

The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

Chengalpattu District Branch of SIRC of ICAI

(Formerly Known as Kanchipuram District Branch)



**E- Newsletter
November 2023**

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Chengalpattu District Branch of SIRC of ICAI

Managing Committee Team 2023-24



CA. Sivagurunathan T
Branch Chairman



CA. Narasimma Raghavan R
Vice Chairman



CA. Shivachandra Reddy K
Secretary



CA. Madhumitha R
Treasurer



CA. Aanand P
SICASA Chairman



CA. Sathyanarayanan K R
Immediate Past Chairman



CA. Priya A
Managing Committee Member



CA. Sathish T S
Managing Committee Member



CA. Ravichandran S
Managing Committee Member

Ex-Officio Member - Chengalpattu District Branch of SIRC of ICAI



CA. Sundararajan R
RCM, SIRC



CA. Rekha Uma Shiv
RCM, SIRC

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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

Email id: chengalpattu@icai.org

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.

From the Chairman's Desk

Esteemed Professional Colleagues, Greetings!



I would like to wish all of my professional colleagues and students on Deepavali Festival. Let this festival of lights bring in your life renewed wisdom, knowledge, peace and joy. Last Two months Members would have engaged themselves for their Audit Assignments & Return filing works. This festival season give us a distraction from our routine works of life, and give us some inspiration to remember the important things and moments in life. Festivals are an expressive way to celebrate glorious heritage, culture and traditions.

The month of October 2023 witnessed an appreciable number of Programmes;

CPE Program

- “TRANSFER PRICING Audit Methods & Documentation” on 7th October 2023
- “Annual Returns filing under the Companies Act” on 10th October 2023
- “Discussion on Filing of Form10B & Form10BB under Income Tax” on 17th October 2023
- “ITC under GST – Saga of Reversal and Reclaim” on 21st October 2023

The following activities have been planned for the current month.

CPE Program

- “Practical Approach to handle Faceless Assessment & Appeals” on 16th November 2023
- Recent Development in GST on 23rd November 2023
- ICAI MSME SAHYOG & Startup SAMVAD on 8th November 2023
- Tax Arrears Settlement Scheme (Government of Tamil Nadu)

This month we are planning to organise DISA PT Course at branch premises for the benefit of our members. I request the members to take advantages of this facility at our branch.

Pl contact our branch office for Registration. In the meantime, we request all the members to share your suggestions / ideas if any to Chengalpattu@icai.org

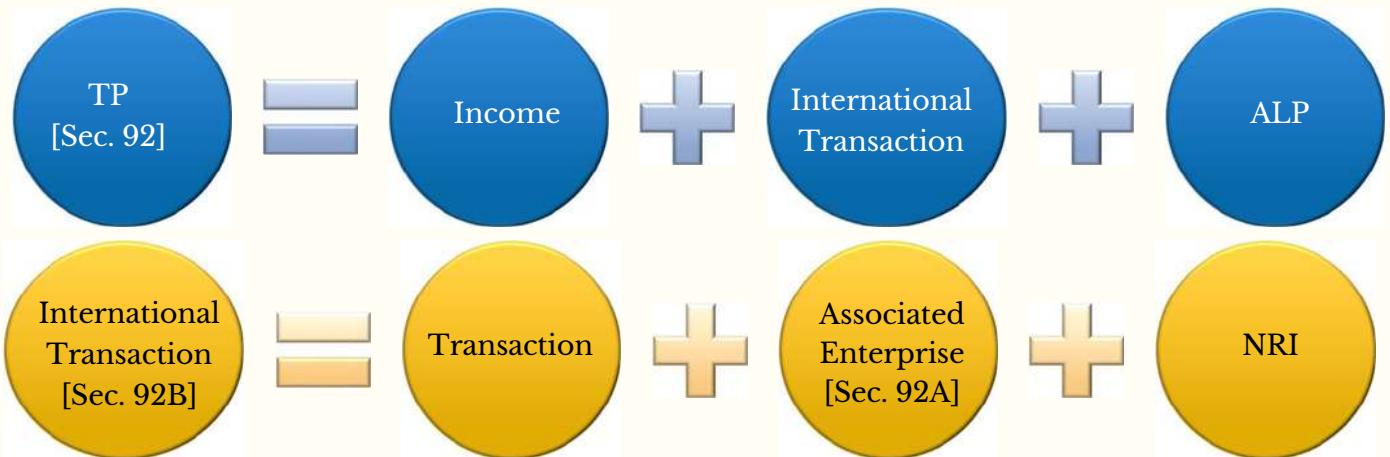
**With Best Regards,
CA. Sivagurunathan. T
Chairman
1st November 2023**

