



The Institute
of Chartered
Accountants of
India
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Parliament)

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The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events

Happy Diwali





ICAI Forging Global Partnership with IFRS Foundation for Knowledge Sharing: ICAI President, CA. Naveen N. D. Gupta and IASB Chairman, Mr. Hans Hoogervorst exchanging the Memorandum of Understanding at New Delhi.



ICAI Forging Global Partnership with IFRS Foundation for Knowledge Sharing: ICAI President, CA. Naveen N. D. Gupta and IASB Chairman, Mr. Hans Hoogervorst with the Chairman, Board of Studies, CA. Dhinal A. Shah and Central Council Member, CA. S. B. Zaware. Ms. Sue Lloyd, Vice Chairperson, IASB, Mr. Lee White, Executive Director, IFRS Foundation, CA. Vidhyadhar Kulkarni, Secretary, ASB & Head Technical Directorate are also seen.



Faculty Development Programme, Ahmedabad: Chairman, Board of Studies, CA. Dhinal A. Shah inaugurating the one day programme on Management & Communication Skills.



Chairman, Board of Studies, CA. Dhinal A. Shah addressing the participants.



Faculty Development Programme, New Delhi: Inaugural Ceremony- Director, Board of Studies, CA. Vandana D. Nagpal, Founder & CEO, Soaring Eagles Learning Pvt. Ltd, Ms. Sonali Sinha, Dr. Mitali Khosla, BoS and other participants seen in picture.



Teachers' Day Celebrations of Board of Studies: Live webcast by eminent speakers- ICAI Past President and Rajya Sabha MP, CA. N. D. Gupta and Central Council Members, CA. S. B. Zaware and Dr. P. C. Jain seen in picture.



Dear Students,

As you read this communication, I hope that you would be all set for the examinations and extend my heartfelt wishes to all of you for appearing in the same. At this point of time I would request you to organise yourself and your study space so that you are able to locate important books, notes for final revision thus utilising your limited time during examinations in a most productive manner. At the same time, you must take due care of your health, and take reasonable sleep for good concentration and retention.

Points to Remember

Conceptual clarity with sound practice will always lead you to success. Chartered Accountancy course is based on this very principle, so keep your concepts clear, practice consistently, strengthen your commitment and elevate your performance. Self-awareness is crucial to one's success. We are the best judge to our own shortcomings and strengths. Devote more time on the areas requiring your attention. So, work harder on the shortcomings and transcend the challenges into success.

During examination period, time management is also a significant aspect. Hard work delivered within a given time frame transforms into excellence. I suggest my budding professionals to keep a track on time during examinations and smartly manage the time allocation vis-à-vis questions attempted.

Carefully utilise the initial time to read the question paper as well as instructions thoroughly and strategise the sequence of the questions you wish to attempt, from the solution you know the best to the solution you know the least and commensurate with the time assigned to the questions respectively. Make sure to reserve some time for revision as well.

Once a paper gets over, relax for some time then only start preparing for the next exam.

Campus Placements at a glance

Our Institute is a popular destination amongst reputed organisations seeking competent professionals in taxation, audit, finance and other related profiles. You will be pleased to know that in ICAI Campus **Placement Programme** recently organised in August-September across the country, the highest salary offered is ₹ 35 Lacs per annum for international posting and ₹ 22.62 Lacs per annum for domestic posting. Average salary offered is ₹ 8.84 Lacs per annum. Many

well-known companies from different sectors were amongst the top recruiters which proves that the industry is upbeat about engaging young Chartered Accountants at significant positions.

Live Virtual Classes

As you know that the BOS is conducting Live Virtual Classes for the Intermediate and Final level students. Periodical Tests, Question Answer Sessions and Interactive mode of teaching are the main features of these classes. It has been noticed that students are not taking full advantage of the expertise of the faculty. It is my earnest request to you to participate wholeheartedly in these classes including in question - answer sessions. You must attempt the tests sincerely and submit the answer sheets for evaluation. Please remember, BOS is trying to assist you in your endeavor to be successful.

Practical Training Assessment

By the time this issue reaches you, two sets of assessment test would have been concluded. I am happy to note that students are registering for assessment tests in great numbers. It is my sincere advice that you should take your practical training seriously and appear for these tests in a time bound manner.

You must constantly upgrade and update your knowledge to stay ahead of the learning curve. Do not hesitate to ask questions or seek advice from your seniors in industry and practice, teachers and most importantly your Principal. Skillfully plan your activities to make the best use of your time. Stay focused and do your best with utmost dedication and commitment towards your goal. I am sure you shall soon join the CA fraternity and make your family and nation proud.

Remember: *Success comes to those who deserve it.* So, work hard to deserve the success you aspire.

Wishing you and your family a Happy and Prosperous Deepawali.

Wishing you all the success,

CA. NAVEEN N. D. GUPTA
PRESIDENT, ICAI, NEW DELHI

CHAIRMAN'S COMMUNICATION ||



Dear Students,

At the outset, I would like to convey my sincere good wishes to all the students appearing for the November 2018 examinations. I am very sure that amidst the festivals, you all must have utilised your time very effectively and prepared well for giving your best. May the days of toiling and hard work bear the desired fruits.

The completion of examinations should also bring in period of great relief and provide you with the time to relax and do other important tasks. You all should utilise the available time effectively and in a constructive manner. You cannot afford to waste time. A student of the chartered accountancy course has to remain as a student for life-long. Even our esteemed members remain ever receptive to new knowledge. If we fail to update our knowledge on a day to day basis, we will perish. As far as the professional journey of chartered accountancy is concerned, learning has no final destination. Reaching intermittent milestones should not slow you down. Keep on studying. You are not studying just to clear your examinations, but to acquire more and more knowledge.

I strongly believe that the students who join the course to become a Chartered Accountant accept it as a way of life, or otherwise, it is your goal. The chartered accountancy course expects the students to study with sincerity and seriousness. You must have the willingness to learn and improve continuously throughout the period of articles, whether you are working under a practicing chartered accountant or as an industrial trainee and thereafter during your professional career. Your ultimate aim is achieving your goal you have set for your life. One of the main reasons that may hinder us from reaching our innermost goals and desires is our inability to remain updated on the day-to-day developments happening around us. Make it a habit that you update your knowledge horizon on regular basis. If you limit your knowledge, you won't be able to progress in your career. As you know that the Institute recently started **Practical Training Assessment tests**. The student community responded to the new venture overwhelmingly.

Students should take their practical training very seriously and appear for the assessment tests at the first opportunity.

As you know, the Board of Studies had initiated the **Live Virtual Classes** with a view to help the students in their learning endeavours. I doubt, the students are taking full advantage of the same. The success of the programme is your wholehearted cooperation. Since the programme is intended for your success, never lack in taking the full advantage of the same.

A Chartered Accountant is able to command respect in the society. A chartered accountant is being described as one who places public good above his personal gain. The clients, institutions and organisations rely on the integrity and objectivity of the Chartered Accountant. This reliance imposes a public interest responsibility on all chartered accountants. Those who persist in the principled stand may face many more challenges and obstacles in life, but they will also reap many more rewards and success. You may encounter obstacles and difficulties. You may receive criticisms. Don't let them discourage you. Be flexible and open to new opportunities that will present themselves. Just keep on striving. Persist and success will be yours for the taking.

Before winding up this message, I would like to wish all the best to all of you who write the Foundation/Intermediate/FINAL Examinations. I would also urge you all to take active part in the upcoming CA student's Conferences and the International Conference to be held in Ahmedabad.

Wishing you all a wonderful and safe Diwali.

A handwritten signature in black ink, appearing to read 'Dhinal A. Shah'.

CA. DHINAL A. SHAH
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**Earth provides
enough to
satisfy every
man's needs,
but not every
man's greed.**

**MAHATMA
GANDHI**

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SWACHH BHARAT - A STEP TOWARDS CLEANLINESS

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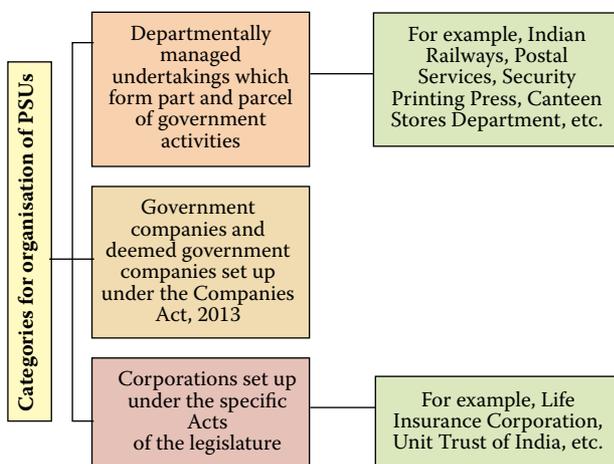
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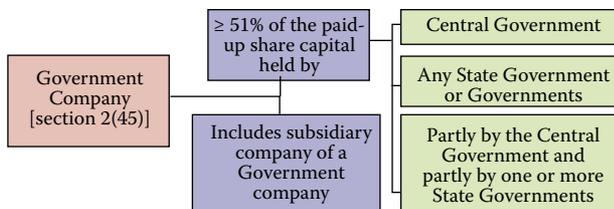
ADVANCED AUDITING AND PROFESSIONAL ETHICS

The September 2018 issue of the Students' Journal had carried a Capsule on Paper 3 Advanced Auditing and Professional Ethics. Some chapters were not considered at that time. Now we are providing herewith a crisp and concise capsule on Chapter 15: Audit of Public Sector Undertakings and Chapter 19 : Peer Review and Quality Review.

Chapter 15 – Audit of Public Sector Undertakings



As defined under section 2(45) of the Companies Act, 2013, a "Government Company" is:



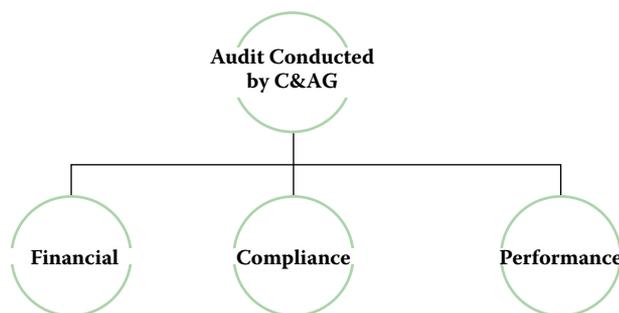
In India, audit of the above government companies is performed by an independent constitutional authority, i.e. Comptroller and Audit General of India (C&AG), through the Indian Audit and Accounts Department. The Constitution of India gives a special status to the C&AG and contains provisions to safeguard his independence.

Article 148 to 151 of the Constitution prescribes the role of C&AG as follows:

Article 148	<ul style="list-style-type: none"> • Appointment of C&AG by the President. • Special procedure for removal of C&AG, only on the ground of proven misbehaviours or incapacity. • Salary and other conditions of service to be determined by the Parliament.
Article 149	<ul style="list-style-type: none"> • Perform such duties and exercise such powers in relation to the accounts of the Union and States and of any other authority or body as may be prescribed by or under any law made by the Parliament. • The C&AG's (Duties, Powers and Conditions of Service) Act, 1971 defines these functions and powers in detail.
Article 150	<ul style="list-style-type: none"> • On the advice of the C&AG, President to prescribe such form in which accounts of the Union and States shall be kept.
Article 151	<ul style="list-style-type: none"> • Audit reports of the C&AG relating to the accounts of the Central/ State Government should be submitted to the President/Governor of the State who shall cause them to be laid before Parliament/State Legislative Assemblies.

C&AG's Role – The Comptroller & Auditor General of India plays a key role in the functioning of the financial committees of Parliament and the State Legislatures. He has come to be recognised as a 'friend, philosopher and guide' of the Committees.

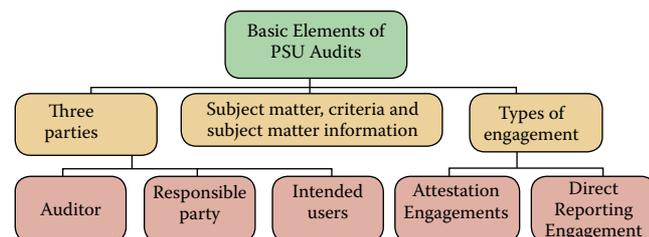
- (i) His Reports generally form the basis of the Committees' working, although they are not precluded from examining issues not brought out in his Reports;
 - (ii) He scrutinises the notes which the Ministries submit to the Committees and helps the Committees to check the correctness of submissions to the Committees and facts and figures in their draft reports;
 - (iii) The Financial Committees present their Report to the Parliament/ State Legislature with their observations and recommendations.
 - (iv) The various Ministries / Department of the Government are required to inform the Committees of the action taken by them on the recommendations of the Committees (which are generally accepted) and the Committees present Action Taken Reports to Parliament / Legislature;
 - (v) In respect of those Audit Reports, which could not be discussed in detail by the Committees, written answers are obtained from the Department / Ministry concerned and are sometimes incorporated in the Reports presented to the Parliament / State Legislature.
- This ensures that the Audit Reports are not taken lightly by the Government, even if the entire report is not deliberated upon by the Committee.



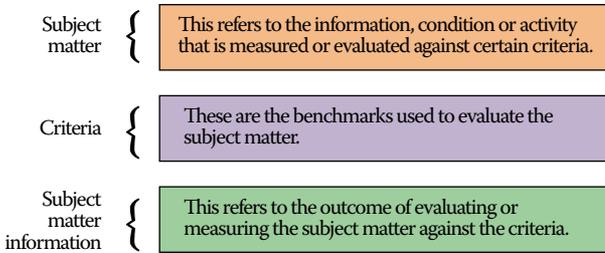
Elements of PSU Audits

Public sector auditing augments the confidence of the intended users by providing relevant information and independent and objective assessments concerning deviations from accepted standards or principles of good governance.

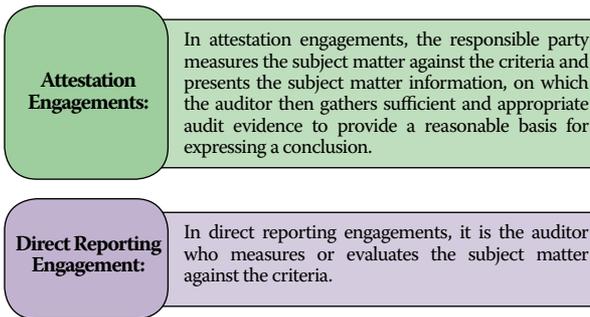
(a) Audit of all public-sector undertakings has the following basic elements:



(b) Subject matter, criteria and subject matter information.



(c) Types of engagement - Attestation Engagements and Direct Reporting Engagement.



Principles of PSU Audits

The principles of PSU Audits constitute the general standards that apply to SAI India's personnel as auditors and are fundamental to the conduct of all types of PSU Audits.

