

# SICASA E-NEWSLETTER



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

JULY 2021

VOL IV/NO.7

“Living a few years of our life  
Like most people won't  
So that we can spend  
The rest of our life a  
Like most people can't” is what makes  
Our Profession Magnificent !



HAPPY **CA** DAY  
1<sup>ST</sup> JULY

**BRANCH OFFICE ADDRESS:**

Flat No.401, 4<sup>th</sup> Floor, No.1A, Periyalwar Street,  
Sundaram Colony, East Tambaram, Chennai - 600059

[www.chengai\\_icaai.org](http://www.chengai_icaai.org)

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



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### Vice Chairperson

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### Secretary

Rubika C V

### Treasurer

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CA Janani V

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

### ARTICLES INVITED FROM STUDENTS:

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

*Students can mail their article with Name, SRO Number, Mobile Number, Residential Address, Office Address & Photo to our Mail mentioned below*

### Contact Us



chengai\_icaei.org



SICASA Chengalpattu  
District Branch Of SIRC



Chengalpattu District  
Branch Of SIRC



kpm\_sicasa@gmail.com



kpm\_sicasa



7550009811



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*FROM THE SICASA CHAIRMAN'S  
DESK*

**MY DEAR STUDENTS**

**HAPPY CA DAY**

1st of July has been recognized as ICAI Foundation Day or CA Day to pay tribute to one of the oldest and most dignified professions of India. The role of Chartered Accountant is very important in any business organization, regardless of the size and nature of the firm.

An array of his/ her responsibilities expands from preparing financial statements and developing financial plans to auditing, tax filings, bookkeeping, and so on. So, to laurel the profession and to acknowledge its importance in any organization as well as in the national economy we celebrate 1st of Jul as CA day, every year.

**ICAI EXAMINATIONS**

ICAI examinations round the corner. Trust all of you who are preparing for the upcoming examinations are on track with your preparation

Do not be panic about the prevailing situation. Focus on examinations and nothing else. Believe in yourself and do your part with utmost sincerity and leave the rest to Almighty. My dear students you are advised to take all the safety precautions while stepping out by wearing a proper mask and carrying the sanitizer bottle. Maintain adequate social distancing and avoid groups. Wish you all the best.

**SICASA TEAM**

I am very happy to inform you the New SICASA 2021-22 team is going to take over today (1st Jul 2021). On behalf of Management Committee of Chengalpattu Branch, I take this opportunity to thank all the SICASA 2020-21 team members for their time and efforts in participating in SICASA activities for the past one and half years in spite of the pandemic under the able leadership of Immediate Past SICASA Chairman Mr. Sathianarayana.



***Stay Safe. Stay Healthy***  
**CA Shivachandra Reddy K**

**SICASA Chairman**



*FROM THE BRANCH CHAIRMAN'S  
DESK*



My dear future CAs,

The second wave of Covid pandemic is getting flattened and there are rumours of third wave outbreak in few months. Every thing is in our hands. We have to break the cycle by following the Covid protocols.

As of now, the only available remedy is VACCINATION. Hence, I request all the students to get themselves vaccinated and get their family members also vaccinated.

In July, the examinations are to be held as per the schedule and the students have to focus on the exams and get cleared. The ICAI is celebrating its 73<sup>rd</sup> CA Day on 01.07.2021 and at our branch we have virtual celebrations jointly with our SICASA. Request the students to register for participating in the celebrations vide the link – <https://forms.gle/ugkmAxX2X39LVeaY7>.

Further, the branch is collecting the student details for communicating various programs conducted by the branch to the students. The following is the link for submitting the student data – <https://forms.gle/SJ1YguSN4Gx5ZFr17>.

The Students contributions to this SICASA Newsletter are very nice and I expect more students to contribute more towards the Newsletter.

Many students attended the 9 day series Yoga day celebration from 13.06.2021 to 21.06.2021 and request to continue practice of yoga for better standard of living.

**Chengalpattu District Branch of SIRC of ICAI  
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My Congratulations to SICASA team and faculty team for successfully competing National level 5 day Workshop on “GST and its implication on Business” at SIVET College and wish many more such programs in the future.

I wish all the exam going students to appear for the exams in good spirit and confidence and clear your exams and become successful Chartered Accountant.