Transfer Pricing Audit - Methods & Documentation

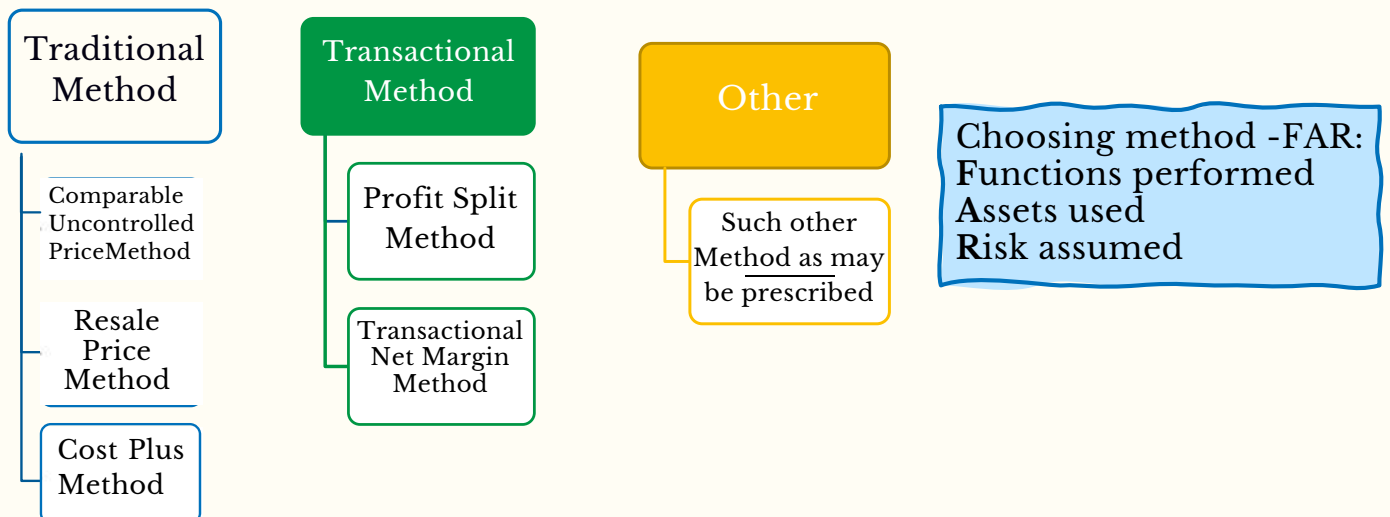


*CA. Muthu
Palaniappan C*

TRANSFER PRICING - INDIAN LAW



TP-ALP METHODS [SEC. 92C r.w.r.RULE 10B]



TP-FAR ANALYSIS

Functions Performed	Activities carried out by each of the parties to transaction
	Important and significant functions are considered [Finance/ Management/ Manufacturing/ Marketing/ After Sales/ R&D]
	Focus should be on identifying critical functions performed by AEs
Assets Utilised	Identify tangible as well as intangible assets
	Existence of intangible assets contribute to super normal growth in profits
	Entity owning regular tangible assets is expected to earn routine profits
Risks Assumed	Identification of risks assumed by each of the parties to transaction
	More the risks, higher the returns
	Facilitates adjustments based on differences in risk
	Helps in identifying true characteristics