The principles are categorised into two distinct groups as below:

- I. General Principles
- II. Principles related to the Audit Process

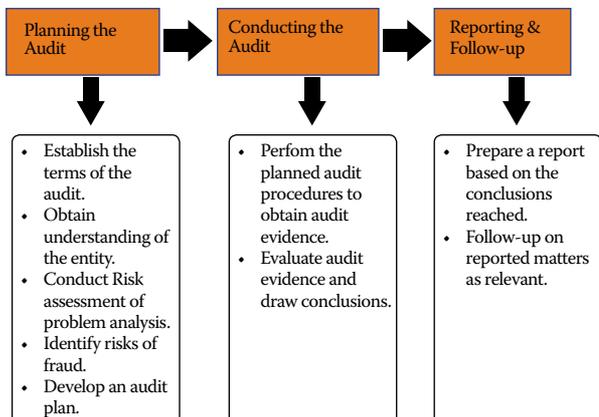
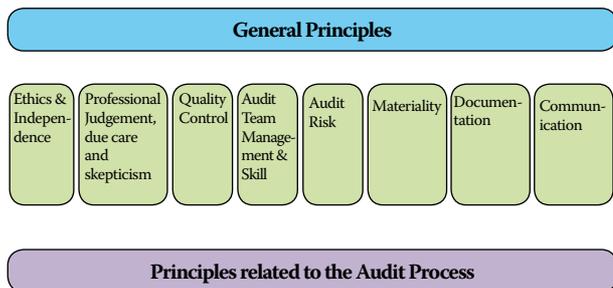
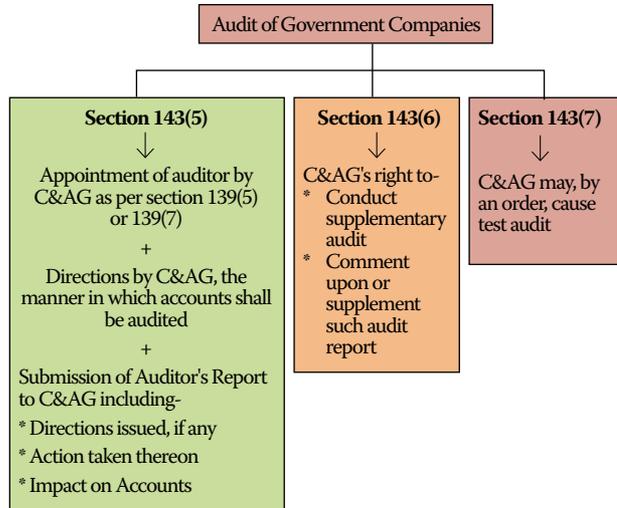


Diagram showing provisions of the Companies Act, 2013 related to Government Audit



Financial audit is primarily conducted to:

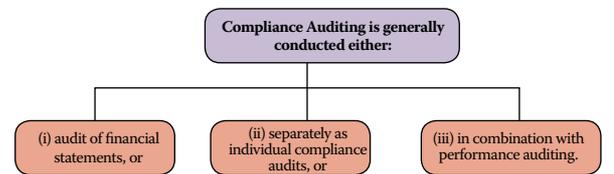
- express an audit opinion on the financial statements; and
- enhance the degree of confidence of intended users in the financial statements.

The C&AG shall express an opinion as to whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Compliance audit is the independent assessment of whether a given subject matter is in compliance with the applicable authorities identified as criteria. Compliance audit is concerned with:

<p>Regularity- adherence of the subject matter to the formal criteria emanating from relevant laws, regulations and agreements applicable to the entity.</p>	<p>Propriety- observance of the general principles governing sound financial management and the ethical conduct of public officials.</p>
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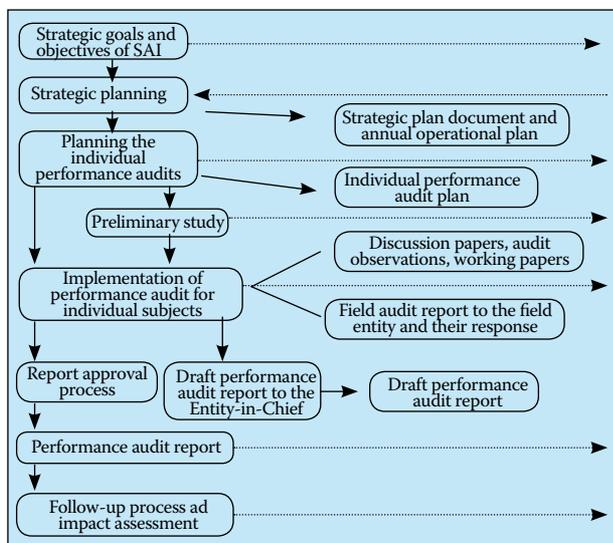
Perspective of Compliance Audit:



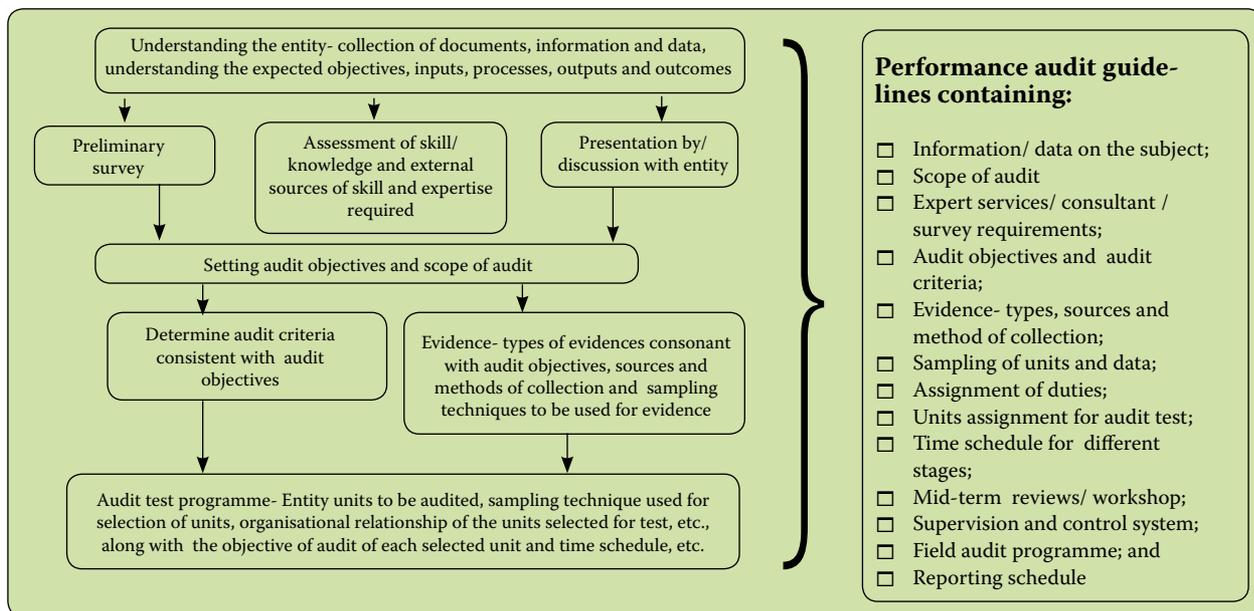
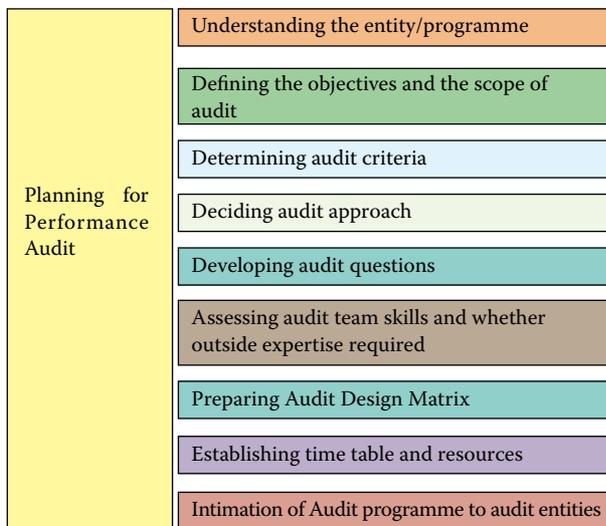
Performance Audit

A performance audit is an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organisation, programme, activity, or function in order to provide information to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.

Performance Audit Cycle



Planning for Performance Audit



- Performance audit guidelines containing:**
- Information/ data on the subject;
 - Scope of audit
 - Expert services/ consultant / survey requirements;
 - Audit objectives and audit criteria;
 - Evidence- types, sources and method of collection;
 - Sampling of units and data;
 - Assignment of duties;
 - Units assignment for audit test;
 - Time schedule for different stages;
 - Mid-term reviews/ workshop;
 - Supervision and control system;
 - Field audit programme; and
 - Reporting schedule

Financial audits are always attestation engagements, as they are based on financial information presented by the responsible party. Performance audits and compliance audits are generally direct reporting engagements.

- Some of the issues examined in comprehensive audit are:**
- (a) How does the overall capital cost of the project compare with the approved planned costs? Were there any substantial increases and, if so, what are these and whether there is evidence of extravagance or unnecessary expenditure?
 - (b) Have the accepted production or operational outputs been achieved? Has there been under-utilisation of installed capacity or shortfall in performance and, if so, what has caused it?
 - (c) Has the planned rate of return been achieved?
 - (d) Are the systems of project formulation and execution sound? Are there inadequacies? What has been the effect on the gestation period and capital cost?
 - (e) Are cost control measures adequate and are there inefficiencies, wastages in raw materials consumption, etc.?
 - (f) Are the purchase policies adequate? Or have they led to piling up of inventory resulting in redundancy in stores and spares?
 - (g) Does the enterprise have research and development programmes? What has been the performance in adopting new processes, technologies, improving profits and in reducing costs through technological progress?
 - (h) If the enterprise has an adequate system of repairs and maintenance?
 - (i) Are procedures effective and economical?
 - (j) Is there any poor or insufficient or inefficient project planning?

Propriety Audit

E. L. Kohler has defined the term propriety as “that which meets the tests of public interest, commonly accepted customs, and standards of conduct, and particularly as applied to professional performance, requirements of law, Government regulations and professional codes”.

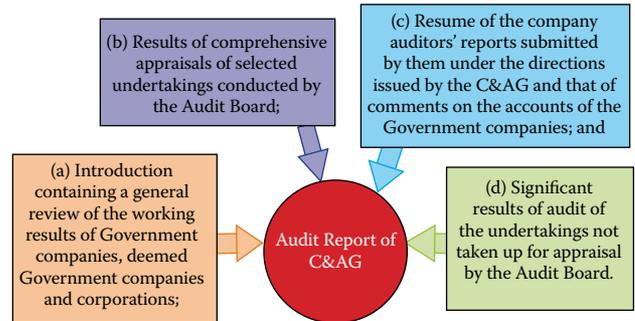
Propriety requires the transactions, and more particularly expenditure, to conform to certain general principles. These principles are:

- (i) that the expenditure is not *prima facie* more than the occasion demands and that every official exercises the same degree of vigilance in respect of expenditure as a person of ordinary prudence would exercise in respect of his own money;
- (ii) that the authority exercises its power of sanctioning expenditure to pass an order which will not directly or indirectly accrue to its own advantage;
- (iii) that funds are not utilised for the benefit of a particular person or group of persons and
- (iv) that, apart from the agreed remuneration or reward, no other avenue is kept open to indirectly benefit the management personnel, employees and others.

It may be stated that it is the responsibility of the executive departments to enforce economy in public expenditure. The function of audit is to bring to the notice of the proper authorities of wastefulness in public administration and cases of improper, avoidable and infructuous expenditure.

Audit Report of the Comptroller and Auditor General

To facilitate a proper consideration, the reports of the C&AG on the audit of PSUs are presented to the Parliament in several parts consisting of the following:



Chapter 19 : Peer Review and Quality Review

Unit 1 : Peer Review



As per the Statement of Peer Review, “Peer Review” means an examination and review of the systems and procedures to determine whether they have been put in place by the practice unit for ensuring the quality of assurance services as envisaged and implied/mandated by the Technical Standards, Ethical Standards and Professional Standards and whether these were effective or not during the period under review”.

- ♣ The examination and review of a practice unit would be carried out by a “reviewer”, i.e., a member, selected from a panel of reviewers maintained by the Board.
- ♣ The term “**practice unit**” means members in practice, whether practising individually or as a firm of Chartered Accountants.
- ♣ The word Board means Peer Review Board.

The main objective of Peer Review is to ensure that in carrying out the assurance service assignments, the members of the Institute-

Objectives of Peer Review

- (a) comply with Technical, Professional and Ethical Standards as applicable including other regulatory requirements thereto and
- (b) have in place proper systems including documentation thereof, to amply demonstrate the quality of the assurance services.

Thus, the primary objective of peer review is not to find out deficiencies but to improve the quality of services rendered by members of the profession.

Scope of Peer Review

The Peer Review process shall apply to all the assurance services provided by a Practice Unit.

1. Once a Practice Unit is selected for Review, its assurance engagement records pertaining to the Peer Review Period shall be subjected to Review.
2. The Review shall cover:

Compliance with Technical, Professional and Ethical Standards.

Quality of reporting.

Systems and procedures for carrying out assurance services.

Training programmes for staff (including articled and audit assistants) concerned with assurance functions, including availability of appropriate infrastructure.

Compliance with directions and / or guidelines issued by the Council to the Members, including Fees to be charged, Number of audits undertaken, register for Assurance Engagements conducted during the year and such other related records.

Compliance with directions and / or guidelines issued by the Council in relating to article assistants and / or audit assistants, including attendance register, work diaries, stipend payments, and such other related records.

ACADEMIC UPDATES ||

Students may note that assurance services shall not include:	
(i)	Management Consultancy Engagements;
(ii)	Representation before various Authorities;
(iii)	Engagements to prepare tax returns or advising clients in taxation matters;
(iv)	Engagements for the compilation of financial statements;
(v)	Engagements solely to assist the client in preparing, compiling or collating information other than financial statements;
(vi)	Testifying as an expert witness;
(vii)	Providing expert opinion on points of principle, such as Accounting Standards or the applicability of certain laws, on the basis of facts provided by the client; and
(viii)	Engagement for Due diligence.

- (e) Should have **signed the Declaration of Confidentiality** as prescribed by the Board.
- (f) Should have **conducted audit** of Level I Entities for at least 7 years to be eligible for conducting Peer Review of Level I Entities as referred to in Para II of this Statement.

