returns filed by the Company. ITC may also be required to be reversed u/s 17(2) / (3) r.w. Rule 42/43. However, even in this situation a view may be taken that ITC need not be reversed but can be transferred in accordance with Sec. 18(3), in as much that Sec. 18(3) may be considered to override Sec. 17(2), Sec. 18(3) more specific [Refer Pt 4 above]

Step 3: Cancellation of Registration

Further on Cancellation of Registration, the relevant provisions w.r.t. cancellation become applicable including filing GSTR 10 (Final Return)

S.29 (1): The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where, -

- (a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or
- (b) there is any change in the constitution of the business;

GST Updates on Recent Notifications

CA. Bhuvanewari. R.V.

1. NOTIFICATION 09/2022, Dated:05.07.2022

a) Transfer of any Amount in Electronic Cash Ledger to Electronic Cash Ledger of a Distinct Person.

- Not allowed if any Unpaid liability pending in Electronic Liability Ledger.
- Form GST PMT-09 can be used for such transfers.

b) Retrospective Effect from 01.07.2017 on Interest u/s 50 of CGST.

- Interest only on Net Liability paid in Cash
- Interest Applicable only on wrong ITC Availed & UTILISED
- Interest @ 18% (There is No 24%)

2. NOTIFICATION 10/2022, Dated:05.07.2022

- Exempt Taxpayers from furnishing GSTR-9 for FY 2021-22 whose Aggregate TO is upto Rs.2 crores.

3. NOTIFICATION 13/2022, Dated:05.07.2022

a) Time Limit extension given for issue of Order for FY 2017-2018 u/s 73 upto 30.09.2023. Time limit notified under the act is 3 years from the Due date of filing of Annual return for FY 2017-2018.

b) Excludes 01.03.2020 to 28.02.2022 (Pandemic period) from the Period of Limitation

- For Passing Order for Recovery of Erroneous Refund
- For Filing of Refund Applications u/s 54 or 55 of CGST Act

4. NOTIFICATION 14/2022, Dated:05.07.2022

- a) Auto Revocation of Suspension
- b) Value of Supply of Duty credit scrip shall not be included in Exempted Supplies for Rule 42 & 43.
- c) Specific Declaration in Invoice to be given by Taxpayers who are not required to generate E-Invoices as below

“I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule.”

d) Deposits of Erroneous refunds sanctioned, along with Interest and Penalty in GST DRC-03, an equal amount shall be Re-credited to Electronic Credit Ledger by proper officer through order GST PMT 03A.

- Taxpayer shall clearly mention the reason for making payment in the text box of DRC-03 as “deposit of erroneous refund”

- Order will be passed in Form GST PMT-03A by Proper officer, preferably within a period of 30 days from the date of receipt of request for recredit or date of payment of full erroneous refund with interest & penalty, whichever is later

- “ I-Tech Plast India Pvt. Ltd. Vs State Of Gujarat (Gujarat High Court) - Date of Judgement/Order : 07-April-2022”

Facts of the Case

Goods are imported without payment of duty under Advance Authorization, At the time of export, IGST was paid on exports, for which refund of IGST is not available as per Rule 96(10) of CGST Rules. Inadvertently such benefit was availed by a taxpayer. The system automatically credited refund and therefore, the taxpayer returned the amount erroneously refunded along with interest. The department accepted the same but did not accept the claim for restoring ITC which was utilized for payment of IGST on export goods. The High Court ordered restoration / re-credit of the amount on the ground that it would amount to double taxation. It highlighted the distinction between restoration of credit and refund of credit.

- e) Cash Deposits in Electronic Cash Ledger can be made through UPI , IMPS modes
- f) Statement 3B inserted in RFD -01, to facilitate claiming Refund on account of Export of Electricity.
- g) Clarification given for arriving at the value of Exports for granting refund of accumulated ITC on account of Exports Without payment under LUT.
- Lesser of the Two shall be considered. FOB Value in the Shipping Bill (or) Value declared in the Invoice / Bill of Supply
- h) Declaration of Mandatory HSN in Table 17 of GSTR-9
- 6 Digits for Taxpayers having Aggregate Turnover of above Rs.5 Crores in Preceding Year.
- 4 Digits for Taxpayers having Aggregate Turnover of upto Rs.5 Crores in Preceding Year.
- Table 18 declaration of HSN for Inward supply is optional.
- i) Filing TRAN 1 / TRAN 2 or Revision of the earlier filed TRAN Forms is made available in the common portal for the period 01.10.2022 – 30.11.2022.

