



**E-NEWLETTER OF SICASA
CHENGAIPATTU DISTRICT BRANCH
OF SIRC OF ICAI**

February 2023

Vol VI/No.2

**IF YOU'VE GOT AN IDEA, START
TODAY. THERE'S NO BETTER TIME THAN NOW
TO GET GOING. THAT DOESN'T MEAN QUIT
YOUR JOB AND JUMP INTO YOUR IDEA 100%
FROM DAY ONE, BUT THERE'S ALWAYS SMALL
PROGRESS THAT CAN BE MADE TO START THE
MOVEMENT.**

IF NOT NOW, THEN WHEN

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SICASA of Chengalpattu District Branch of SIRC of ICAI
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SICASA of Chengalpattu District Branch of SIRC of ICAI

FROM THE SICASA CHAIRPERSON'S DESK TO STUDENTS



Dear Team,

This SICASA itself is a lovely memory that takes me back to my CA student days. The clock gets reset. Fast forward to 2022, I got an opportunity to be the Chairperson of the SICASA team for the Chengalpattu Branch of SIRC of ICAI. Dreams do come true. I was there at a Student listening to stalwarts and now I got a chance to talk to the Stalwarts to come share their thoughts for the Student community. I was seated in the last couple of rows as a student, to being in the backstage organizing the events. This had been a memorable experience I cherish and the one that would stay with me for a long time to come. I have enjoyed working for SICASA which I have missed in my student days. So Thank you all for that.

The first thing that came to my mind when I was given the opportunity to lead SICASA was how to re-kindle my passion towards this activity.

Team who are passionate about doing great things differently. Always on the leash. Always ready to help. Looking for opportunities to serve. Yes. I set together a team of students and CAs who were just honest, humble and at the same time calls spade-a-spade. This is the key to whatever I could or the team could accomplish in the last one year. I take pride in this.

No journey is complete if there aren't bottlenecks. While we have strived hard to cater to all the needs of the students fraternity, I am sure we would have missed out on some, during the way. I also would like to take this opportunity to say sorry in case we couldn't do better to serve you. But again, we evolve.

I Sincerely thank our Branch Chairperson **CA Sathyanarayan K.R** all our Branch Management committee members for being very supportive. A very Special mention to **CA Vedhavalli** for her excellent support , leadership as Student Development Committee Chairperson. **CA Deepa Roa** for her prompt student newsletter proof reading work. No work of mine would be complete without thanking the dynamic branch staff & My SICASA Army.

In the relay race, it is time to pass on the baton. I would like to wish all success to the new team, I am sure they will out-do what this team had done / tried doing. But remember, we are still in the race ground and ready to help.

CA R Madhumitha
SICASA Chairperson
Chennai, 1st August 2022



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FROM THE BRANCH CHAIRMAN'S DESK TO STUDENTS



Dear students,

CA results were announced last month and many would have achieved good results for those who did not score well try your best in your upcoming exams. My best wishes for all of you.

Last month our branch started coaching classes for intermediate students and hope many might have benefitted from it. Our branch along with Pondicherry and Salem branch conducted the mega CA student conference at Pondicherry which was a huge success. Such events help in molding the student's career in good form.

Apart from academic performance I urge students to actively developed talents to outshine in your future.

I end my note with once again wishing you all the best in your future Endeavour's.

**CA K R Sathiyarayanan
Branch Chairman
Chennai, 1st August 2022**



ARTICLE FOR THE MONTH OF JANUARY 2023

GOODS & SERVICE TAX – E INVOICE

INTRODUCTION:

I am Haarika Kavirala I am from Chennai. I am pursuing CA final and currently working as Industrial Trainee at Hyundai Motor India Limited.