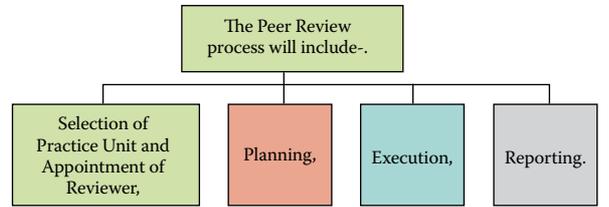
2. For being a Reviewer a member should not have: -

- (i) Disciplinary action / proceedings pending against him.
- (ii) been found guilty by the Council or the Disciplinary Board or Committee at any time.
- (iii) been convicted by a Competent Court whether within or outside India, of an offence involving moral turpitude and punishable with transportation or imprisonment.
- (iv) any Obligation or conflict of interest in the Practice Unit or its Partners / Personnel.

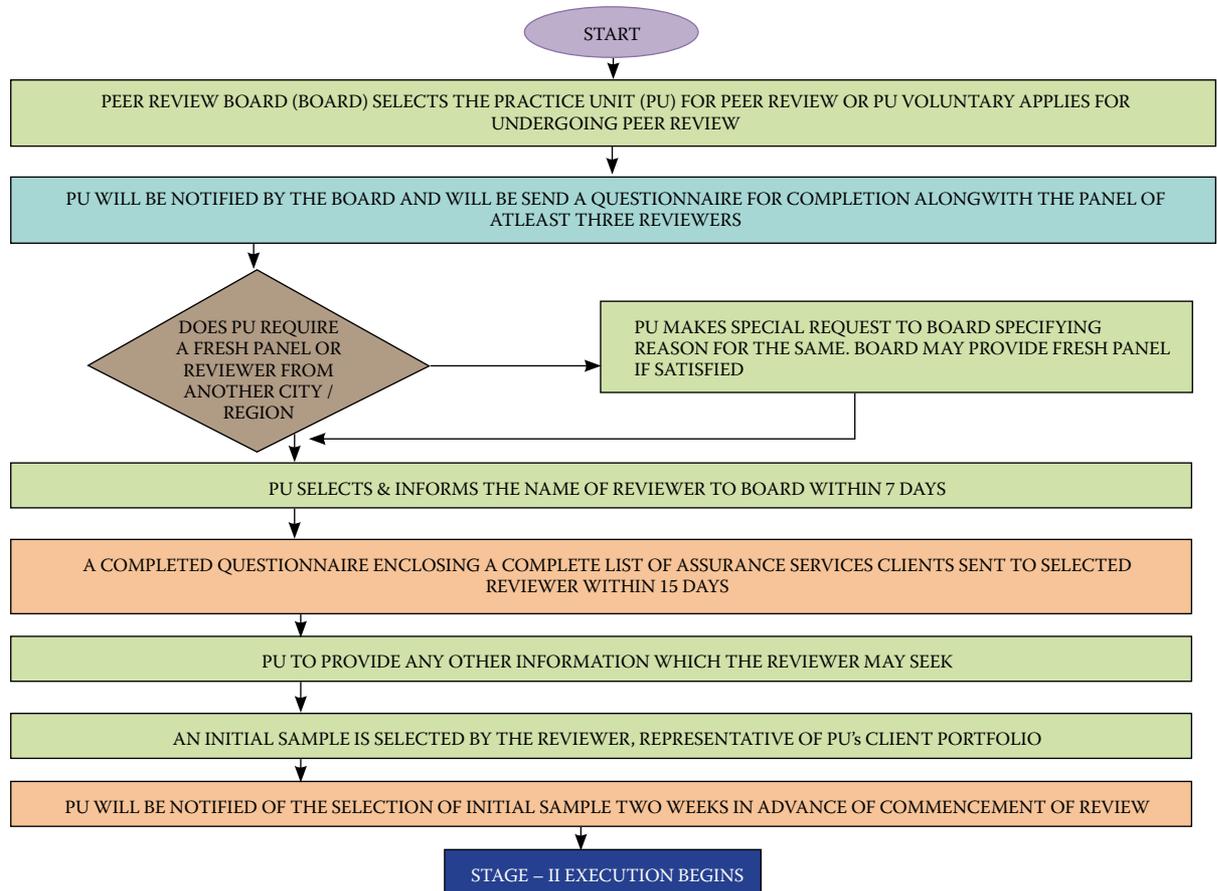
3. A Reviewer shall not accept any professional assignment from the Practice Unit for a period two years from the date of appointment.

Eligibility to be a Reviewer

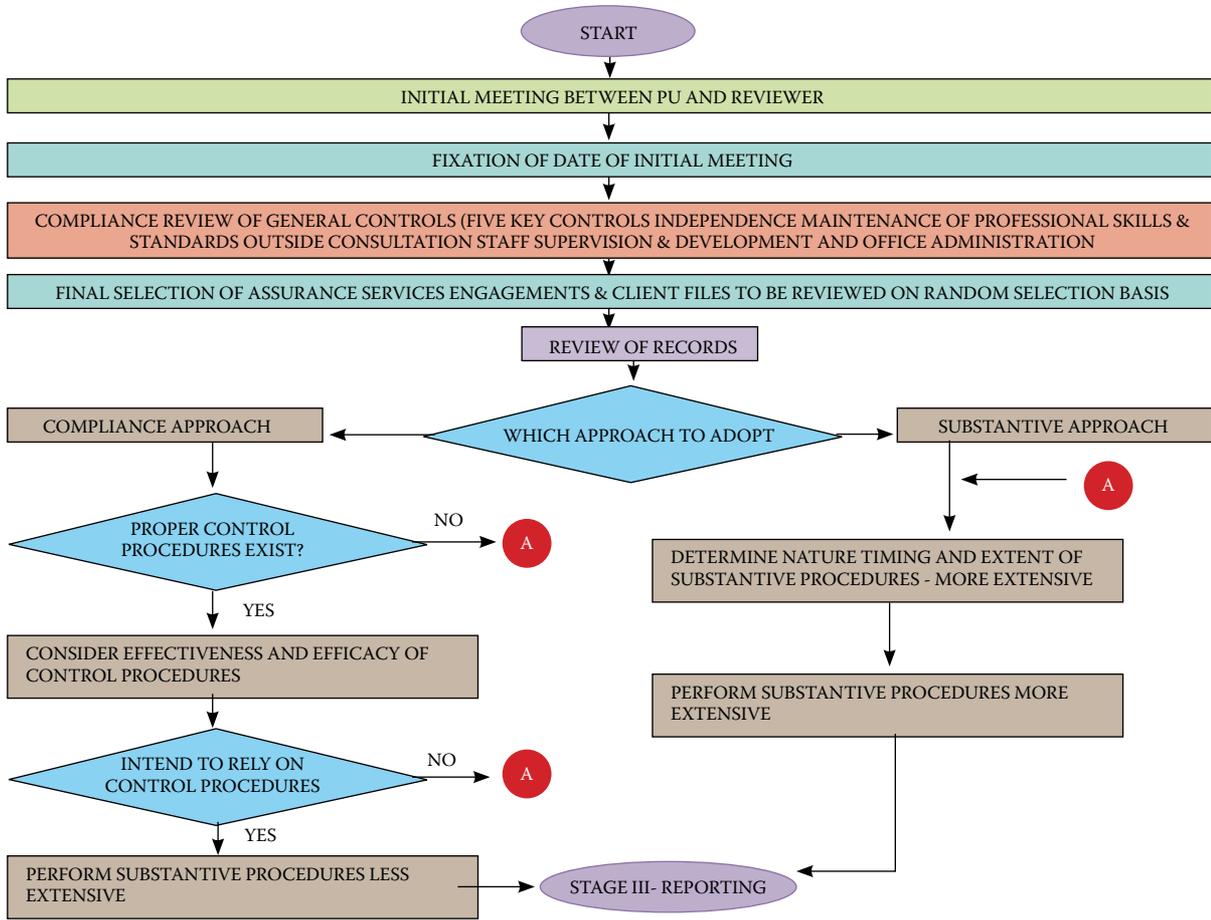
- 1. A Peer Reviewer shall: -**
- (a) Be a member with **at least 10 years of experience** in practice.
 - (b) **Is in Practice** as per the Chartered Accountants Act, 1949.
 - (c) Should have **undergone the requisite training** as prescribed by the Board.
 - (d) Should **furnish a declaration** as prescribed by the Board, at the time of acceptance of Peer Review appointment.



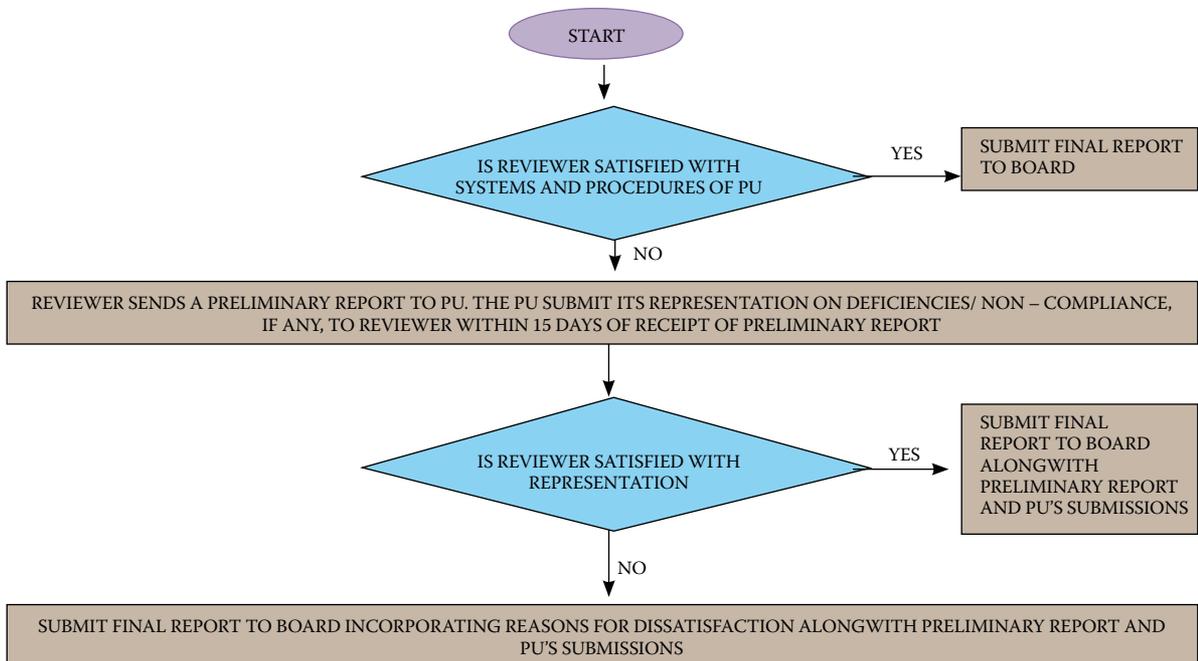
Stage- I: Planning



Stage- II: Execution



Stage- III: Reporting



Reporting

The Peer Review Report shall address his report of compliance or otherwise on the following areas of controls:



Unit 2 : Quality Review

Quality means doing it right when no one is looking. Every audit firm is required to establish a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements and that reports issued by the firm or engagement partner(s) are appropriate in the circumstances.

The scope of the quality review includes examining whether the

engagement partner has ensured compliance with the applicable technical standards in India and other applicable professional and ethical standards and requirements.	engagement partner has ensured compliance with the relevant laws and regulations.	Audit firm has implemented a system of quality control as envisaged in line with the Standard on Quality Control (SQC) 1.
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Functions of Quality Review Board



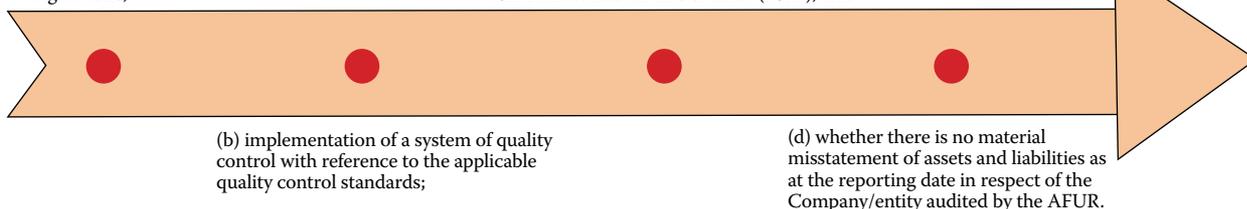
Various Stages involved in the Conduct of the Quality Review Assignments: The following table describes the various stages involved in the conduct of the quality review assignments:

Selection of Audit Firm and Technical Reviewer to conduct Quality Review and sending Offer Letter of Engagement to the Technical Reviewer.
Technical Reviewer to convey his acceptance of Letter of Engagement by sending necessary declarations for meeting eligibility conditions and furnishing statement of confidentiality by the Technical Reviewer and his assistant/s, if any.
Intimation to the Audit Firm about the proposed Quality Review and acceptance of the assignment by the Technical Reviewer. Also marking a copy of the intimation to the Technical Reviewer.
Technical Reviewer to send the specified Quality Review Programme General Questionnaire to the Audit firm for filling-up and call for additional information from the Audit Firm, if required.
Technical Reviewer to carry out the Quality Review by visiting the office of the Audit Firm by fixing the date as per mutual consent.
Technical Reviewer to send the preliminary report to Audit firm.
Audit firm to submit representation on the preliminary report to the Technical Reviewer.
Technical Reviewer to submit final report alongwith a copy of Annual report of the company/entity for the year, to the Board in the specified format, on their (individual) letterhead, duly signed and dated within 45 days from the date of acceptance of the assignment.
Technical Reviewer should also send a copy of their final report to the Statutory Auditor/Audit firm, requesting the firm to send their submissions thereon to the Board within 7 days of receipt of the final report with a copy to Technical Reviewer. Upon receipt of their final submission, Technical Reviewer shall submit within next 7 days a summary of their findings, reply of the audit firm thereon alongwith their final comments in the specified format.
Quality Review Group to consider the report of the Technical Reviewer and responses of the Audit firm and make recommendations to Quality Review Board.
Quality Review Board to consider the report of the Quality Review Group and decide the final course of action.

Objective of Technical Review

(a) compliance with the applicable technical standards in India, other applicable professional and ethical standards and relevant laws and regulations;

(c) consideration of SA 240, "The Auditors' Responsibilities relating to Fraud in an Audit of Financial Statements" issued by The Institute of Chartered Accountants of India (ICAI); and



(b) implementation of a system of quality control with reference to the applicable quality control standards;

(d) whether there is no material misstatement of assets and liabilities as at the reporting date in respect of the Company/entity audited by the AFUR.