***Best Wishes***

***CA Kathiresan C***

***BRANCH CHAIRMAN***



## DEEMED EXPORTS UNDER GST

“Deemed Exports” refers to those transactions in which goods (not a services) supplied do not leave country, and payment for such supplies is received either in Indian rupees or in free foreign exchange, Goods must be manufactured / Produced in India.



**PRIYADHARSHINI S**

**SRO0594543**

The Objective of Deemed Exports is to ensure that the domestic suppliers are not in disadvantageous position vis-a-vis foreign suppliers in terms of the fiscal concessions. The underlying theory is that foreign exchange saved must be treated at par with foreign exchange.

### Deemed Exports for the Purpose of this FTP (Foreign Trade Policy):

Supply of Goods as specified in FTP shall be regarded as “Deemed Exports” provided goods are manufactured in India.



### \*ACRONYMS:

**AA** –Advance Authorisation, **DFIA** –Duty Free Import Authorisation, **EHTP** – Electronic Hardware Technology Park, **EOU** – Export Oriented Unit, **EPCG**- Export Promotion Capital Goods, **STP**- Software Technology Park, **BTP**- Bio-Technology Park Unit



### **Deemed Exports for the Purpose of this GST:**

It would include only the supplies notified under Sec 147 of the CGST Act, on the recommendations of the GST Council.

- I. Supply of Goods by registered Person against AA (i.e.) Supplier must be registered under GST and recipient must be an Advance Authorisation Holder
- II. Supply of Capital Goods by the registered person against Export Promotion Capital Goods Authorisation.
- III. Supply of Goods by the registered Person to EOU/EHTP/STP/BTP\*
- IV. Supply of Gold by Bank or Public Sector undertaking against AA.

### **Taxability of deemed exports under GST:**

Unlike exports, deemed Exports supplies are not zero rated supplies by default. All deemed export supplies will be subject to GST at the point of supply. Supplies cannot be made under Bond or LUT without payment of Tax. Tax should be paid on such supplies and then can be claimed as refund. Refund of Taxes can be claimed by either the Supplier of Goods or the Recipient of Goods.

### **Reporting requirements in GSTR-I and GSTR -3B under GST:**

Deemed Export supplies are required to be disclosed in Table 6C of Form GSTR-I. The registered dealer has to give invoice details and tax paid on such supplies.

In form GSTR 3B, deemed exports are disclosed in Table 3.1 (b) with zero-rated supplies.

Amendment in B2B deemed export invoices is required to be disclosed in Table 9A (B2B amendments). Amendment in credit/debit notes would be reported in Table 9C.

### **Benefits for Deemed Exports:**

Deemed Exports Shall be Eligible for any /all of the following benefits in respect of manufacture and supply of goods, qualifying as deemed exports, subject to specified terms and conditions:

- I. Advance Authorisation/Advance Authorisation for Annual requirement/DFIA
- II. Deemed Export Drawback





- III. Refund of terminal excise duty for excisable goods mentioned in schedule 4 of Central Excise Act 1944 provided the supply is eligible under that category of deemed exports and there is no exemption

The refund of drawback in the form of basic customs duty of the inputs used in manufacture and supply under the said category shall be given on brand rate basis upon submission of documents evidencing actual payment of basic custom duties .Refund of drawback on the inputs used in manufacture and supply under the deemed exports category can be claimed on 'All Industry Rate' of Duty Drawback Schedule notified by Department of revenue from time to time provided on CENVAT credit has been availed by the supplier of goods on excisable inputs or on 'Brand Rate Basis' upon submission of documents evidencing actual payment of basic custom duties.

#### **Common Conditions for Deemed Export Benefits**

- I. Supplies shall be made directly to entities listed. Third party supply shall not be eligible for benefits/exemption.
- II. In all cases, supplies shall be made directly to the designated projects/Agencies/units/AA/EPCG Authorisation holder. Sub-contractors may, however, make supplies to main contractor instead of supplying directly to designated Projects/Agencies. Payments in such cases shall be made to sub-contractor and not by project Authority.
- III. Supply of domestically manufactured goods by an Indian sub-contractor to any Indian or Foreign main contractor, directly at the designated project's/Agency's site ,shall also be eligible for deemed export benefit provided name of sub-contractor is indicated either originally or subsequently (but before the date of supply of such goods) in the main contract. In such cases payment shall be made directly to sub-contractor by the Project Authority.