AGENDA:

1. What is an E-Invoice?
2. Need for E-Invoice?
3. Applicability
4. Exemption from E-Invoice
5. Process Flow
6. FAQ's

1. E-INVOICE:

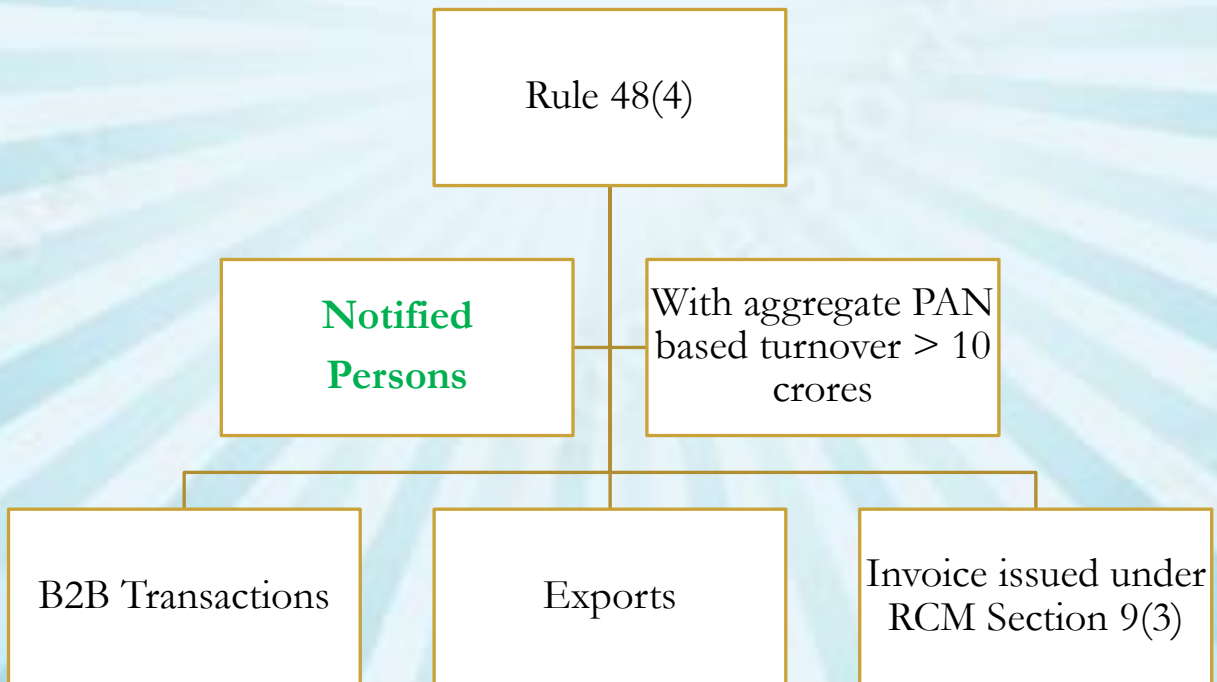
- E-Invoicing or Electronic invoicing is a system in which B2B invoices, Debit and Credit notes are **Authenticated** electronically by GSTN for further use.
- A taxpayer is required to submit the **B2B** invoice details for the generation of an E-invoice.
- E-invoicing is not voluntary.



2. NEED FOR E-INVOICE?

- For curbing tax evasion through **FAKE** invoices.
- Visibility of the complete Supply chain.
- Reduction of transcription errors by Integration.
- Improves payment cycles.
- Reduction of disputes among transacting parties.