Independence and Qualifications of Technical Reviewers: For being a technical reviewer:

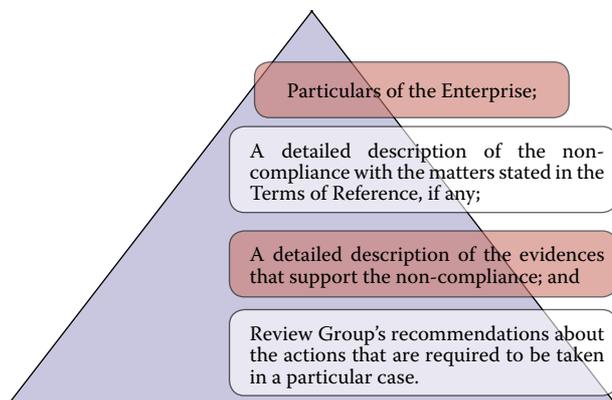
A member should not have disciplinary proceeding under the Chartered Accountants Act, 1949 pending against him/her or any disciplinary action under the Chartered Accountants Act, 1949 / penal action under any other law taken/pending against you during last three financial years and/or thereafter.

A member or his/her firm or any of the network firms or any of the partners of the firm or that of the network firms should not have been the statutory auditor of the company, as specified, or have rendered any other services to the said company/entity during last three financial years and /or thereafter.

A member or his/her firm or any of the network firms or any of the partners of the firm or that of the network firms should not have had any association with the specified statutory audit firm, during the last three financial years and /or thereafter.

A member to comply with all the eligibility conditions laid down for appointment as an auditor of a company u/s 141(3) of the Companies Act, 2013 which apply *mutatis mutandis* in respect of the review of the quality of statutory audit of the company/entity, as specified, so far as applicable.

The report of the Review Group shall expressly state the following:



Basic Elements of the Reviewer's Report

The report should contain:

(a) Elements relating to audit quality of companies:

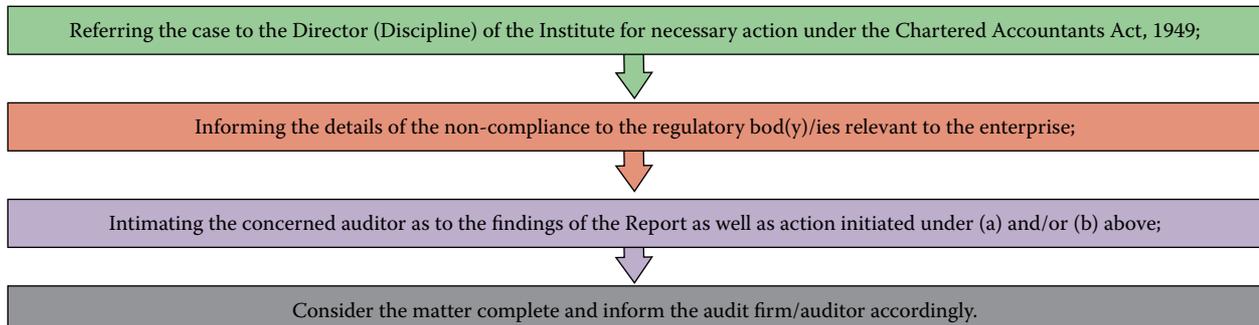
- i. A reference to the description of the scope of the review and the period of review of audit firm conducted alongwith existence of limitation(s), if any, on the review conducted with reference to the scope as envisaged.
- ii. A statement indicating the instances of lack of compliance with technical standards and other professional and ethical standards.
- iii. A statement indicating the instances of lack of compliance with relevant laws and regulations.

(b) Elements relating to quality control framework adopted by the audit firm in conducting audit:

- i. An indication of whether the firm has implemented a system of quality control with reference to the quality control standards.
- ii. A statement indicating that the system of quality control is the responsibility of the reviewed firm.
- iii. An opinion on whether the reviewed firm's system of quality control has been designed to meet the requirements of the quality control standards for attestation services and whether it was complied with during the period reviewed to provide the reviewer with reasonable assurance of complying with technical standards in all material respects.
- iv. Where the reviewer concludes that a modification in the report is necessary, a description of the reasons for modification. The report of the reviewer should also contain the suggestions.
- v. A reference to the preliminary report.
- vi. An attachment which describes the quality review conducted including an overview and information on planning and performing the review.

Actions that may be recommended by the Quality Review Board

The actions that may be recommended by the Board include one or more of the following:



*Recent Amendments in the Rules covered under the Companies Act, 2013

1. The MCA vide Notification No. G.S.R. 614(E) dated 5th July, 2018 amends *the Companies (Registration of Charges) Rules, 2014* by making *the Companies (Registration of Charges) Amendment Rules, 2018*.

In the *Companies (Registration of Charges) Rules, 2014*,

- (i) in rule 3, in sub-rule (1), for the words “and filed”, the words “shall be filed” shall be substituted;
 - (ii) for sub-rule (1) of rule 8, a new sub-rule (1) shall be substituted,
 - (iii) in rule 12, in sub-rule (1), for the words “within thirty days” the words “within a period of three hundred days” shall be substituted.
2. The MCA vide Notification No. G.S.R. 615(E) dated 5th July, 2018, amends *the Companies (Appointment and Qualification of Directors) Rules, 2014* by making *the Companies (Appointment and Qualification of Directors) fourth Amendment Rules, 2018*. They shall come into force from 10th July, 2018.

In the *Companies (Appointment and Qualification of Directors) Rules, 2014*,
 - (i) The rule 11 shall be renumbered as sub-rule (1) thereof and after sub-rule (1) as so renumbered, a new sub-rules (2) and (3) shall be inserted,
 - (ii) after rule 12, a new rule 12A shall be inserted,
 - (iii) In the Annexure after Form DIR-3, a new FORM NO. DIR-3-KYC shall be inserted.
 3. The MCA vide Notification No. G.S.R. 612(E) dated 5th July, 2018, amend the *Companies (Acceptance of Deposits) Rules, 2014* by making *the Companies (Acceptance of Deposits) Amendment Rules, 2018*. They shall come into force on 15th August, 2018.

In the *Companies (Acceptance of Deposits) Rules, 2014*:
 - (i) in rule 4, in sub-rule (1), after the proviso, a new proviso shall be inserted,
 - (ii) rule 5 shall be omitted;
 - (iii) in rule 13, for the proviso, a new proviso shall be substituted,
 - (iv) in rule 14, in sub-rule (1), clause (k) shall be omitted;
 - (v) in the Annexure,-
 - (a) for Form DPT-1, a new Form shall be substituted,
 - (b) for Form DPT-3, a new form shall be substituted.
 4. The MCA vide Notification No. G.S.R. 708(E) dated 27th July, 2018 amends *the Companies (Incorporation) Rules, 2014* by making *the Companies (Incorporation) Third Amendment Rules, 2018*.

In the *Companies (Incorporation) Rules, 2014*:
 - (i) in rule 3, for Explanation to sub-rule (1), a new Explanation shall be substituted,
 - (ii) for rule 15, a new rule 15 shall be substituted,
 - (iii) in Form No. INC-9, for the word ‘Affidavit’, the word ‘Declaration’ shall be substituted,
 - (iv) in Form No. INC-32, (SPICe), in the List of Attachments, in item number 3, for the words and brackets “Affidavit and declaration by first subscriber(s) and director(s)” the words and brackets “Declaration by first subscriber(s) and director(s)” shall be substituted.
 5. The MCA vide Notification No. G.S.R. 725(E) dated 31st July, 2018 amends *the Companies (Accounts) Rules, 2014* by making *the Companies (Accounts) Amendment Rules, 2018*.

In the *Companies (Accounts) Rules, 2014*, in rule 8:
 - (i) In sub-rule (5), after clause (viii), clauses (ix) and (x) shall be inserted,
 - (ii) after sub-rule (5), a new sub-rule (6) shall be inserted
 - (iii) after rule 8, a new rule 8A shall be inserted.
 6. The MCA vide Notification No. G.S.R. 752(E) dated 7th August, 2018 amends *the Companies (Prospectus and Allotment of Securities) Rules, 2014* by making *the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2018*.

In the *Companies (Prospectus and Allotment of Securities) Rules, 2014* for rule 14, a new rule 14 shall be substituted and for “Form No. PAS-4”, a new Form shall be substituted.
 7. The MCA vide Notification No. G.S.R. 798 (E) dated 21st August, 2018 amends *the Companies (Appointment and Qualification of Directors) Rules, 2014* by making *the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2018*.

In the *Companies (Appointment and Qualification of Directors) Rules, 2014*,

- (i) in the proviso to rule 12A, for the words and numbers “DIR-3 KYC on or before 31st August, 2018, the words and numbers “DIR-3 KYC on or before 15th September, 2018” shall be substituted.
 - (ii) for Form No. DIR-3 KYC, a new Form shall be substituted.
8. The MCA vide Notification No. G.S.R. 853(E) dated 10th September, 2018 amends the *Companies (Prospectus and Allotment of Securities) Rules, 2014* by making *Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018*. They shall come into force on the 2nd day of October, 2018.

In the *Companies (Prospectus and Allotment of Securities) Rules, 2014*, after rule 9, “rule 9A: Issue of securities in dematerialised form by unlisted public companies” shall be inserted.

9. The MCA vide Notification No. G.S.R. 875(E) dated 12th September 2018, amend the *Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*, by making *Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2018*.

In the *Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*,

- (i) in rule 6,
 - (a) for the heading ‘application to the Central Government’ the heading ‘Parameters for consideration of remuneration’ shall be substituted.
 - (b) the words ‘Central Government’ shall be omitted.
 - (ii) in rule 7, sub-rule (2) shall be omitted
 - (iii) for Form No. MR-2, a new form shall be substituted
10. The MCA vide Notification No. G.S.R. 895(E) dated 19th September 2018 amends the *Companies (Corporate Social Responsibility Policy) Rules, 2014* by making the *Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018*.

In the *Companies (Corporate Social Responsibility Policy) Rules, 2014*,

- (i) in rule 2, -
 - (a) in sub-rule (1), in sub-clause (i) of clause (c), after the words “relating to activities”, the words “, areas or subjects” shall be inserted;

- (b) in sub-rule (1), in sub-clause (ii) of clause (c), for the words “cover subjects enumerated”, the words “include activities, areas or subjects specified” shall be substituted;

- (c) in sub-rule (1), in clause (e), for the words “company as”, the words “company in areas or subjects” shall be substituted.

- (ii) in rule 5, in clause (i) of sub rule (1), for the words “an unlisted public company or a private company”, the words “a company” shall be substituted.

- (iii) In rule 6, -

- (a) in sub-rule (1), in clause (a), for the words “falling within the purview of” the words “areas or subjects specified in” shall be substituted;

- (b) in sub-rule (1), in second proviso to clause (b), for the words, “activities included in Schedule VII” the words “areas or subjects specified in Schedule VII” shall be substituted.

- (iv) in rule 7, for the words, “purview of”, the words “areas or subjects, specified in” shall be substituted.

11. The MCA vide Notification No. G.S.R. 904(E) dated 20th September 2018 amends the *Companies (Appointment and Qualification of Directors) Rules, 2014* by making *Companies (Appointment and Qualification of Directors) Sixth Amendment Rules, 2018*.

In the *Companies (Appointment and Qualification of Directors) Rules, 2014*,

- (i) in the proviso to rule 12A, for the words and figures “before 15th September 2018,” the words and figures “before 5th October 2018” shall be substituted.

12. The MCA vide Notification No. G.S.R. 925(E) dated 25th September 2018 amends the *Companies (Registered Valuers and Valuation) Rules, 2017* by making the *Companies (Registered Valuers and Valuation) Third Amendment Rules, 2018*.

In the *Companies (Registered Valuers and Valuation) Rules, 2017*

- (i) in rule 11, for the figures, letters and word “30th September 2018” occurring at both the places, the figures, letters and word “31st January, 2019” shall be substituted.

- (ii) in rule 14, in clause (f), for the words “one year”, the words “two years” shall be substituted.

*These amendments are not applicable for November 2018 examinations.

Recent amendments in Goods and Services Tax laws

Many notifications have been issued in GST law by the Government in the recent past which have made significant amendments therein. The update given below covers some of such significant amendments.

1. Provisions relating to TDS been made effective from 1st October, 2018

GST Laws provide for tax deduction at source (TDS) vide section 51 of the CGST/SGST Act 2017, Section 20 of the IGST Act, 2017 and Section 21 of the UTGST Act, 2017 by the specified category of persons/deductors [enumerated below] from the payment made/credited to the supplier of taxable goods and/or services ('deductee') [For inter-State supply @ 2% and intra-State supply – CGST @ 1% and SGST/UTGST @ 1%], where the total value of such supply [excluding taxes leviable under GST], under a contract, exceeds ₹ 2,50,000.

Notification No. 33/2017 CT dated 15.09.2017 issued by the CBIC enabled registration of tax deductors, but applicability of TDS was deferred till 30.09.2018.

With effect from 01.10.2018, TDS provisions have been made effective vide *Notification No. 50/2018 CT dated 13.09.2018*.

It is important to note that the concept of Tax Deduction at Source (TDS) was there in the erstwhile VAT Laws.

Following would be the deductors of tax in GST under section 51 of the CGST Act, 2017 read with *Notification No. 33/2017 CT*:

- (a) a department/establishment of the Central Government/ State Government; or
- (b) local authority; or
- (c) Governmental agencies; or
- (d) an authority or a board or any other body,-
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) a society established by the Central Government/State Government/a Local Authority under the Societies Registration Act, 1860; or
- (f) public sector undertakings.

2. Provisions relating to TCS been made effective from 1st October, 2018

Section 52 of the CGST Act, 2017 stipulates that the e-commerce operator, not being an agent, is required to collect an amount at the specified percentage of the net value of taxable supplies made through it, where the consideration with respect to such supplies is to be collected by such operator. The amount so collected is called as Tax Collection at Source (TCS).

Rate of TCS is 0.5% under each Act (i.e. the CGST Act, 2017 and the respective SGST Act / UTGST Act respectively) and the same is 1% under the IGST Act, 2017. *Notification No. 52/2018 CT and Notification No. 02/2018 IT both*

dated 20.09.2018 have been issued in this regard. Similar notifications have been issued by the respective State Governments also.

Applicability of provisions of section 52 was deferred till 30.09.2018. With effect from 01.10.2018, provisions of section 52 have been made effective vide *Notification No. 51/2018 CT dated 13.09.2018*.

3. Exemption from GST to supplies received from an unregistered supplier extended till 30.09.2019

Intra-State/inter-State supplies of goods or services or both received by a registered person from any unregistered supplier, are exempt from the whole of the central tax/integrated tax leviable thereon under section 9(4)/5(4) respectively *till 30.09.2019*.

4. E-way Bill provisions made effective from 01.04.2018

Under GST regime, for quick and easy movement of goods across India without any hindrance, all the check posts across the country are abolished. However, in order to monitor the movement of goods for controlling any tax evasion, e-way bill system has been introduced - for inter-State movement of goods with effect from 01.04.2018 and for intra-State movement of goods in a phased manner. Under this system, a taxpayer - prior to movement of goods via a conveyance - would inform each transaction's details to the tax department, obtain an acknowledgement number for having thus informed, and then use this acknowledgement number as a valid document accompanying the conveyance carrying goods. The idea is that the taxpayer be made to upload the details of each transaction to a common portal through the Internet, and once uploaded, the common portal would automatically generate a document which can be tracked and verified easily by any stakeholder.