TP-FAR ANALYSIS

1

Determining the nature of functions performed by taxpayer and AEs

2

Determining true and correct characterisation of the entities

3

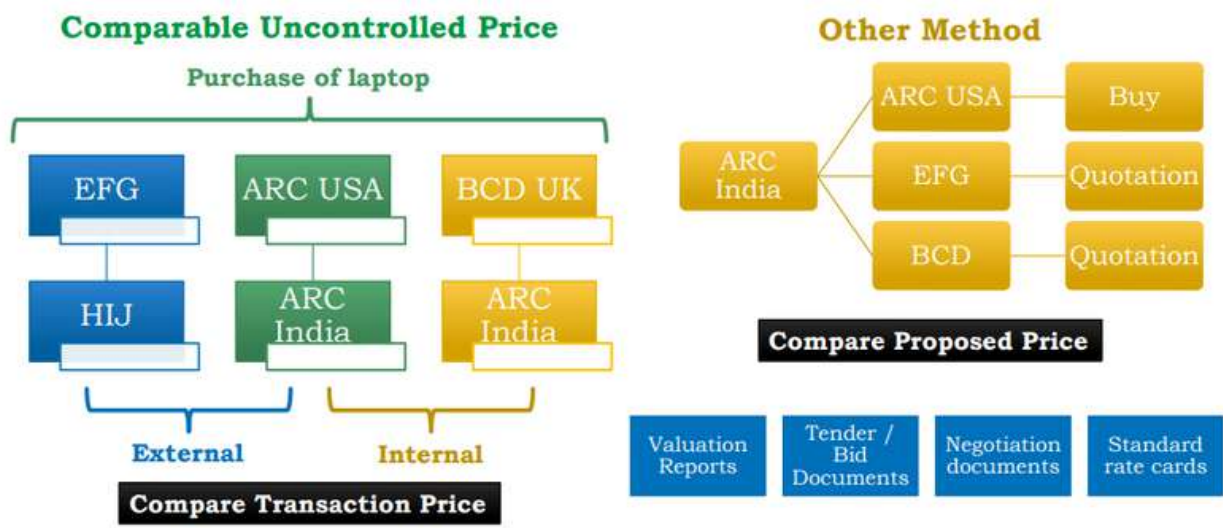
Providing guidance on selection of **MAM** for TP analysis

Most Appropriate Method

4

Determining parameters for establishing comparability and undertaking economic adjustments

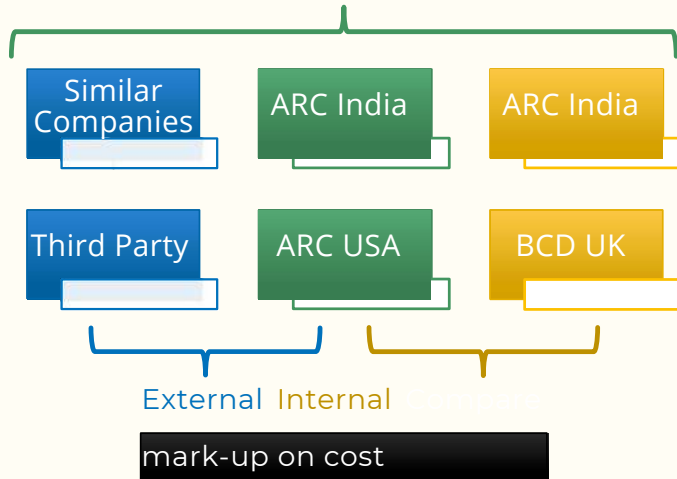
TP - ALP METHODS [SEC. 92C R.W.S. RULE 10C]



TP-ALP METHODS [SEC. 92C R.W.S. RULE 10C]

Cost Plus Method

Manufacture of laptop: Sale = Cost + Mark-up



Resale Price Method

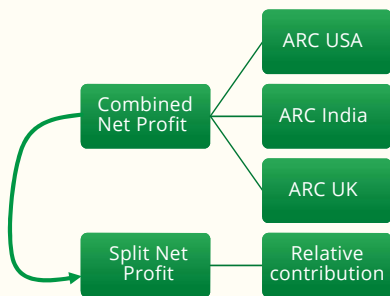


Compare Gross Profit Margin

TP-ALP METHODS [SEC. 92C R.W.S. RULE 10C]