**Thanks & Regards  
Priyadharshini**



## **HOW TAX HAVEN COUNTRIES ARE USED FOR TAX EVASION**

There was a great need and importance to stop malicious practices of tax evasion. To combat the same, government of various countries have come forward to act accordingly and has formed and amended their treaties and agreements with other countries in order to protect the economy and revenue interest of their country.



***PUSHP KUMAR SAHU***

***CRO0553317***

In the year 2015 OECD (Organization for economic co-operation and development) has published the report with introduction of BEPS (Base erosion and profit shifting). These are commonly known as Action plans which were issued with an intention to curb the tax evasion practices, improving transparency and tax certainty.

Till date 15 Action plans have been introduced so far,

As the name i.e. BEPS itself defines that refers to tax planning strategies that exploits gaps and mismatches in tax rules to make profits disappear for tax purposes or to shift profits to locations where there is little or no real activity but the taxes are low which results in little or no tax, in other words tax evasion through proper tax planning by using the tax haven countries.

Now coming on to main topic i.e. how tax havens have been used as a device for tax evasion, Most of the companies majorly MNCs set up their subsidiary companies in the tax haven countries so that they can shift out their profits in such countries so as to avoid paying tax or pay tax at lower rates as compared to other countries where tax rates are high. They carry maximum of their sales transaction through tax havens and try to incur huge expenditure in the country where tax rates are high so that they can lower their profits and can avoid to pay tax.

But in today's scenario tax evasion practice has created challenges for the developing nations for example India. Tax evaders setup their companies in tax haven countries like Singapore, Switzerland etc.



Let us better understand the mechanism by way of example;

Suppose there were two associated Companies namely Laxminarayan and sons Ltd ( Holding co. registered in india) and the other one is Pushp kumar sahu and associates (Subsidiary Company) incorporated in Singapore. Both are associated enterprises within the meaning of section 92A of Income Tax Act, 1961

Holding company i.e. Laxminarayan and sons ltd shifts its major revenue or in other words place its international sale transactions through its subsidiary company so that profit can be shifted to subsidiary company which results in lower tax liability, as tax rates are higher in India as compared to Singapore.

Moreover, both the companies have planned to present maximum profits in Singapore and less profits in India by applying following tax planning

Pushp kumar sahu and associates will provide loan to Laxminarayan and sons ltd at high rates so that the said holding co. will have more debit expenses which will ultimately result in decrease in profits and on the other hand subsidiary co. will enjoy more profits in the form of earned interest from it's holding co. thus resulting in low tax or zero tax.

This type of practice has been eradicated and countered by the government of India by introducing the section 94B in the Income tax Act, 1961 in lines of the Action plan 6 of BEPS Report given by OECD.

**Thanks & Regards  
Pushp Kumar Sahu**



**GLIMPSE OF SICASA MOMENTS**



**INAUGURATION (27.02.2020)**



**FUN FIESTA (20.02.2021)**



**INDUSTRIAL VISIT (28.02.2020)**



## நானும் கடலும்

கடலே....

உன்தன் மடியில் எவ்வளவு

மர்மங்களும் முத்துகளும்

இருக்கின்றன என

தெரியவில்லை...

அதை தெரிந்து கொள்ளவும்

யாரும் எத்தனிக்கவும் இல்லை....

பௌர்ணமி நிலவில் உன்னை

தழுவ எத்தனிக்கும் காற்றும்...

அதை விட்டு நழுவிச் சென்று...

உன் குழந்தையாகிய

பாறைகளை நீ அணைப்பதும்...

என்றுமே அழகுதான்...!!!

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



## WEBINAR ON ACCOUNTING STANDARD (JUNE 2020)



## WEBINAR ON GENERAL CLAUSES (21.06.2020)

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



## WEBINAR ON HOW TO FACE MCQ (28.06.2020)



## VIRTUAL STUDY CIRCLE (18.07.2020)

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



## GUESS WHAT (15.08.2020)



## WEBINAR – TALLY AUDIT (29.08.2020)



**Chengalpattu District Branch of SIRC of ICAI  
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**SICASA TEAM MEETING (02.03.2021)**



**GRATITUDE TOWARDS RAY OF HOPE – TEACHER’S DAY  
CELEBRATION (09.05.2020)**

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**MEGA TREE PLANTATION DRIVE ON 73<sup>rd</sup> CA DAY  
(01.07.2021)**