Statutory requirement

Section 68 of the CGST Act stipulates that the Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed. Rule 138 of CGST Rules, 2017 prescribes e-way bill as the document to be carried for the consignment of goods in certain prescribed cases.

What is e-way bill?

A **waybill** is a receipt or a document issued by a carrier giving details and instructions relating to the shipment of a consignment of goods and the details include name of consignor, consignee, the point of origin of the consignment, its destination, and route. Electronic Way Bill (E-Way Bill) is a compliance mechanism wherein by

way of a digital interface the person causing the movement of goods uploads the relevant information prior to the commencement of movement of goods and generates e-way bill on the GST portal. In other words, **E-way bill is an electronic document generated on the GST portal evidencing movement of goods.**

What are the benefits of e-way bill?

Following benefits are expected from e-way bill mechanism:

- (i) Physical interface to pave way for digital interface resulting in elimination of state boundary check-posts
- (ii) It will facilitate faster movement of goods
- (iii) It will improve the turnaround time of trucks and help the logistics industry by increasing the average distances travelled, reducing the travel time as well as costs.

E-way Bill is generated **electronically in Form GST EWB 01** on the common portal (www.ewaybillgst.gov.in). The facility of generation, cancellation, updation and assignment of e-way bill shall be made available through SMS to the supplier, recipient and the transporter, as the case may be. E-way Bill can be generated through various modes like Web (Online), Android App, SMS, using Bulk Upload Tool and API (Application Program Interface) based site to site integration etc.

The pre-requisite for generation of e-way bill is that the person who generates e-way bill should be a registered person on GST portal and he should register on the e-way bill portal. If the transporter is not registered person under GST it is mandatory for him to get enrolled on e-waybill portal (<https://ewaybillgst.gov.in>) before generation of the e-way bill.

E-way Bill provisions [as contained in rules 138, 138A, 138B, 138C and 138D – Chapter XVI of the CGST Rules, 2017] are elaborated as under:

(1) When is e-way bill required to be generated? [Rule 138(1)]

Whenever there is a movement of goods of consignment value exceeding ₹50,000:

- (i) in relation to a supply; or
- (ii) for reasons other than supply; or
- (iii) due to inward supply from an unregistered person,

the registered person who causes such movement of goods shall furnish the information relating to the said goods as specified in Part A of Form GST EWB-01 before commencement of such movement.

It is important to note that “information is to be furnished prior to the commencement of movement of goods” and “is to be issued whether the movement is in relation to a supply or for reasons other than supply”.

In many cases, goods transit through another State while moving from one area in a State to another area in the same State. It is important to note that E-way bill generation is not dependent on whether a supply is inter-State or not, but on whether the movement of goods is inter-State or not. Therefore, if the goods transit through a second State while moving from one

place in a State to another place in the same State, an e-way bill is required to be generated [Circular No. 47/21/2018 GST dated 08.06.2018].

Who causes movement of goods?

If supplier is registered and undertakes to transport the goods, movement of goods is caused by the supplier. If recipient arranges transport, movement is caused by him. If goods are supplied by an unregistered supplier to a registered known recipient, movement shall be caused by such recipient.

Meaning of consignment value of goods

Consignment value of goods shall be the value:

- determined in accordance with the provisions of section 15,
- declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

In case of movement of goods for reasons other than supply, the movement is occasioned by means of a delivery challan which has to necessarily contain the value of goods. The value given in the delivery challan should be adopted in the e-way bill¹.

Special situations where e-way bill needs to be issued even if the value of the consignment is less than ₹50,000:

(i) Inter-State transfer of goods by principal to job-worker

Where goods are sent by a principal located in one State or Union territory to a job worker located in any other State or Union territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment [Third proviso to rule 138(1)].

(ii) Inter-State transfer of handicraft goods by a person exempted from obtaining registration

Where handicraft goods* are transported from one State or Union territory to another State or Union territory by a person who has been exempted from the requirement of obtaining registration [under clauses (i) and (ii) of section 24], the e-way bill shall be generated by the said person irrespective of the value of the consignment [Fourth proviso to rule 138].

***Handicraft goods** are the goods specified in Notification No. 32/2017-C.T. dated 15.09.2017 which exempts the casual taxable persons making inter-State taxable supplies of such handicraft goods from obtaining registration.

¹ As clarified by CBIC FAQs on E-way Bill.

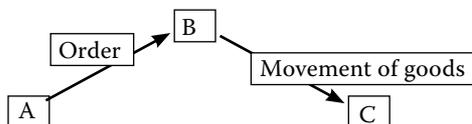
E-way Bill in case of 'Bill To Ship To' Model

In a "Bill To Ship To" model of supply, there are three persons involved in a transaction, namely:

'A' is the person who has ordered 'B' to send goods directly to 'C'.

'B' is the person who is sending goods directly to 'C' on behalf of 'A'.

'C' is the recipient of goods.



In this complete scenario, two supplies are involved and accordingly two tax invoices are required to be issued:

Invoice -1: which would be issued by 'B' to 'A'.

Invoice -2: which would be issued by 'A' to 'C'.

It is clarified that as per the CGST Rules, 2017, either A or B can generate the e-Way Bill but it may be noted that only one e-Way Bill is required to be generated [Press Release dated 23.04.2018]

(2) Information to be furnished in e-way bill:

An e-way bill Form GST EWB-01 contains two parts:

- (I) **Part A** [comprising of details of GSTIN of supplier & recipient, place of delivery (indicating PIN Code also), document (Tax invoice, Bill of Supply, Delivery Challan or Bill of Entry) number and date, value of goods, HSN code, and reasons for transportation, etc.]: to be furnished by the registered person** who is causing movement of goods of consignment value exceeding ₹ 50,000/- and
- (II) **Part B** (transport details) [Transporter document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and Vehicle number, in case of transport by road]: to be furnished by the **person who is transporting the goods.**

**However, information in Part-A may be furnished:

- by the transporter, on an authorisation received from such registered person [First proviso to rule 138(1)] or
- by the e-commerce operator or courier agency, where the goods to be transported are supplied through an such e-commerce operator or a courier agency, on an authorisation received from the consignor [Second proviso to rule 138(1)].

(3) Who is mandatorily required to generate e-way bill?

- **Where the goods are transported by a registered person - whether as consignor or recipient as the consignee** (whether in his own conveyance or a hired one or a public conveyance, by road), the said person shall have to generate the e-way bill (by furnishing information in part B on the common portal) [Rule 138(2)].

- **Where the e-way bill is not generated by the registered person and the goods are handed over to the transporter, for transportation of goods by road**, the registered person shall furnish the information relating to the transporter in Part B on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A [Rule 138(3)].

- **Where the goods are transported by railways or by air or vessel**, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, information in part B [viz transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number)] on the common portal [Rule 138(2A)].

Other important points:

- ♣ **Where the goods are transported by railways:** there is no requirement to carry e-way bill along with the goods, but railways has to carry invoice or delivery challan or bill of supply as the case may be along with goods. Further, e-way bill generated for the movement is required to be produced at the time of delivery of the goods. Railways shall not deliver goods unless the e-way bill required under rules is produced at the time of delivery [Proviso to rule 138(2A)].
- ♣ The registered person or, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than ₹ 50,000 [First proviso to rule 138(3)].
- ♣ Where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the e-way bill [Second proviso to rule 138(3)].
- ♣ Where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods [Explanation 1 to rule 138(3)].

(4) When is it not mandatory to furnish the details of conveyance in Part-B?

Explanation 2 to rule 138(3) stipulates that e-way bill is valid for movement of goods by road only when the information in Part-B is furnished. However, details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:

- ♣ from the place of business of the consignor to the place of business of the transporter for further transportation [Third proviso to rule 138(3)] or
- ♣ from the place of business of the transporter finally to the place of business of the consignee [Proviso to rule 138(5)].

(5) Unique e-way bill number (EBN)

Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal [Rule 138(4)].

(6) Transfer of goods from one conveyance to another

Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in **Part A**, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in **Part B** of the e-way bill on the common portal [Rule 138(5)].

The consignor/recipient, who has furnished the information in **Part A**, or the transporter, may assign the e-way bill number to another registered/enrolled transporter for updating the information in **Part B** for further movement of the consignment [Rule 138(5A)]. However, once the details of the conveyance have been updated by the transporter in **Part B**, the consignor or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter [Proviso to rule 138(5A)].

A consignor is required to move goods from City X to City Z. He appoints Transporter A for movement of his goods. Transporter A moves the goods from City X to City Y. For completing the movement of goods i.e., from City Y to City Z, Transporter A now hands over the goods to Transporter B. Thereafter, the goods are moved to the destination i.e. from City Y to City Z by Transporter B.

In such a scenario, only one e-way bill would be required. Part A can be filled by the consignor and then the e-way bill will be assigned by the consignor to Transporter A. Transporter A will fill the vehicle details, etc. in Part B and will move the goods from City X to City Y.

On reaching City Y, Transporter A will assign the said e-way bill to the Transporter B. Thereafter, Transporter B will be able to update the details of Part B. Transporter B will fill the details of his vehicle and move the goods from City Y to City Z [Press Release No. 144/2018 dated 31.03.2018].

7. Consolidated E-way bill

After e-way bill has been generated, where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill in Form GST EWB-02 may be generated by him on the said common portal prior to the movement of goods [Rule 138(6)].

Consolidated e-way bill is a document containing the multiple e-way bills for multiple consignments being carried in one conveyance (goods vehicle). That is, the transporter carrying multiple consignments of various consignors and consignees in a single vehicle can generate and carry a single document - consolidated e-way bill instead of carrying separate document for each consignment in a conveyance.

Consolidated EWB is like a trip sheet and it contains details of different e-way bills in respect of various consignments being transported in one vehicle and these e-way bills will have different validity periods. Hence, Consolidated EWB does not have any independent validity period. Further, individual consignment specified in the Consolidated EWB should reach the destination as per the validity period of the individual EWB.

Further, where the consignor/consignee has not generated the e-way bill in Form GST EWB-01 and the aggregate of the consignment value of goods carried in the conveyance is more than ₹ 50,000, the transporter, except in case of transportation of goods by railways, air and vessel, shall, in respect of inter-State supply, generate the e-way bill in Form GST EWB-01 on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill in **Form GST EWB-02** on the common portal prior to the movement of goods [Rule 138(7)]. **Provisions of rule 138(7) have not yet been made effective.**

However, where the goods to be transported are supplied through an e-commerce operator or a courier agency, the information in Part A of Form GST EWB-01 may be furnished by such e-commerce operator or courier agency [Proviso to rule 138(7)].

(8) Information submitted for e-way bill can be used for filing GST Returns

The information furnished in **Part A** of the e-way bill shall be made available to the registered supplier on the common portal who may utilise the same for furnishing the details in **Form GSTR-1** [Rule 138(8)].

However, when the information has been furnished by an unregistered supplier/unregistered recipient, he shall be informed electronically, if the mobile number or the e-mail is available [Proviso to rule 138(8)].

(9) Cancellation of e-way bill

Where an e-way bill has been generated, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within **24 hours** of generation of the e-way bill [Rule 138(9)].

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B [First proviso to rule 138(9)].

Further, unique EWB number generated is valid for a period of 15 days for updation of Part B [Second proviso to rule 138(9)].

(10) Validity period of e-way bill/consolidated e-way bill [Rule 138(10)]

Sl. No.	Distance within country	Validity period from relevant date*
1.	Upto 100 km	One day in cases other than Over Dimensional Cargo**
2.	For every 100 km or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo
3	Upto 20 km	One day in case of Over Dimensional Cargo
4	For every 20 km or part thereof thereafter	One additional day in case of Over Dimensional Cargo

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*Relevant date means the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.

This can be explained by following examples –

- (i) Suppose an e-way bill is generated at 00:04 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on.
- (ii) Suppose an e-way bill is generated at 23:58 hrs. on 14th March. Then first day would end on 12:00 midnight of 15 -16 March. Second day will end on 12:00 midnight of 16 -17 March and so on.

The validity of the e-way bill starts when first entry is made in Part-B i.e. vehicle entry is made first time in case of road transportation or first transport document number entry in case of rail/air/ship transportation, whichever is the first entry. It may be noted that validity is not re-calculated for subsequent entries in Part-B².

A consignor hands over his goods for transportation on Friday to transporter. However, the assigned transporter starts the movement of goods on Monday. The validity period of e-way bill starts only after the details in Part B are updated by the transporter for the first time.

In the given situation, Consignor can fill the details in Part A on Friday and handover his goods to the transporter. When the transporter is ready to move the goods, he can fill Part B i.e. the assigned transporter can fill the details in Part B on Monday and the validity period of the e-way bill will start from Monday [Press Release No. 144/2018 dated 31.03.2018].

****Over dimensional cargo** means a cargo carried as a single indivisible unit and which exceeds the dimensional limits prescribed in rule 93 of the Central Motor Vehicle Rules, 1989, made under the Motor Vehicles Act, 1988.

Extension of validity period

Extension by Commissioner for certain categories of goods: Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods as may be specified therein.

Extension by transporter in exceptional circumstances: Where, under circumstances of an exceptional nature, including trans-shipment, the goods cannot be transported within the validity period of the e-way bill, the transporter may extend the validity period after updating the details in Part B, if required. Transporter can extend the validity of the e-way bill, if the consignment is not being reached the destination within the validity period due to exceptional circumstance like natural calamity, law and order issues, trans-shipment delay, accident of conveyance, etc. He needs to explain this reason in details while extending the validity period. This option is available for extension of e-way bill before

8 hours and after 8 hours of expiry of the validity³ [Rule 138(12)].

(11) Acceptance of e-way bill

The details of the e-way bill generated shall be made available to the -

- (a) supplier, if registered, where the information in Part A has been furnished by the recipient/transporter; or
- (b) recipient, if registered, where the information in Part A has been furnished by the supplier/transporter,

on the common portal, and the supplier/recipient, as the case may be, shall communicate his acceptance or rejection of the consignment covered by the e-way bill [Rule 138(11)].

In case, the person to whom the information in Part-A is made available, does not communicate his acceptance or rejection within the specified time, it shall be deemed that he has accepted the said details. The time-limit specified for this purpose is:

- (i) 72 hours of the details being made available to him on the common portal

or

- (ii) the time of delivery of goods, whichever is earlier.

(12) E-way bill generated in one State is valid in another State

The e-way bill generated under this rule or under rule 138 of the Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory [Rule 138(13)].