Deep Dive on e-₹ (e-rupee)

CA. Arumugaraj P.



The apex bank plans to roll out an e-rupee. What it means for you...

1. What is a CBDC ?

CBDC is a legal tender issued by the Central bank (RBI) in digital form. It would be your regular, sovereign-backed currency note, only in a digital format. Termed as e-rupee, you will not need a bank account to spend or receive this money. To be issued as tokens, the RBI's e-rupee will be at par with regular cash. You can use it to make payments and also exchange it for physical notes from the bank. RBI has been exploring the idea of CBDCs since 2017. Already, 105 countries are actively engaged in developing or exploring the viability of this form of money for their economy.

2. How you can get it ?

While the distribution of e-rupee will be handled entirely by Commercial banks. RBI will be its sole issuer. Just like we have the aadhaar app, we will see mobile apps coming up for receiving and transferring these tokens. Both the central and commercial banks will maintain separate ledgers for CBDC transactions. The wallets will be similar to a crypto currency hot wallets. These are connected to the internet and are easily accessible via applications. However there is little clarity yet on who will be the managing authority for these wallets, which will be on a block chain.

3. Is it an alternative to cash ?

Yes, unlike your regular savings accounts deposits, e-rupee deposits will not pay any interest. E-rupee will also be the direct liability of the RBI. India still heavily relies on cash for small-value transactions. But the inclination towards opting for the digital medium is rising too. An RBI survey notes that 53.6% of people pay anything above Rs.5000/- digitally.

4. Why should you opt for the e-rupee over UPI ?

Most experts are unclear on many issue related to its retain use. The incentive for a regular user to switch to e-rupee with UPI present is at present low. Some well versed experts stating that "tough questions about CBDCs usability have not been answered by the Govt. everything is in a very nebulous, nascent stage".

5. Is it akin to crypto currencies ?

No, the Indian Govt. has consistently discouraged investment in cryptos. The rationale is that if people start investing in such private currencies in large numbers, it will pose a threat to the financial system. In CBDCs case, RBI will be the sole entity responsible for issuing validating and maintaining records.

Still there are many issues to be addressed by RBI and the Govt. Just a throw of a small stone on these CBDC i.e., (e-₹)

General Topics

CA. Sriram L

Accounts, Audit and Frauds as envisaged by Kautilya (Chanakya)

Chanakya's Arthashastra gives a detailed description of how the accounts of the king has to be maintained and he narrates the various types of frauds in his book. Let us see what are they in the below paragraphs.

Collector General and types of accounts:

1. A Collector General (Superintendent) shall attend to the collection of revenue.
2. He should collect revenue in the different account heads and credit to the respective heads. (e.g., revenue from forts, revenue from country, revenue from mines, revenue from forests etc.,)
3. A detailed sub accounts and heads are given under the above main account heads. (gold, silver, diamonds,gems, pearls, corals, metals, salt and other minerals extracted from the sub details of revenue from mines)
4. The Collector General should pay attention to the work in hand (pending work), work completed, part of work in hand (WIP), on receipts, expenditure and net balance.
5. Receipts are 1) current, 2) last balance, and 3) accidental
6. An income received day after day is called Vartamana (current)
7. Items brought forward from previous year, income remaining with others to be collected, income that has changed hands are called last balance.
8. Other income is classified as accidental
9. Expenditure is classified into two types. Daily expenditure and Profitable expenditure. Day to day expenditure is called daily and expenditure during a paksha (period) is called profitable expenditure.
10. Balance after deducting the expenditure is called net balance (nivi). This may be realized one or brought forward (this indicates existence of accrual accounting even in those days)
11. The responsibility of Collector General is to collect the revenue, increase the income and reduce the expenditure.