3. APPLICABILITY OF E-INVOICE:



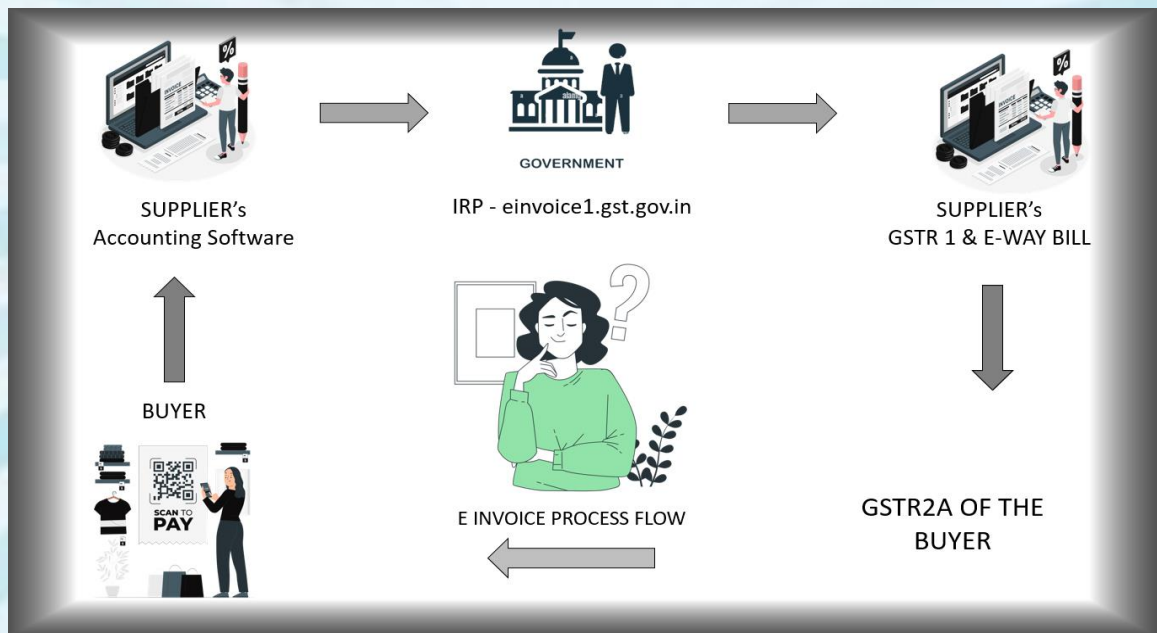
Few Transactions are excluded,

- B2C Transactions
- Invoice issued under RCM Section 9(4)



4. EXEMPTION FROM E-INVOICE:

- ✓ Special Economic Zone units (NOT SEZ Developers).
- ✓ A registered person supplying services by way of admission to the exhibition of cinematographic films in multiplex services
- ✓ Insurer, Banking company, Financial Institution including NBFC
- ✓ GTA - Goods Transport Agency
- ✓ Supplier of passenger transportation service



5. HOW TO GENERATE AN E-INVOICE:

- The registered notified person can login to the IRP portal **einvoice1.gst.gov.in**
 - If already registered in e-way bill portal, the same can be used here.



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The taxpayer can generate e-invoice by uploading the details in GST INV-01 through,

- Offline tool
- API (Through GSP, ERP or direct integration)
- IRP will generate a **64 digit unique IRN** (Invoice Reference Number) and a QR (Quick Response) code.

6. DETAILS REQUIRED FOR E-INVOICE:

- **Supply Type** – B2B, Export
- **Document Details** – Invoice Number & Date
- **Document Type** – Invoice/Debit Note/Credit Note
- **Buyer Details** – GSTN, POS, Address
- **Dispatch/Shipping Details** – Name, Address, Pin code
- **Product Details** – S.no, HSN, Unit Price, Quantity
- **Export Details** – SB.no, Date, Port Code
- **E-way Bill Details** – Transporter ID, Transporter Name, Vehicle details.



7. FAQ'S

1. Can I generate IRN for an Invoice for which IRN is already generated?

Ans: No, only unique invoice from a taxpayer will be accepted by the e-invoice system. E-invoice system will check in Central Registry of GST system to ensure that same invoice from same supplier pertaining to same financial year is not being uploaded again for generating one more IRN.

2. I have crossed the notified turnover in the current year, do I need to upload my invoices?

Ans: No, e-Invoice is applicable only if the notified turnover is crossed in the previous years.

3. Can IRN be deleted or cancelled?

Ans: The IRN, once generated cannot be modified or deleted. However, if IRN is generated with wrong information, it can be cancelled. Once cancelled, the same document (with same document number) can't be reported again for generation of IRN. The cancellation is required to be done within 24 hours from the time of generation.

Name – Haarika Kavirala

SRO – SRO0630096



TAXATION OF VIRTUAL ASSETS

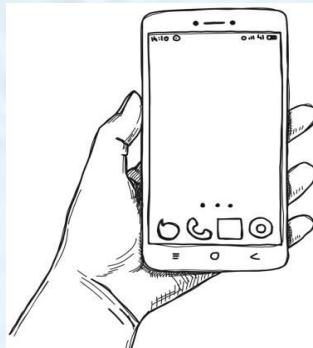
Introduction on Digital Economy

The "digital economy" refers to the revolutionary way in which the general public and businesses interact and engage in transactions online. It is an economy based on digital computer technology and business through Internet-based markets. The digital economy is also sometimes called the internet economy. In short, it refers to an economy based on digital technologies. Nowadays, there is no need for the physical presence of an organization or business in a building or other structure. Brick-and-mortar business models have been significantly overhauled and become a pattern of the past. Over the past 5 to 7 years, there has been a paradigm shift in the way business is done.