Profit Split Method

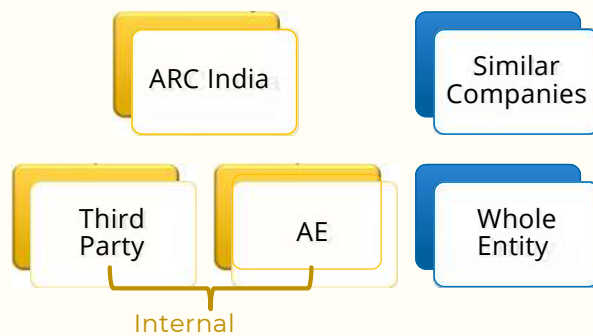
Pharmaceutical - Research



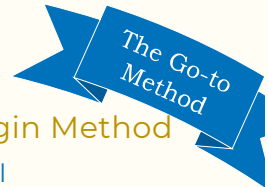
Compare split profit with one another method

Transactional Net Margin Method

External



Compare Net Profit Margin with a Profit Level Indicator



TP - ALP METHODS [SEC. 92C R.W.S. RULE 10C]

Profit Level Indicator

- PLI is selected to test the profitability
- PLI should have the untainted or less tainted base

Return on Assets	Return on Capital Employed	Operating Margin
Return on total costs	Return on COGS	Berry Ratio

MAM

- Nature of international transaction
- FAR of AEs
- Availability, coverage and reliability
- Degree of comparability
- Reliable and accurate adjustments
- Nature, extent and reliability of assumptions

TP - ALP PROCESS

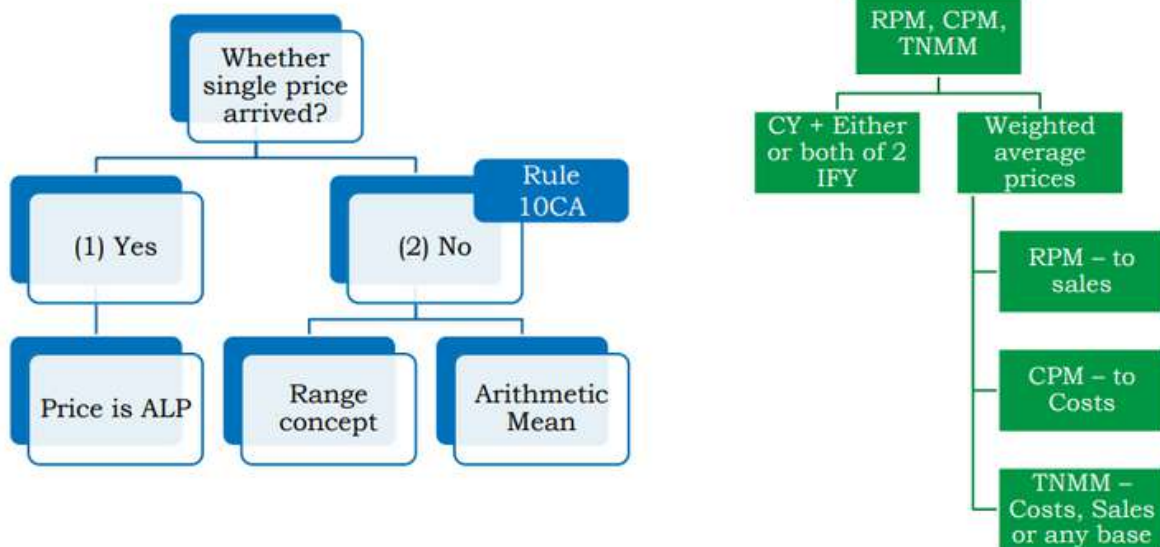
Data for analysing comparability [Rule 10B]

- The data should relate to the current year
- RPM, CPM, TNMM data shall be:
 - Data relating to current year; or
 - Data relating to the FY immediately preceding the current year, if the relevant data is not available at the time of filing return of income
- However, if subsequently current year becomes available during assessment then such data shall be used

Tested Party

- The tested party will be the enterprise in a controlled transaction whose profitability / pricing can be verified by application of MAM, for which fewer adjustments are required and for which reliable data would be available
- Tested Party, hence, will be the least complex of the controlled enterprises