Office of Accounts:

1. Accountants office should be constructed with door facing either north or east.
2. Seats for the clerks with shelves for accounts books to be kept separate from each one.
3. All the details of collections and expenditures shall be regularly entered in prescribed registers.
4. From these registers, the accountants should prepare the summary of revenue, expenditure and net balance.
5. Number of working days is 354 days in a year
6. Accounts shall be summarized and submitted to the king in the month of July (Aashaada month)

7. Accountants from various parts of the country should come and present their accounts. They should be kept separate in separate lodgings until they submit their accounts to the king.
8. There is a fine prescribed for the Accountants who do not present their accounts in time.
9. The table of accounts submitted by them should be verified by addition and subtraction, inference and by espionage.
10. An accountant who scrapes off the net total shall be punished (very surprising, no over writing allowed)

Ways of embezzlement:

1. What is realized earlier is entered later on and vice versa
2. What is supposed to be realized is not realized and vice versa
3. What is collected is not shown in the books and vice versa
4. What is collected in part is entered as full and vice versa
5. What is collected from one source is entered as another source
6. What is payable is not paid and vice versa
7. Small gifts made as large gifts and vice versa
8. Revenue from one donor is entered as received from another donor.
9. Raw materials paid but not received and vice versa
10. Price of commodities lower than the actual price, number of days worked is falsified, misrepresentation in charities, falsifying the weights and measures.

Conclusion: We could see the details with which each subject is approached, which is amazing. All our current accounting and auditing are well covered even 2000 years ago, and it is no wonder foreigners celebrate Kautilya and Arthashastra as the highest order of merit in the Economic and Political arena, whereas we have forgotten Kautilya.

FeedBack

Colorful NL, pleasant to read.

It is a good idea to bring in print cpe background material of past programmes. This initiative facilitates recap of learning programmes. That way the papers of Kamal Garg ji and Vasudev Joshi ji are coming handy.

I met Sriram sir during tea at one of our recent cpe meets. I found him simple, casual and unassuming like the maths scholars I have seen over the years. This time we have from his store an interesting writeup on frauds that might ditch the auditors, citing select cases and findings of CVC.

After going through the article, my impression was:

1. The auditor must be like the old time Rishis endowed with the Vision to pulse out what is behind, or
2. As Mgr. film song goes "Thirudana parthu thirundha vittaal thiruttai ozhikka mudiyadhu ".

God Bless the auditor till then.

Wondering why we missed to join greeting the teachers on Sep 5.

Good Diwali edition (without sweets).

By CA Balasubramanian

PHOTO GALLERY

Ayudha Pooja Celebrations at Branch premises

Date : 03-10-2022



PHOTO GALLERY

Topic: Recent Changes in GST Law and Judicial Interpretation
Speaker: CA. Chirag Tibrewal
Date : 15-10-2022



PHOTO GALLERY

Foundation Coaching Class – Interaction with Parents & Faculties
Date : 16-10-2022



PHOTO GALLERY

Topic: GST on Business Reconstitution
Speaker:CA. Saravana Prabhu M
Date : 21-10-2022



PHOTO GALLERY

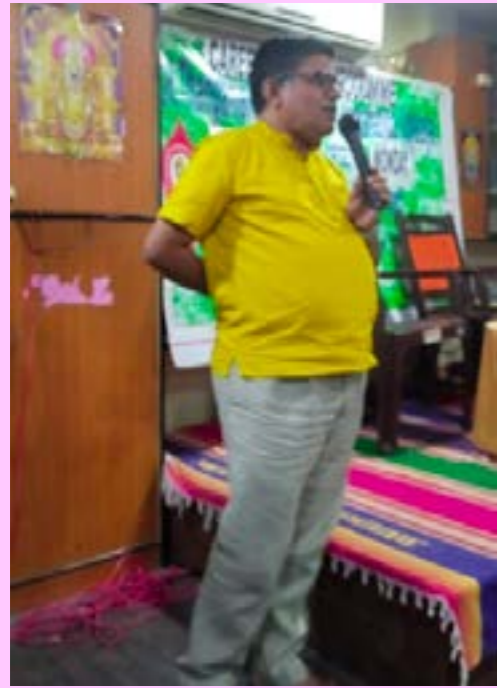
Topic: Mega Career Counselling
Date : 31-10-2022
Vivekananda Vidyalaya, Mudichur



SVVV Vivekananda Vidyalaya, Chitlapakkam



Vivekananda Vidhyalaya, SRF Manali



Alpha College



Vivekananda Vidhyalaya Thirunindravur



Vivekananda Vidyalaya, Minjur



Vivekananda Vidhyalaya Vallur



SRDF Vivekananda Vidyalaya, Chromepet



Vivekananda Vidyalaya, Madhavaram



Vivekananda Vidhyalaya Vallur



Smt. Kasturba Nimchand Shah P. Muthyalu Chetty Vivekananda Vidyalaya Junior College



Vivekananda Vidyalaya, Kunrathur