India is one of the largest and fastest growing markets for digital consumers with 560 million internet users in 2018, second only to China. Indian mobile data users consume an average of 8.3 gigabits (GB) of data every month. Therefore, the traffic generated through the Internet and the transactions that take place over it are growing rapidly. According to the Bureau of Economic Analysis (BEA), the real value of the digital economy grew at an average annual rate of 9.9% worldwide from 1998 to 2017.



These estimates also claim that the digital economy accounted for about 5.9% of GDP in 1997, rising to 6.9% (globally) in 2017. Today, the largest taxi aggregator, Uber, does not own any taxis; the largest accommodation provider, Airbnb, does not own any apartments; and many other frontiers like Makemytrip, Amazon, Flipkart, Paytm etc. do not work like regular businesses but thrive on digital technology.



Taxation in India

The tax structure in India is divided into direct and indirect taxes. While direct taxes are collected from the taxable income of individuals and corporations, the onus of levying taxes is on the assesses themselves. On the other hand, indirect taxes are levied on the sale and supply of goods and services and the onus of collection and deposit is on the sellers and not directly on the assesses. The taxation system in India is such that taxes are collected by the central government and the state governments. Some small taxes are also collected by local authorities such as the municipality and local government.



Prior to the implementation of GST, tax rules (both international and domestic) were developed based on the functionality of the brick-and-mortar economy. GST is one of the biggest indirect tax reforms in the country. GST is a comprehensive indirect tax levied at the national level on the production, sale and consumption of goods and services. It replaced all indirect taxes imposed on goods and services by the central and state governments. However, taxes such as customs duty, stamp duty and VAT on spirits have not yet been replaced by GST.

Overview of Taxation in the Virtual Assets

Governments, national leaders, the World Bank, the IMF and other organizations around the world are expressing growing concern about the tax planning of multinational companies, which exploit loopholes in the interaction of different tax systems to artificially reduce taxable income or shift profits to low levels. -tax jurisdictions in which little or no economic activity is carried out. With the advent of the digital economy, the current tax regime is redundant. The profits of digital businesses are growing alarmingly, but there are no adequate tax laws to tax such profits. Accordingly, it is most necessary for all countries to devise and overhaul their tax laws as the digital economy is ripe for taxation.



Advances in technology and economic digitization allow businesses to operate and generate profits in jurisdictions in which they have limited or no physical presence without establishing a taxable presence. New ways of doing business have created tensions with traditional tax concepts and mechanisms, depriving some jurisdictions of tax revenue. Investments in digital assets such as cryptocurrencies, utility tokens, and security tokens have grown at a staggering pace with the crypto economy reaching market capitalization of more than \$3 trillion in less than 13 years. Tax authorities are struggling to deal with the exponential growth of digital assets. This has led to a lack of consensus among tax authorities on how to treat them. The tax consequences of buying, owning and selling vary widely between jurisdictions. Ownership and disposal of digital assets and income are not the only taxable events in digital assets. The process of creating new cryptocurrency, known as mining, which involves using powerful computers to verify transactions, is one of a growing list of other taxable activities.

One of the main challenges for governments is that digital assets don't just bypass intermediaries; they also do not have the same tax obligations as conventional investments, creating a significant blind spot for tax authorities. Regardless of the source of income, starting with wages, capital gains, interest, dividends, or partnership income, they report it all to the third-party government.



Tax on Virtual Assets/income In India

The millennial and Gen-Z population are attracted to new investment and business opportunities, resulting in many Indians trading in virtual digital assets. The topic recently gained renewed interest when the Finance Minister announced a 30% tax on income from virtual digital assets in her 2022 budget. Apart from this, the budget also proposed tax deduction at source (TDS) on payment or transfer made using virtual digital assets at 1% above the monetary threshold. There are also other booming jobs/businesses in the era of the digital economy, such as content creators, social media influencers, food delivery businesses, and subscription-based businesses. Tax Deducted at Source (TDS) may apply to payments made to influencers under the Income Tax Act. Earnings of individual influencers are taxed at current rates. Influencers who earn more than 1 million rupees in total gross income per financial year are subject to a tax audit of their books. If not more than 5% of all payments and 5% of all receipts in a given financial year are made in cash, the maximum has been raised to Rs. 10 crores.