Tips to remember

1. E-way bill is not valid for movement of goods without vehicle number on it.
2. Once E-way bill is generated, it cannot be edited for any mistake. However, it can be cancelled within 24 hours of generation.
3. E- Way Bill may be updated with vehicle number any number of times.
4. The latest vehicle number should be available on e-way bill and should match with the vehicle carrying it in case checked by the department.

(13) Situations where E-way Bill is not required to be generated

Notwithstanding anything explained above, no e-way bill is required to be generated in the following cases:

- (a) where the goods being transported are the ones given below:

Sl. No.	Description of Goods
1.	Liquefied petroleum gas for supply to household and non-domestic exempted category (NDEC) customers
2.	Kerosene oil sold under PDS
3.	Postal baggage transported by Department of Posts

² As clarified by FAQs on E-way Bill web portal.

³ As clarified by FAQs on E-way Bill web portal.

Sl. No.	Description of Goods
4.	Natural or cultured pearls and precious or semi-precious stones; precious metals and metals clad with precious metal (Chapter 71)
5.	Jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71)
6.	Currency
7.	Used personal and household effects
8.	Coral, unworked (0508) and worked coral (9601)

- (b) where the goods are being transported by a non-motorised conveyance
- (c) where the goods are being transported from the customs port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs
- (d) in respect of movement of goods within such areas as are notified under of rule 138(14)(d) of the State or Union territory GST Rules in that particular State or Union territory
- (e) where the goods [other than de-oiled cake], being transported, are exempt from tax vide Notification No. 2/2017 CT(R) dated 28.06.2017
- (f) where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel
- (g) where the supply of goods being transported is treated as no supply under Schedule III of the Act
- (h) where the goods are being transported -
 - (i) under customs bond from an inland container depot or a container freight station to a customs port, airport, air cargo complex and land customs station, or from one customs station or customs port to another customs station or customs port, or
 - (ii) under customs supervision or under customs seal
- (i) where the goods being transported are transit cargo from or to Nepal or Bhutan
- (j) where the goods being transported are exempt from tax under Notification No. 7/2017 CT (R) 28.06.2017 [Supply of goods by the CSD to the Unit Run Canteens or to the authorised customers and supply of goods by the Unit Run Canteens to the authorised customers] and Notification No. 26/2017 CT (R) 21.09.2017 [Supply of heavy water and nuclear fuels by Department of Atomic Energy to Nuclear Power Corporation of India Ltd. (NPCIL)]
- (k) any movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
- (l) where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail
- (m) where empty cargo containers are being transported
- (n) where the goods are being transported upto a distance of 20 km from the place of the business of the consignor to a weighbridge for weighment or from the weighbridge back

to the place of the business of the said consignor subject to the condition that the movement of goods is accompanied by a delivery challan issued in accordance with rule 55.

- (o) where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply

(14) Documents and devices to be carried by a person-in-charge of a conveyance

The person-in-charge of a conveyance shall carry -

- (a) the invoice or bill of supply or delivery challan, as the case may be; and
- (b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a RFID** embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner [Rule 138A(1)].

**RFIDs are Radio Frequency Identification Device used for identification.

Invoice Reference Number in lieu of tax invoice

A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in the prescribed form and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of 30 days from the date of uploading [Rule 138A(2)].

In such a case, the registered person will not have to upload the information in Part A of E-way bill for generation of e-way bill and the same shall be auto-populated by the common portal on the basis of the information furnished in the prescribed form [Rule 138A(3)].

Documents in lieu of e-way bill

Where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-way bill:

- (a) tax invoice or bill of supply⁴; or
- (b) a delivery challan, where the goods are transported for reasons other than by way of supply [Rule 138A(5)].

(15) Verification of documents and conveyances [Rule 138B]

The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.

The Commissioner shall get RFID readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.

The physical verification of conveyances shall be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf.

⁴ In case of import of goods, bill of entry needs to be carried in lieu of e-way bill. The concept of bill of entry for imported goods under customs will be discussed at Final Level.

However, on receipt of specific information on evasion of tax, physical verification of a specific conveyance can also be carried out by any other officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

(16) Inspection and verification of goods [Rule 138C]

A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of said form shall be recorded within 3 days of such inspection.

However, where the circumstances so warrant, the Commissioner, or any other officer authorised by him, may, on sufficient cause being shown, extend the time for recording of the final report in Part B of said form, for a further period not exceeding 3 days. The period of 24 hours or, as the case may be, three days shall be counted from the midnight of the date on which the vehicle was intercepted.

Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State/Union territory or in any other State/Union territory, no further physical verification of the said conveyance shall be carried out again in the State/Union territory, unless a specific information relating to evasion of tax is made available subsequently.

(17) Facility for uploading information regarding detention of vehicle [Rule 138D]

Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in specified form on the common portal.

(18) It may be noted that the expressions 'transported by railways', 'transportation of goods by railways', 'transport of goods by rail' and 'movement of goods by rail' used in the provisions discussed above does not include cases where leasing of parcel space by Railways takes place.

5. Recent changes in return filing process

The return filing process is under review and is yet not finalised. A simplified monthly return in Form GSTR 3B was introduced in July, 2017 to help businesses to file returns easily in the initial months of GST roll out. This was to be followed with filing of returns - GSTR - 1, 2 and 3. Further, to ease the compliance requirements for small tax payers, the GST Council allowed taxpayers with annual aggregate turnover up to ₹1.5 crore to file details of outward supplies in Form GSTR-1 on a quarterly basis and on monthly basis by taxpayers with annual aggregate turnover greater than ₹1.5 crore. The GST Council also recommended to postpone the date of filing of Forms GSTR-2 (details of inward supplies) and GSTR-3 (monthly return) for all normal tax payers, irrespective of turnover, till further announcements were made in this regard.

The return process has still not been streamlined and the GST Council has extended GSTR-3B filing requirement till end of March, 2019.

The CBIC has issued a press releases relating to the decision taken by the GST Council in its 28th meetings held on 21st July, 2018, with regard to return simplification process. The salient features of the press release are:

1. All taxpayers excluding small taxpayers and a few exceptions like ISD etc., shall file one monthly return. The return is simple with two main tables. One for reporting outward supplies and one for availing input tax credit based on invoices uploaded by the supplier. Invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. This process would ensure that very large part of the return is automatically filled based on the invoices uploaded by the buyer and the seller. Simply put, the process would be "UPLOAD – LOCK – PAY" for most tax payers.
2. Taxpayers would have facility to create his profile based on nature of supplies made and received. The fields of information which a taxpayer would be shown and would be required to fill in the return would depend on his profile.
3. NIL return filers (no purchase and no sale) shall be given facility to file return by sending SMS.
4. Council approved quarterly filing of return for the small taxpayers having turnover below ₹5 crore as an optional facility. Quarterly return shall be similar to main return with monthly payment facility but for two kinds of registered persons – small traders making only B2C supply or making B2B + B2C supply. For such taxpayers, simplified returns have been designed called *Sahaj* and *Sugam*. In these returns details of information required to be filled is lesser than that in the regular return.
5. The new return design provides facility for amendment of invoice and also other details filed in the return. Amendment shall be carried out by filing of a return called amendment return. Payment would be allowed to be made through the amendment return as it will help save interest liability for the taxpayers.

However, as on date⁵, the new simplified return process as envisaged in the above press release has not become effective.

6. No GST on advance received against supply of goods for assessee paying tax under regular scheme

All registered suppliers of goods (excluding composition suppliers) shall pay CGST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act. In other words, time of supply for all registered suppliers of goods (excluding composition suppliers) will be the time of issue of invoice, without any turnover limit. This amendment has become effective from 15.11.2017 [Notification No. 66/2017 CT dated 15.11.2017].

7. Turnover limit for composition levy enhanced

The turnover limit for composition levy has been enhanced from ₹75 lakh to ₹1 crore. Thus, an eligible registered person, whose aggregate turnover in the preceding financial year did not exceed ₹1 crore, may opt to pay tax under composition levy at prescribed rates.

⁵ Date when the Journal was released for printing.

Further, in respect of nine out of eleven Special Category States, the turnover limit for composition levy has been increased from `50 lakh to `75 lakh. The nine Special Category States are:

- (i) Arunachal Pradesh (ii) Assam (iii) Manipur (iv) Meghalaya (v) Mizoram (vi) Nagaland (vii) Sikkim (viii) Tripura (ix) Himachal Pradesh

It may be noted that for the two remaining Special Category States viz., Jammu and Kashmir and Uttarakhand, the turnover limit for composition levy will be `1 crore and not `75 lakh.

[Notification No. 46/2017 CT dated 13.10.2017]

8. Rate of composition tax (CGST portion) payable by manufacturers under CGST Act reduced to 0.5% from 1%

Notification No. 8/2017 CT dated 27.06.2017 prescribes the rate of composition amount payable by suppliers who opt for composition scheme. Notification No. 1/2018 CT dated 01.01.2018 has amended Notification No. 8/2017 CT dated 27.06.2017 to reduce the rate of composition tax (tax on turnover) payable by manufacturers from 1% to 0.5%. Similar notification has been issued under SGST/UTGST Acts. Therefore, w.e.f. 01.01.2018, effective rate of tax under composition scheme for manufacturers has been reduced from 2% to 1% (CGST + SGST). Thus, w.e.f. 01.01.2018, uniform rate of 1% is applicable for both manufacturers and traders paying tax under composition scheme.

Further, Notification No. 8/2017 CT dated 27.06.2017 has also been amended to provide that for other categories of composition suppliers (other than manufacturers and restaurants), composition tax would be leviable as a percentage of turnover of **taxable supplies of goods**. Prior to the amendment, the tax was payable as a percentage of the **turnover**. Thus, in effect, for traders, exempted supplies would not be added in the turnover for the purpose of levy of 1% composition levy.

[Notification No. 1/2018 CT dated 01.01.2018]

Rule 7 of the CGST Rules which provides for rate of tax of the composition levy for registered persons eligible for composition levy has also been amended retrospectively vide **Notification No. 3/2018 CT dated 23.01.2018** to bring it in line with the amendments made in Notification No. 8/2017 CT dated 27.06.2017. **With effect from 01.01.2018, rule 7 provides as under:**

The category of registered persons, eligible for composition levy under section 10 and the provisions of this Chapter, specified in column (2) of the Table below shall pay tax under section 10 at the rate specified in column (3) of the said Table:

Sl No. (1)	Category of registered persons (2)	Rate of tax (3)
1.	Manufacturers, other than manufacturers of such goods as may be notified by the Government	0.5% ⁶ of the turnover in the State or Union territory
2..	Suppliers making supplies referred to in clause (b) of paragraph 6 of Schedule II ⁷	2.5% ⁸ of the turnover in the State or Union territory

⁶ Effective rate 1% (CGST+ SGST)

⁷ Restaurant service

Sl No. (1)	Category of registered persons (2)	Rate of tax (3)
3.	Any other supplier eligible for composition levy under section 10 and the provisions of this Chapter	0.5% ⁹ of the turnover of taxable supplies of goods in the State or Union territory

9. Clarification on eligibility for composition scheme

Section 172 of CGST Act empowers the Central Government to issue a general or special order, on the recommendations of the GST Council, for removing any difficulty that may arise in giving effect to the provisions of that Act.

In exercise of such power, the Central Government, on recommendations of the Council, for the removal of difficulties -

- (i) has clarified that if a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act (restaurant service) and also supplies any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, the said person shall not be ineligible for the composition scheme under section 10 of CGST Act subject to the fulfilment of all other conditions specified therein.
- (ii) has further clarified that in computing his aggregate turnover in order to determine his eligibility for composition scheme, value of supply of any exempt services including services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount, shall not be taken into account.

[Order No. 01/2017 CT dated 13.10.2017]

10. GST to be payable under reverse charge on renting of immovable property by Central/ State Government, Union territory or local authority to a registered person

The reverse charge notifications for services [Notification No. 13/2017 CT (R) dated 28.06.2017 & Notification No. 10/2017 IT (R) dated 28.06.2017] have been amended to provide that in case of services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a **person registered under the CGST Act**, GST will be payable under reverse charge by the recipient of service.

Further, "insurance agent" has been defined in the reverse charge notification as having the same meaning as assigned to it in clause (10) of section 2 of the Insurance Act, 1938.

[Notification No. 3/2018 CT (R) dated 25.01.2018 & Notification No. 3/2018 IT (R) dated 25.01.2018]

11. Payment for the invoice not required to be made within 180 days in case of additions to value on account of supplier's liability being incurred by recipient

Second proviso to section 16(2) read with rule 37 of CGST Rules, 2017 stipulates that the registered person must pay

⁸ Effective rate 5% (CGST+ SGST)

⁹ Effective rate 1% (CGST+ SGST)

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the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice. In the event of failure to do so, the corresponding credits availed by the registered person would be added to his output tax liability, with interest. Interest will be paid @ 18% from the date of availing credit till the date when the amount added to the output tax liability is paid.

However, once the recipient makes the payment of value of goods and/or services along with tax, he will be entitled to avail the credit again without any time limit. In case part-payment has been made, proportionate credit would be allowed.

This condition of payment of value of supply alongwith tax within 180 days does not apply in certain specified situations. Notification No. 26/2018 CT dated 13.06.2018 has amended rule 37 to provide one more exception viz. in case of additions made to the value of supplies on account of supplier's liability, in relation to such supplies, being incurred by the recipient of the supply.

12. Minimum details required in the document basis which ITC can be taken

Notification No. 39/2018 CT dated 04.09.2018 stipulates the details that the document basis which ITC is being taken must contain:

- Amount of tax charged
- Description of goods or services
- Total value of supply of goods and/or services
- GSTIN of the supplier and recipient
- Place of supply in case of inter-State supply

13. Persons making inter-State taxable supplies of handicraft goods and casual taxable person making taxable supplies of handicraft goods exempted from obtaining compulsory registration subject to fulfillment of specified conditions

As per section 24 of CGST Act, a person making inter-State taxable supplies of goods is liable to be registered compulsorily under GST irrespective of the threshold limit. [A threshold exemption from registration has been extended to persons making inter-State taxable supply of services. The same is discussed under point 4.] However, persons making inter-State supplies of handicraft goods have been exempted from obtaining registration vide Notification No. 8/2017 IT dated 14.09.2017.

The exemption will be available if –

- (i) the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of ₹20 lakh [₹10 lakh in case of Special Category States, other than the State of Jammu and Kashmir] in a financial year.
- (ii) persons making inter-State taxable supplies of handicraft goods obtain a PAN and generate an e-way bill.

Further, section 24 of CGST Act also requires a casual taxable person making taxable supplies to register compulsorily under GST irrespective of the threshold

limit. However, a casual taxable person making taxable supplies of handicraft goods has been exempted from obtaining registration vide **Notification No. 32/2017 CT dated 15.09.2017**.