TP - ALP COMPUTATION



TP - DOCUMENT

Ownership Structure
Group Profile [Geographical & Legal]
Company Profile
International Transaction
FAR Analysis
Economic Analysis
Financial Analysis [Comparability Analysis]
Adjustments [Assumption; Policies; Price]
Any other relevant information

International Transaction Exceeds Rs.1 Crore

Basic Documentation upto Rs.1 Crore

TP - OTHER DOCUMENTS

OECD Report on Action 13 of BEPS Action Plan

- The report provides for:
 - Revised standards for TP documentation;
 - A template for CbCR of income, earnings, taxes paid and certain measure of economic activity.
- Three tier structure mandated by BEPS:

Master File	Local File	Country by Country Report
<ul style="list-style-type: none"> ▪ A master file containing standardised information relevant for all multinational enterprises (MNE) group members; 	<ul style="list-style-type: none"> ▪ A local file referring specifically to material transactions of the local taxpayer; and 	<ul style="list-style-type: none"> ▪ A country-by-country report containing certain information relating to the global allocation of the MNE's income and taxes paid together with certain indicators of the location of economic activity within the MNE group.

TP - OTHER DOCUMENTS

CbCR

- CbCR has to be submitted by parent entity of an international group in its country of residence.
- This report is based on consolidated financial statements of the group.
- MNEs have to report annually and for each tax jurisdiction in which they do business [Revenue, PBT, Tax Paid]
- MNEs have to report their total employment, capital, accumulated earnings and tangible assets in each tax jurisdiction
- MNEs have to identify each entity within the group doing business in a particular tax jurisdiction and provide an indication of the business activities each entity engages in.
- CbCR is applicable for MNEs with revenue more than ₹6,400 crores in an accounting year ('AcY')

Master File

- An overview of the MNE group business [Nature; Policy; Allocation]
- Provide a high-level overview in order to place the MNE group's TP practices in their global economic, legal, financial and tax context
- Contain information which may not be restricted to transaction undertaken by a particular entity situated in particular country
- Applicability:
 - Consolidated group revenue in AcY > ₹500C; and
 - Aggregate value of international transaction:
 - during the AcY exceeds ₹50C; or
 - in respect of purchase, sale, transfer, lease or use of intangible property during the AcY exceeds ₹10C.

TP - SAFE HARBOUR

Sec. 92CB -

- Circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee
- CBDT has the power to prescribe safe harbour rules.

Rule 10TD -

- Eligible assessee has entered into eligible international transaction and opted for safe harbour rules, if the transfer price declared by the assessee is in accordance with Rule 10TD, it shall be accepted by the income-tax authorities.
- IT/ ITeS (17/18), KPO (18/21/24); Intra-group Loans (1.5 to 6.25); Corp. Guarantee (>1); R&D (24); Manufacture of Auto Components (8.5/12); Group Support Services (5)

Rule 10TE -

- Form 3CEFA to be filed (Choose up-to 5 years). First form after filing return u/s 139.

TP – FORM 3CEB

- Every person who enters into an international transaction during a PY is required to obtain a report from a CA and furnish Form 3CEB on or before the due date of filing Form 3CD u/s 44AB

Part A - Basic

Name; Address; PAN; Nature; Status; PY; AY; Aggregate

Part B – International Transactions

10	List of AEs
11A	Purchase/ Sale - RM
11B	Purchase/ Sale - FG
11C	Purchase/ Sale/ Use - CG
12	Purchase/ Sale/ Use - Intangible
13	Services
14	Lending/ Borrowing
15	Guarantee
16	Purchase/ Sale - Marketable Securities
17	Mutual Agreement/ Arrangement
18	Business Restructuring/ Reorganisation
19	Other Transaction
20	Deemed International Transaction

TP - FORM 3CEB - CLAUSES



Name, Address & TIN



Type



Description



Quantity [Clause 11]



Interest Rate [Clause 14]



Amount: Accounts/ ALP



Method

TP – CBCR AND MASTER FILE

CbCR

Form	Requirement	Due Date
3CEAC	Every constituent entity whose parent entity is not resident in India	2 months prior to furnishing Form 3CEAD
3CEAD	Parent entity or alternate reporting entity resident in India Constituent entity, if the parent entity of a country with which India does not have an agreement	12 months from the end of accounting year
3CEAE	Designate a constituent entity to file CbCR where there are more than one constituent entity	Filed before 3CEAD