The inclusion of a countervailing tax on the sale of products and services by international e-commerce operators in India, which was not initially a part of the Union Budget 2020-21 recommendations, took everyone by surprise.





NFT-Non-fungible Token and Cryptocurrencies

What is the difference between the Mona Lisa painting displayed in the Louvre and its replica sold in various gift shops? Authenticity Copies of an image can easily be printed off the Internet, but the price of an original seems to only increase over time. The original of a physical painting can be easily identified among copies by performing a physical inspection. But the same cannot be said about digital art. Digital art can be in the form of an image, graphic, music or video. Artists around the world have been dealing with the onslaught of piracy for decades, and questions of digital authenticity have come up again and again. Non-fungible tokens (NFTs) represent an ownership interest in any tangible or intangible asset. It consists of a unique and unmistakable unit of data stored in such a way that the original asset can be easily identified. This provides the owner with proof of ownership and allows the artist to digitally transfer that ownership online in a safe and secure manner.

Cryptocurrency is a digital currency, which is an alternative form of payment created using encryption algorithms. The use of encryption technologies means that cryptocurrencies act both as currency and as a virtual accounting system. To use cryptocurrencies, you need a cryptocurrency wallet. These wallets can be software that is a cloud service or stored on your computer or your mobile device. Wallets are tools where you store your encryption keys that confirm your identity and reference your cryptocurrency



Conclusion

The most effective and efficient way to tax the digital economy is to change treaties and introduce a new nexus rule that will incorporate digital business models into the tax regime. Because of this, e-commerce transactions that cross national borders were subject to a countervailing tax. However, it seems that the start-ups and medium-sized enterprises that face the tax burden in practical terms will be hit harder than the established e-commerce firms of both domestic and foreign origin to ensure a level playing field for both. Because of the Google tax and equalization fees, companies have to rethink their business models. The digital tax will undoubtedly affect the technology sector and e-commerce, but it is unclear how it would affect companies that use embedded digital components in non-digital goods. To regain public support for the fair treatment of multinational corporations, the government must remain actively involved in finding solutions to the problems. Some people are angry because governments are taking unilateral measures that may violate pre-existing trade agreements. It's made worse by the fact that there isn't enough information about things like the kind of organization that has been affected by digital taxes or how to more fairly allocate taxable income. It is unacceptable for states to unilaterally tax foreign corporations because they believe that current regulations need to be reformed. Despite the difficulties, the equalization tax can be seen as an important step by the government to gain control and money from India's digital economy.



Glimpse of the events held
in January 2023

**CA STUDENTS CONFERENCE @ PONDICHERRY
ON 20 & 21ST JAN 2023**





SICASA of Chengalpattu District Branch of SIRC of ICAI





REPUBLIC DAY CELEBRATION





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MCQ (case scenarios)

1) Can the recipient avail the Input tax credit for the part payment of the amount to the supplier within one hundred and eighty days?

1. Yes, on full tax amount and partly value amount
2. No, he can't until full amount is paid to supplier
3. Yes, but proportionately to the extent of value and tax paid
4. None of the above.

2) Whether credit can be availed without actual receipt of goods where goods are transferred through transfer of document of title before or during the movement of goods?

1. Yes
2. No
3. Yes, in specific instances
4. Can be availed only after transfer of document of title after movement of goods

3) An assessee obtains new registration, voluntary registration, change of scheme from composition to regular scheme and from exempted goods/ services to taxable goods/services. It can avail credit on inputs lying in stock. What is the time limit for taking said credit?

1. 1 year from the date of invoice
2. 3 years from the date of invoice
3. 5 years from the date of invoice
4. None of the above.



4) What is the time limit for taking input tax credit by a registered taxable person?

- A. No time limit
- B. 1 year from the date of invoice
- C. Due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains
- D. Due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier

PREVIOUS MONTH ANSWERS

- 1. (c) 30 Days
- 2. (b) CHC 2
- 3. (d) CGC 7
- 4. (b) All the above



CONTRIBUTION FROM OUR CA ASPIRANTS

Articles are invited from students for publishing in e-newsletter. The articles shall be either on the specific subject or a general article.

For all the artistic minds, you may highlight your artistic skills by sending your art to us. It could be drawing, poem, photographs and all the art work which is unusual in your way!

Students can mail their work with Name, SRO Number, Mobile Number, Residential Address, Office Address & Photo to our E-Mail mentioned below.



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