The exemption will be available if –

- (i) the aggregate value of such supplies, to be computed on all India basis, does not exceed an amount of ₹20 lakh [₹10 lakh in case of Special Category States, other than the State of Jammu and Kashmir] in a financial year.
- (ii) the casual taxable persons making taxable supplies of handicraft obtain a **PAN and generate an e-way bill**.

The above exemption shall be available to such persons who are making inter-State taxable supplies of handicraft goods and are availing the benefit of Notification No. 8/2017 IT dated 14.09.2017.

Handicraft goods: Here, handicraft goods means the products specified in the respective notifications, when made by the craftsmen predominantly by hand even though some machinery may also be used in the process.

14. Job workers engaged in making inter-State supply of services to a registered person exempted from obtaining registration with certain exceptions

The job workers engaged in making inter-State supply of services to a registered person have been exempted from obtaining registration vide **Notification No. 7/2017 IT dated 14.09.2017**. However, nothing contained in this notification shall apply to a job-worker –

- (a) who is liable to be registered under section 22(1) or who opts to take registration voluntarily under section 25(3) of the CGST Act; or



(b) who is involved in making supply of services in relation to jewellery, goldsmiths' and silversmiths' wares and other articles (Chapter 71 of the Tariff).

15. Persons making inter-State supplies of taxable services up to ₹ 20,00,000 exempted from obtaining registration

The persons making inter-State supplies of taxable services and having an aggregate turnover, to be computed on all India basis, not exceeding an amount of ₹ 20 lakh in a financial year have been exempted from obtaining compulsory registration.

However, the aggregate value of such supplies, to be computed on all India basis, should not exceed an amount of ₹ 10 lakh in case of following "special category States":

Arunachal Pradesh	Assam
Manipur	Meghalaya
Mizoram	Nagaland
Sikkim	Tripura
Himachal Pradesh	Uttarakhand

It may be noted that State of Jammu & Kashmir, a special category State, has opted for ₹ 20 lakh threshold limit for registration.

[Notification No. 10/2017 IT dated 13.10.2017]

16. Persons making supplies of services through an ECO (other than supplies specified under section 9(5) of the CGST Act) and having aggregate turnover up to ₹ 20,00,000 exempted from obtaining registration

Persons making supplies of services, other than supplies specified under section 9(5) of the CGST Act, through an electronic commerce operator who is required to collect tax at source under section 52 of the said Act, and having an aggregate turnover, to be computed on all India basis, not exceeding an amount of ₹ 20 lakh in a financial year, have been exempted from obtaining compulsory registration under the said Act. However, the aggregate value of such supplies, to be computed on all India basis, should not exceed an amount of ₹ 10 lakh in case of "special category States" (as mentioned in point 1 above). It may be noted that State of Jammu & Kashmir, a special category State, has opted for ₹ 20 lakh threshold limit for registration.

[Notification No. 65/2017 CT dated 15.11.2017]

Therefore, as a result of such amendment and the amendment given at point 1, all service providers, whether supplying intra-State, inter-State or through e-commerce operator, will be exempt from obtaining registration, provided their aggregate turnover does not exceed ₹ 20 lakh (₹ 10 lakh in special category States except Jammu & Kashmir).

17. New rule 97A inserted in CGST Rules to provide for manual filing and processing for refund applications

A new rule 97A has been inserted after rule 97 of CGST Rules to provide for manual filing and processing for refund applications. The rule provides that in respect of any process or procedure prescribed herein, any reference to electronic filing

of an application, intimation, reply, declaration, statement or electronic issuance of a notice, order or certificate on the common portal shall, in respect of that process or procedure, include manual filing of the said application, intimation, reply, declaration, statement or issuance of the said notice, order or certificate in prescribed forms.

[Notification No. 55/2017 CT dated 15.11.2017]

18. Supplier of deemed export also enabled to file application for refund (other than refund of IGST paid on goods exported out of India)

Earlier, only the recipient of deemed exports could file the application for refund under third proviso to rule 89(1) of the CGST Rules. The said proviso has been amended to also enable the supplier of deemed export supplies to file application for refund if the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund.

[Notification No. 47/2017 CT dated 18.10.2017]

19. Formula for computing refund of ITC in case of zero rated supply under rule 89(4) of CGST Rules amended

Sub-rule (4) of rule 89 of the CGST Rules has been substituted with a new sub-rule retrospectively from 23.10.2017:

The new sub-rule (4) provides that in the case of zero-rated supply of goods and/or services without payment of tax under bond or LUT in accordance with the provisions of section 16(3) of the IGST Act, 2017, refund of input tax credit shall be granted as per the following formula:

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover

Where, -

- "Refund amount" means the maximum refund that is admissible;
- "Net ITC" means input tax credit availed on inputs and input services during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both;
- "Turnover of zero-rated supply of goods" means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond or LUT, other than the turnover of supplies in respect of which refund is claimed under sub-rules (4A) or (4B) or both;
- "Turnover of zero-rated supply of services" means the value of zero-rated supply of services made without payment of tax under bond or LUT, calculated in the following manner, namely:-

Zero-rated supply of services is the aggregate of the payments received during the relevant period for zero-rated supply of services and zero-rated supply of services where supply has been completed for which payment had been received in advance in any period prior to the relevant period reduced by advances received for zero-rated supply of services for which the supply of services has not been completed during the relevant period;



It is important to note that the definition of “**Adjusted total turnover**” has again been substituted vide **Notification 39/2018 CT dated 04.09.2018**. Latest updated definition is as follows:

Adjusted total turnover means the sum total of the value of—

- (a) the turnover in a State or a Union territory, as defined under clause (112) of section 2, excluding the turnover of services; and
- (b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services,

excluding-

- (i) the value of exempt supplies other than zero-rated supplies; and
- (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any,

during the relevant period.

(F) “Relevant period” means the period for which the claim has been filed.

Circular No. 37/11/2018 GST dated 15.03.2018 has clarified that the relevant period has been defined in the context of the refund claim and is not linked to a tax period. The exporter, at his option, may file refund claim for one calendar month / quarter or by clubbing successive calendar months / quarters.

The calendar month(s) / quarter(s) for which refund claim has been filed, however, cannot spread across different financial years.

[Notification No. 75/2017 CT dated 29.12.2017]

A new sub-rule (4A) has been inserted in rule 89 of the CGST Rules retrospectively from 23.10.2017.

The new sub-rule (4A) lays down that in the case of supplies received on which the supplier has availed the benefit of *Notification No. 48/2017 CT dated 18.10.2017* (i.e., where supplier has claimed refund of tax paid on deemed exports¹⁰), refund of input tax credit, availed in respect of other inputs or input services used in making zero-rated supply of goods or services or both, shall be granted.

New sub-rule (4B) inserted in rule 89 of the CGST Rules retrospectively from 23.10.2017 substituted with a new sub-rule.

Substituted sub-rule (4B) lays down that where the person claiming refund of unutilised input tax credit on account of zero rated supplies without payment of tax has –

- (a) received supplies on which the supplier has availed the benefit of Notification No. 40/2017 CT (R) dated 23.10.2017/ Notification No. 41/2017 IT (R) dated 23.10.2017 [concessional rate of tax @ 0.1% (0.05% CGST + 0.05% SGST & 0.1% IGST); or
- (b) *Notification No. 78/2017 Cus dated 13.10.2017/ Notification No. 79/2017 Cus dated 13.10.2017* [imports of goods by EOUs/ Advance Authorisation / EPCG schemes],

the refund of input tax credit, availed in respect of inputs received under the said notifications for export of goods and the input tax credit availed in respect of other inputs or input services to the extent used in making such export of goods, shall be granted.

[Notification No. 3/2018 CT dated 23.01.2018 & Notification 54/201 CT dated 09.10.2018]

6. Formula for computing refund of ITC on account of inverted duty structure under rule 89(5) of CGST Rules amended retrospectively from 01.07.2017

Sub-rule (5) prescribing the formula for computing refund of ITC on account of inverted duty structure has been substituted by a new sub-rule retrospectively with effect from 01.07.2017.

The amended formula is as under:

Maximum Refund Amount = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} – tax payable on such inverted rated supply of goods and services

Here -

“Net ITC” means input tax credit availed on inputs during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both; and

“Adjusted total turnover” shall have the same meaning as assigned to it in sub-rule (4).

[Notification No. 26/2018 CT dated 13.06.2017]

SIGNIFICANT SUPREME COURT RULINGS: INCOME TAX LAW

Income-tax law in India is dynamic and undergoes significant changes every year with the passing of the annual Finance Act. Apart from these major amendments which take place every year through the annual Finance Act, notifications are issued by the Central Board of Direct Taxes (CBDT) from time to time to implement the provisions of the Income-tax Act, 1961 and circulars are issued to clarify the meaning and scope of certain provisions of the Act. Further, decisions are pronounced by the Supreme Court and different High Courts and Tribunals interpreting the various provisions of law.

The Supreme Court is the Apex Court and the decisions pronounced by it constitute the “law of the land”. This write-up discusses the critical issues in income-tax law which had come up in the recent past before the Supreme Court. These case laws would help you appreciate the interpretation of the provisions of income-tax law by the Apex Court in pronouncing its ruling.

1. Whether section 40(a)(ia) is attracted when amount is not ‘payable’ to a sub-contractor but has been actually paid?

Palam Gas Service v. CIT [2017] 394 ITR 300 (SC)

Facts of the case: The assessee, Palam Gas Service, is engaged in the business of purchase and sale of LPG cylinders. The assessee had arranged for the transportation to be done through three sub-contractors within the meaning of section 194C. During the relevant assessment year, when the assessee made freight payments of ₹ 20,97,689 to the sub-contractors, it did not deduct tax at source. The Assessing Officer disallowed the freight expenses as per section 40(a)(ia) on account of failure to deduct tax. The assessee contended that section 40(a)(ia) did not apply as the amount was not ‘payable’ but had been actually paid.

Issue: Whether the provisions of Section 40(a)(ia) would be attracted when the amount is not ‘payable’ to a sub-contractor but has been actually paid? Would the obligation to deduct tax depend on the method of accounting followed by an assessee?

Supreme Court’s Observations: The Supreme Court noted the difference in opinion amongst the various High Courts. On the one hand, the High Courts of Punjab & Haryana, Madras, Calcutta and Gujarat held that Section 40(a)(ia) extended to amounts actually paid. The Allahabad High Court had, however, held otherwise. The Supreme Court agreed with the observations of the majority High Courts and held that section 40(a)(ia) covers not only those cases where the amount is payable but also when it is paid. Accordingly, the judgment of the Allahabad High Court in *CIT v. Vector Shipping Services (P.) Ltd. [2013] 357 ITR 642* stands overruled.

The Supreme Court reaffirmed that the obligation to deduct tax at source is mandatory and would be applicable irrespective of the method of accounting adopted. If the assessee follows the mercantile system of accounting, then, the moment amount was credited to the account of the payee on accrual of liability, tax was required to be deducted at source. If the assessee follows cash system of accounting, then, tax is required to be deducted at source at the time of making payment.

Supreme Court’s Decision: The Supreme Court, accordingly, upheld the decision of the majority High Courts that section 40(a)(ia) would be attracted for failure to deduct tax in both cases i.e., when the amount is payable or when the amount is paid, as the case may be, depending on the system of accounting followed by the assessee.

2. Whether “premium” on subscribed share capital is “capital employed in the business of the company” under section 35D to be eligible for a deduction?

Berger Paints India Ltd v. CIT [2017] 393 ITR 113 (SC)

Facts of the case: The assessee is a company engaged in the manufacture of paints. For the relevant assessment years, the assessee claimed deduction under section 35D of a sum representing share premium as being a part of the capital employed. The said deduction was disallowed by the Assessing Officer.

Issue: Whether “premium” on subscribed share capital is “capital employed in the business of the company” under section 35D to be eligible for a deduction?

Supreme Court’s Observations: The Supreme Court observed that the share premium collected by the assessee on its subscribed issued share capital could not be part of “capital employed in the business of the company” for the purpose of section 35D(3)(b). If it were the intention of the legislature to treat share premium as being “capital employed in the business of the company”, it would have been explicitly mentioned. Moreover, column III of the form of the annual return in Part II of Schedule V to the Companies Act, 1956 under Section 159 dealing with capital structure of the company provides the break-up of “issued share capital” which does not include share premium at the time of subscription. Hence, in the absence of the reference in section 35D, share premium is not a part of the capital employed. Also, section 78 of the Companies Act, 1956 requires a company to transfer the premium amount to be kept in a separate account called “securities premium account”.

Supreme Court’s Decision: Affirming the decision of the High Court, the Supreme Court held that the assessee is not entitled to claim deduction in relation to the premium amount received from shareholders at the time of share subscription

Note – Under the Companies Act, 2013, Serial No. IV(i) of Form MGT-7 (Annual Return) read with section 92 relates to the capital structure of a company, including break-up of issued share capital and section 52 deals with securities premium. Thus, the rationale of the Supreme Court ruling in the above case would also hold good in the Companies Act, 2013 regime

3. Whether receipt of higher compensation after notification of compulsory acquisition would change the character of transaction into a voluntary sale?

Balakrishnan v. Union of India & Others (2017) 391 ITR 178 (SC)

Facts of the case: The assessee owned vast area of agricultural land. The State Government acquired the property for

development of a techno park. The assessee was awarded compensation of Rs.14.37 lakhs. Aggrieved by the amount, the assessee initiated negotiations with the Collector, further to which compensation was increased to Rs.38.42 lakhs. The assessee claimed exemption from capital gains under section 10(37)(iii) stating that the transfer of agricultural land was on account of compulsory acquisition. The Revenue authorities contended that the exemption should be denied as it was not a compulsory acquisition but a voluntary sale.

Issue: Whether receipt of higher compensation on account of negotiations transforms the character of compulsory acquisition into a voluntary sale, so as to deny exemption under section 10(37)(iii)?

Supreme Court's Observations: The Supreme Court observed that the acquisition process was initiated under the Land Acquisition Act, 1894. The assessee entered into negotiations only for securing the market value of the land without having to go to the Court. Merely because the compensation amount is agreed upon, the character of acquisition will not change from compulsory acquisition to a voluntary sale. The Court also drew attention to a recently enacted legislation titled, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, which empowers the Collector to pass an award with the consent of the parties. Despite the provision for consent, the acquisition would continue to be compulsory.

Supreme Court's Decision: The Supreme Court held that when proceedings were initiated under the Land Acquisition Act, 1894, even if the compensation is negotiated and fixed, it would continue to remain as compulsory acquisition. The claim of exemption from capital gains under section 10(37)(iii) is, therefore, tenable in law.

4. Can dividend distribution tax under Section 115-O of Income-tax Act, 1961 be levied in respect of the dividend declared out of agricultural income?