Master File

Form	Requirement	Due Date
3CEAA	Part A by every constituent entity	Return filing due date as per Sec. 139(1) (say 30th November)
3CEAA	Part B by constituent entity for whom Master File is applicable	
3CEAB	Designate a constituent entity to file Master File where there are more than one constituent entity	30 days before the due date of filing Form 3CEAA

TP - PENALTIES

Failure to report any international transaction [Sec. 270A]

- 50% of tax payable on under reported income
- Failure to report u/s 270A(9) @ 200%

Failure to keep and maintain information and documentation [Sec. 271AA]

- 2% of value of international transaction on:
 - failure u/s 92D
 - fails to report an international transaction;
 - Maintains or furnishes any incorrect information or document

Failure u/s 92D [Sec. 271G]

- 2% on value of international transaction on failure to furnish TP document within 30 days from date of notice served

Failure u/s 92E [Sec. 271BA]

- Sum of ₹1 Lakh

TP - PENALTIES

Penalty for non-furnishing report [Sec. 271GB (1) & (3)]

- Not more than a month - ₹5,000 per day
- Beyond a month - ₹15,000 per day for period exceeding one month
- Default continues after service of penalty order - ₹50,000 per day from date of service of penalty order

Failure to produce information / document within prescribed time [Sec. 271GB (2) & (3)]

- Failure within the period allowed - ₹5,000 per day from the period for furnishing expires
- Default continues after service of penalty order - ₹50,000 per day from date of service of penalty order

Submission of inaccurate information in CbCR [Sec. 271GB(4)]

- Entity has knowledge of the inaccuracy at the time of submission;
- Entity discovers the inaccuracy after filing but fails to inform prescribed authority within a period of 15 days; or
- Entity furnishes inaccurate information in response to a notice.
- Penalty - ₹500,000

Reasonable cause defence against levy of penalty shall be available to the entity [Sec. 273B]

Annual Return Filing Under the Companies Act



CS Jaihari S

AGENDA

- Introduction to Annual Return
- Approvals to Disclosures
- Legal Framework (Companies Act 2013)
- Present Scenario
- Common Errors to Avoid

Important Provisions

- Small Company – PC 4 Cr ,TO 40 Cr
- Holding Company
- Subsidiary Company
- Associate Company
- Secretarial Audit –Public – PC 50 Cr/TO 250 Cr,
Any Co-100 Cr Loan
- Board Report – Sec 134
- Allotment of shares
- Funding of Business – Borrowing , etc

Legal Provisions

- Section 92 of Companies Act, 2013
- Rule 11 & 12 of the Companies (Management and Administration) Rules 2014
- Form MGT 7 and MGT 8 of Companies (Management and Administration) Rules 2014

Few areas of interest

- Due dates
- Signing Requirements
- Contents
- Schedule III amendments
- AOC-2
- ADT-1- Sec 139(1)
- AS-18 applicability

DUE DATE

- The details to be provided as on Financial Year
- The details to be given from last financial year end till this financial year end
- AOC-4 -To be filed within 30 days for from the date of AGM
- MGT-7/7A -To be filed within 60 days for from the date of AGM
- Late fee as per Section 403 of Companies Act, 2013
- If filed beyond 270 days the company may be punishable with minimum fine of INR 50000/- which may extend to INR 500000/-
- For OPC – AOC -4 (Sep 27) & MGT-7A (Nov 28)

Signing Requirement

- Basic to All Companies: Signed by Director and Company Secretary, If no CS then by PCS –MGT7
- Small Company and One person Company:- MGT7A Signed by one Director and Professional
- Listed Companies or Company with Capital more than Rs. 10 Crores or More or turnover Rs. 50 Crores or more – In addition to signing as above should be certified by a PCS in Form MGT 8

Contents

- Registration and Other details –Extract
- AGM details
- AGM extension & Reasons of not holding
- Address for correspondence
- Details of R & T Agent, with valid email id of concerned officer

Contents (only changes)

- Holding, Subsidiary and Associate Companies – Names, CIN, Holding %, Section – **EXTRACT**
- **Capital –**
 - Authorised
 - Issued
 - Subscribed
 - Paid Up
 - Debentures
 - Details of other securities than Equity, Preference, Debentures (ADR, GDR etc)
 - Opening, Increase, decrease and closing for all types
- Splitting or consolidation during the year
- Security Premium account, opening, changes, closing – Equity and Other Securities
- Turnover and net-worth as on end of financial year
- Shareholding – **EXTRACT**
- Indian and Foreign – Promoters, General Public shareholding. Individual holding more than Rs. 1,00,000/- of Nominal Value
- Shareholding of Promoters and Changes therein
- Shareholding pattern of Top 10 shareholders
- Shareholding of Directors and KMPs
- Indebtedness Opening, Changes and closing (principal, Interest due & Interest accrued but not due) – **EXTRACT**
- Details of shareholders (Date of becoming member)
- Details of transfers of shares / Debentures :
- Details of Promoters, Directors & KMPs:
 - Promoters can be Company / Individuals
 - Composition of Board
 - Directors – category Promoter (Executive & Non executive), Non Promoter (Executive & Non executive, Independent), Nominee .
 - No of shares held Details of other directorships held

Meetings:

- Members – All types of meetings, No of Members entitled to vote, Attendance and % they represent.
- Directors meeting: No of Directors on the date of meeting, no of directors present, % of attendance
- Committee Meetings: No of Directors on the date of meeting, no of directors present, % of attendance
- Director-wise attendance of Directors with dates of Board Meeting
- Details of Payment of Remuneration: **EXTRACT**
- Remuneration to Managing Directors, Managers etc
- Remuneration to KMPs
- Comparison of actual and overall ceiling under Act
- Payment to other Directors

Contents

- Penalties / Punishment/ Compounding Of Offences
- Compliance related matters:
 1. Due dates of Compliance / Filing- reason for delay
 2. Disclosure regarding:
 - a. Closure of Register
 - b. Declaration of Dividend
 - c. Delisting of Shares / Securities,
 - d. Change in Nominal Value of Shares
 - e. Particulars of inter-corporate loans, investments,
 - f. Contracts or arrangements in which directors are interested / related party transactions
 - g. Details of resolutions passed by postal ballot

3. Other Disclosures:

- a. CSR
- b. Limits of Section 186
- c. Limits of Section 180(1)(c)
- d. Whether Directors have disclosed interest
- e. Whether Independent Director has given Declaration
- f. Details of Appointment / Reappointment of Auditors

4. Certifications all Companies:

- a. Correct and Adequate Facts have been disclosed
- b. Unclaimed / Unpaid Dividend has been transferred to IEPF as per Section 125
- c. The Company has maintained all registers
- d. Otherwise mentioned in the Return the Company has Complied with Companies Act

Contents

5. Additional Certifications for Private Companies:

- a. No public invitation for deposits / shares subscription
- b. Number of members below 200
- c. The Company continues to be a private limited Company

6. Additional Certifications for One Person Company / Small Company:

The Company continues to be one person company small company.

Penal Provisions

• Note:

Attention is also drawn to provisions of Section 448 which provide for punishment for false statement and certification.

• Section 92:

Not filed within stipulated time – 50 thousand to 5 lacs, Imprisonment 6 months.

Annual Return Certification – MGT 8

- Facts are correctly and adequately stated
- Company Complied with status and Registers and records are maintained
- Filing of documents with various authorities
- Minutes are maintained for Board, Members and postal ballot are maintained and signed
- Closure of Register of members
- Section 185 Compliance
- Section 188 Compliance
- Issue / Allotment / Transfer / Buy Back as per Compliance

Annual Return Certification – MGT 8

- Dividend / IEPF / Kept in abeyance etc
- Financial Statements whether signed or not as per Act
- Details about Directors / KMPs - Appointment remuneration etc
- Details of Auditor and Compliance of Section 139
- Approvals Obtained from various authorities
- Deposits Compliances
- Borrowing Compliances
- Section 186 Compliance
- Alteration of MOA and AOA are made

Gallery for the Month of *October 2023*

Topic : "Discussion on filing Returns under GST Law"

Date : 14th September 2023, Thursday

Speaker : CA. Muthu Palaniappan C



Topic : “Annual Return Filing under the Companies Act”

Date : 10th October 2023, Tuesday

Speaker : CS. Jaihari S



Topic : “Discussion on Filing of Form 10B & Form 10BB under Income Tax”
Date : 17th October 2023, Tuesday
Speaker : CA. Rajasekaran P



Topic : “ITC under GST - Saga of Reversal and Reclaim”
Date : 21st October 2023, Saturday
Speaker : CA. Manimaran Kathiresan



Second Best Branch of SICASA Award For The Year 2022
(under the leadership of Chairman CA. Sathiyannarayanan K. R
& SICASA Chairperson CA. Madhumitha. R)
Jointly with Hyderabad Branch of SIRC under the Mega Category.



ஆயுத பூஜை @ Branch Premises on 23th October 2023



Upcoming Programs



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



Chengalpattu District Branch of SIRC of ICAI

Cordially invites you to us

Physical CPE Meetings of November 2023 @ Branch Premises

Topics : Practical approach to handle Faceless Assessment and Faceless Appeals
Speaker : CA. Muthu Abirami T V
Date : 16th November 2023, Thursday

Topics : Recent Developments in GST
Speaker : CA. Ganesh Prabhu
Date : 23th November 2023, Thursday

Registration Link: <https://events.cglportal-icai.org/member>

Fees - 236/- (Nil for ARC Members of Chengalpattu District Branch)

CPE - 2 Hrs | Time - 06:00 to 08:00 PM

Welcome!

CA. Sivagurunathan T
Chairman

CA. Shivachandra Reddy K
Secretary

Flat No.402, Fourth Floor, No.1A, Periyalwar Street, Sundaram Colony,
East Tambaram , Chennai- 600059 Ph :044-22390098 | 8056244300
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ICAI MSME SAHYOG



75 The Institute of Chartered Accountants of India
COMMITTEE ON MSME AND STARTUP

Organised by : Committee on MSME & Startup, ICAI

Supported By

MSME MICRO, SMALL & MEDIUM ENTERPRISES
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ICAI MSME SAHYOG

Jointly Hosted by Chengalpattu District Branch of SIRC of ICAI

Date : 08th November 2023 | Time : 10:30 AM to 01:30 PM
Venue : Mepzma, Plot No.S10, Phase 1, First Main Road, MEPZ SEZ, Tambaram, Chennai - 600 045.

ICAI MSME SAMVAD



75 The Institute of Chartered Accountants of India
COMMITTEE ON MSME AND STARTUP

ICAI Startup Yatra

Jointly organised by committee for Development of International Trade, Services & WTO,
& The Committee on MSME & Startup, ICAI

Supported By

MelTY Startup Hub
STPI
75 Azadi Ka Amrit Mahotsav

Startup SAMVAD

Jointly Hosted by Chengalpattu District Branch of SIRC of ICAI

Date : 08th November 2023 | Time : 02:30 PM to 05:30 PM
Venue : Mepzma, Plot No.S10, Phase 1, First Main Road, MEPZ SEZ, Tambaram, Chennai - 600 045.



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)



Chengalpattu District Branch of SIRC of ICAI

Coaching Classes for CA Intermediate for May 2024 Examination

Limited Seats
Available

Fees

Single Group Rs. 12000/-

Both Groups Rs. 21000 /-

Morning - Group 1 - (07:00 am to 09.30 am)

Evening - Group II - (05.30 pm to 08.00 pm)

- Duration – 4 Months
- Chapter Wise Coverage
- Mock Test as per ICAI Guidelines
- Eminent Faculties
- Well Furnished Class Room
- Affordable Fees

* Special Session by Expert Faculty Members

Classes to Commence From 16th November 2023

Registration Link: <https://events.cglportal-icai.org/Student>

CA. Sivagurunathan T
Chairman

CA. Shivachandra Reddy K
Secretary

CA. P S Bharathi
Class Coordination &
Development Committee

CA. Ravichandran S
Class Coordination &
Development Committee

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