Union of India v. Tata Tea and Others [2017] 398 ITR 260 (SC)

Facts of the case: The petitioner is a tea company engaged in cultivating and processing tea in its factory for marketing. The cultivation of tea is an agricultural process while the processing of tea in the factory is an industrial process. The petitioners contend that when the company distributes dividend, it is taxed under Section 115-O. The tax on dividend declared by it in this case is nothing but a tax on agricultural income. The legislative competence for taxing agricultural income lies with the State Government and not the Central Government.

Issue: Can dividend distribution tax be levied on dividend income of a tea company under section 115-O?

Supreme Court's Observations: As per entry 82 of List I the Union Parliament has the competence to tax "income other than agricultural income." Section 115-O pertains to additional tax at the stage of distribution of dividend by domestic company which is covered by entry 82 in List I. When dividend is declared to be distributed and paid to a company's shareholders it is not impressed with character of the source of its income. The Court relied on *Mrs. Bacha F Guzdar v. CIT AIR 1955 SC 74* which looked into the nature of the dividend income in the hands of the shareholders. Dividend is derived from the investment made in the

company's shares and the foundation rests on the contractual relations between the company and the shareholder.

Dividend is not 'revenue derived from land' and hence, cannot be termed as agricultural income in the hands of a shareholder. Hence, despite the petitioner's company being involved in agricultural activities, in the shareholder's hands, the income is only dividend and not agricultural income.

The Calcutta High Court had upheld the vires of section 115-O but put a qualification that additional tax levied under section 115-O shall be only to the extent of 40% which is the taxable income of the tea company. The Supreme Court overturned this cap placed by the Calcutta High Court. Section 115-O is within the competence of the Parliament and hence, no limits can be placed on the same.

Supreme Court's Decision: When dividend is declared to be distributed and paid to a company's shareholders, it is not impressed with character of the source of its income. Section 115-O is within the competence of the Union Parliament and therefore dividend distribution tax can be levied in respect of the entire dividend declared and distributed by a tea company.

5. Whether certain receipts by co-operative societies from its members (non-occupancy charges, transfer charges, common amenity fund charges) are exempt based on the doctrine of mutuality?

Income-tax Officer v. Venkatesh Premises Co-operative Society Ltd. [2018] 402 ITR 670 (SC)

Supreme Court's Observations: The doctrine of mutuality is based on the common law principle that a person cannot make a profit from himself. The income of a co-operative society from business is taxable under section 2(24)(vii) and will stand excluded based on the principle of mutuality. The essence of the principle of mutuality lies in the commonality of the contributors and the participants who are also the beneficiaries. The contributors to the common fund must be entitled to participate in the surplus and the participators in the surplus are contributors to the common fund. Any surplus in the common fund shall, therefore, not constitute income but will only be an increase in the common fund meant to meet sudden eventualities.

The Supreme Court made the following observations:

- If for convenience, part of the transfer charges were paid by the transferee, they would not partake of the nature of profit. The amount is appropriated only after the transferee was inducted as a member. In the event of non-admission, the amount was returned. The moment the transferee was inducted as a member the principles of mutuality would apply.
- Non-occupancy charges were levied by the society and were payable by a member who did not himself occupy the premises but let them out to a third person. The charges were utilised only for common benefit of facilities and amenities to the members.
- Contribution to the common amenity fund taken from a member disposing of property was utilised for meeting heavy repairs to ensure hazard-free maintenance of the properties of the society which ultimately benefitted the members. Membership forming a class, the identity of the individual member not being relevant, induction into membership automatically attracted the doctrine of mutuality.

- If a society had surplus floor space index available, it was entitled to utilise it by making fresh construction in accordance with law. Naturally, such additional construction would entail extra maintenance charges. If the society first inducted new members who were required to contribute to the common fund for availing of the common facilities, and then granted only occupancy rights to them by draw of lots, the ownership remaining with the society, the receipts could not be bifurcated into two segments of receipt and costs, so as to hold the former to be outside the purview of mutuality classifying it as income of the society with commerciality.

Supreme Court's Decision: The doctrine of mutuality, is based on the common law principle that a person cannot make a profit from himself. Accordingly, the transfer charges, non-occupancy charges common amenity fund charges and other charges are exempt owing to application of the doctrine of mutuality.

6. Does the Central Board of Direct Taxes (CBDT) have the power to amend legislative provisions through a Circular?

Commissioner of Income-tax and Anr v. SV Gopala and Others [2017] 396 ITR 694 (SC)

Facts of the Case: The CBDT had issued a Circular invoking the powers under Section 119 of the Income-tax Act, 1961. The Circular amended the provisions contained in Rule 68B of the Second Schedule to the Income-tax Act, 1961 relating to time limit for sale of attached immovable property.

The issue under consideration is whether the CBDT has the power to amend legislative provisions through a Circular.

Supreme Court's Decision: The Supreme Court observed that the CBDT does not have the power to amend legislative provisions in exercise of its powers under section 119 of the Income-tax Act, 1961 by issuing a Circular. The High Court had held so on similar grounds. The Supreme Court, accordingly, upheld the decision of the High Court quashing the circular for being *ultra vires*.

7. Is an assessee receiving refund consequent to waiver of interest under sections 234A to 234C of the Income-tax Act, 1961 by the Settlement Commission, also entitled to interest on such refund under section 244A?

K. Lakshmansa and Co. v. Commissioner of Income-tax and Anr [2017] 399 ITR 657(SC)

Facts of the case: The assessee had approached the Settlement Commission for waiver of interest under sections 234A to 234C of the Income-tax Act, 1961. The Settlement Commission partially waived the interest but refused to grant interest on refund on the grounds that section 244A does not provide for payment of interest in such cases. Further, the Settlement Commission's power to waive interest does not enable the Commission to provide for payment of interest under section 244A.

The High Court held that since waiver of interest was at the discretion of the Settlement Commission, no right flowed to the assessee to claim refund as a matter of right under law.

Issue: When refund is awarded by the Settlement Commission at its discretion under section 244A, is there a right to receive interest on the same?

Supreme Court's Observations: The Supreme Court observed that the right to claim refund is automatic once

the statutory provisions have been complied with. The statutory obligation to refund, being non-discretionary, carries with it the right to interest. Section 244A is clear and plain – it grants a substantive right of interest and is not procedural.

Under section 244A, it is enough if the refund becomes due under the Income-tax Act, 1961 in which case the assessee shall, subject to the provisions of that section, be entitled to receive simple interest. The expression “due” only means that a refund becomes due pursuant to an order under the Act which either reduces or waives tax or interest. It does not matter that the interest being waived is discretionary in nature; the moment that discretion is exercised and refund becomes due consequently, a concomitant right to claim interest springs into being in favour of the assessee.

The Supreme Court, thus, did not agree with the High Court opinion that when discretionary power has been exercised, no concomitant right to claim interest on refund arises in favour of the assessee.

Supreme Court's Decision: Overruling the High Court Decision, the Supreme Court held that the assessee has a right to interest on refund under section 244A.

8. Whether payment of sums due, after the deadline stipulated by the Settlement Commission, would save the petitioner from withdrawal of immunity from prosecution?

Sandeep Singh v Union of India [2017] 393 ITR 77 (SC)

Facts of the case: The petitioner is a dealer in real estate at Amritsar. A search was conducted on August 21, 2009 at his business and residential premises under section 132(1) subsequent to which the assessee filed an application before the Settlement Commission under section 245C(1). The case was settled before the Settlement Commission on December 12, 2014. Pursuant to the assessment after settlement, the petitioner was unable to pay the amount due by the stipulated date. He sought an extension for 14 months but was only given time until July 31, 2015.

The assessee filed a writ petition before the High Court seeking quashing/ modification of the Settlement Commission's order granting partial extension of time. By the time the matter was heard by the Supreme Court, he had paid off all pending amounts.

Supreme Court's Observations: The Supreme Court explained that in case payments are not made within the time granted by the Settlement Commission or in case the person fails to comply with any other condition, subject to which the immunity was granted, the immunity shall stand withdrawn.

It is not in dispute that all payments were made by the assessee on January 20, 2016 before approaching the Supreme Court. Though the time originally granted was only up to July 31, 2015, all sums having been paid now, there is no need to relegate the assessee to the Settlement Commission. Settlement Commission has the power to extend the timelines. Hence, in the instant case, it shall be taken that the assessee has made the payments within the time granted under section 245H(1A).

Supreme Court's Decision: The Supreme Court held that the assessee having cleared all taxes due vide order of Settlement Commission, albeit after stipulated deadline, is immune from prosecution.

Code of Conduct for the Students of Chartered Accountancy Course

Introduction

The institute re-affirms that our prime responsibility is to develop world class accounting professionals having exquisite analytical & technical skills, unmatched acumen, exemplary professional demeanour, impeccable conduct and global vision with ethical values as their core strength. It is, therefore, imperative for us to cultivate the highest levels of sincerity, honesty, integrity and commitment amongst our students. Rules and regulations are necessary to circumscribe/define the desired deportment. This 'Code of Conduct' is to be strictly observed by the students enrolled with the institute in order to instill a sense of discipline and to uphold and preserve the dignity of the esteemed institute they represent. It is moral responsibility and duty of each and every student to acquaint themselves with all the provisions of this Code. All students must know that it is incumbent upon them to abide by this Code of Conduct, the rights and responsibilities including the restrictions implied. The student community should see that the rules envisaged in this code are strictly followed so that their conduct at all times is in conformity with and supportive/conducive to the institute's vision, cherished principles and values.

The Code of Conduct has also been published in the Prospectus for the CA course. This Code of Conduct is applicable to all students who are pursuing Chartered Accountancy Course and includes students who have completed practical training.

Preamble

The Council of the Institute of Chartered Accountants of India hereby lays down the Code of Conduct to maintain decorum and discipline amongst the students of the Chartered Accountancy Course. While dealing with the members of the Institute and other public in general, it is expedient to ensure the Code of Conduct for students undergoing practical training under the Chartered Accountancy Course including students registered for Foundation, Intermediate/ Final Course and even those students who have already completed practical training.

Regulation 66 of the Chartered Accountants Regulations, 1988 makes an explicit mention that the Code of Conduct is applicable to the Students undergoing practical training under the Chartered Accountancy Course and deals with relevant procedure to be followed in case of breach of the same.

Interpretations: In this Code of Conduct, unless otherwise stated,

- "Act" means The Chartered Accountants Act, 1949 (XXXVIII of 1949) as amended from time to time.
- "Regulations" means regulations made under the Chartered Accountants Act, 1949"
- Institute" means the Institute of Chartered Accountants of India (ICAI) constituted under the Chartered Accountants Act, 1949.

- "Council" means the Council of the Institute.
- "Board/Board of Studies (BoS)" is a non-standing Committee of the Council under Section 17(2) of the Chartered Accountants Act, 1949.
- "Executive Committee" is the standing Committee of the Council formed under Section 17(1) of the Act.
- "Examination Committee" is the standing Committee formed under Section 17(1) of the Act".
- Principal" or "Employer" means a member entitled to train Articled Assistants and Audit Assistants under the Chartered Accountants Regulations, 1988.
- "Articled Assistant" means an articled assistant as referred to in clause (j) of sub-section (2) of Section 30 of the Act engaged under articles by a member entitled to train articled assistants under the Regulations;
- "Audit assistant" means an assistant engaged in audit service by a member entitled to train audit assistants under the Regulations;
- "Accredited Institution" means institution authorised by the Board of Studies for the purpose of organising classes for Chartered Accountancy students as per guidelines issued from time to time.

1. General

Students who are registered as articled / audit assistants under the provisions of the Chartered Accountants Act, 1949 / Regulations framed there under (hereinafter referred to as "trainees" or "articled / audit trainees") should conduct themselves in accordance with the guidelines provided hereunder whilst undergoing practical training under the Chartered Accountants Regulations, 1988.

The Code of Conduct shall be applicable to all students including Foundation, Intermediate and also students pursuing the Final course who have / have not completed their articled training and, thus, shall be held liable in case they mis-handle / damage any assets / property/ infrastructure of ICAI or at its authorised Centre(s) / Venue(s) also shall be bound by various provisions under the proposed Code of Conduct. Further such person(s) shall also be required to maintain decency and decorum while attending programmes like seminars, conferences, mock tests, ICITSS (IT & OC) & Adv ICITSS (Adv IT & MCS) or any other course/programme etc., organised by the Institute or its regional councils / branches.

2. Conduct of Articled / Audit Assistant

An Articled / Audit Assistant shall comply with the following principles of the code of conduct:

The articled / audit assistant shall, at all times, diligently and faithfully serve the Principal in the practice of profession of Accountancy.

The articulated/audit assistant shall follow the covenants contained in the Deed of Articles and the provisions of the Act and Regulations as may be applicable, from time to time.

The articulated / audit assistant shall be responsible for the quality and correctness of the work done by him in the course of practical training, either in the office of the Principal or in the offices of any of the clients of the Principal.

The articulated / audit assistant shall not, at any time, during the continuation of his articleship - destroy, cancel, obliterate, spoil, embezzle, spend, take away with him/her copies of books, papers, plans, documents, monies, stamps, hardware, software or chattels whether belonging to the Employer or his personal representative(s) / assignees / partner(s) / client(s) which came into his/her hands or, custody or possession, or allow any other person to use the same without the prior approval of his employer.

The articulated / audit assistant should at all times observe discipline and follow guidelines, rules and regulations set out by his/her employer and not act in any manner that will bring disrepute to his/ her employer or the profession in General.

The articulated / audit assistant shall obey and follow all lawful and reasonable instructions of his/ her Employer and shall not depart or absent himself/herself from the training of the Employer at any time during the said term

without the prior consent of his/her employer or partners but shall at all times during the said term conduct himself/ herself with honesty and propriety.

The articulated / audit assistant shall behave in a responsible manner as a prospective member of the profession, with his colleagues, staff members in his Employer's office, Employer's clients and their representatives, Institute's officials & employees and judicial, quasi-judicial and other authorities, wherever he/she represents his/her employer.

The articulated / audit assistant shall conduct himself/herself in a manner which shall show that he/ she is endowed with impeccable character and help him/her to uphold ethical principles and professional Code of Ethics.

The articulated / audit assistant shall not obtain any monetary help or assistance or any form of gratification directly or indirectly from the clients of the Principal, their officials or representatives.

Students, while undergoing Articled Training shall adhere to the formal Dress Code as per the local culture and tradition. Students while undergoing Orientation Course, Management and Communication Skills (MCS) course, Information Technology, Advanced Course should maintain discipline and decorum apart from adhering to dress code (Advisory Dress Code: Male Students: Full Sleeves Shirts and Trousers; Female Students: Sarees / Salwar Kurta / Suit. While appearing before the appellate authority, they may also wear a suit and a tie).

CROSSWORD SOLUTION OCTOBER 2018

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Residential Programme on Professional Skills Development at Centre of Excellence, Hyderabad and Jaipur

The Board of Studies is pleased to announce the next two batches of ICAI's 'Four Weeks Residential Programme' on Professional Skills Development as below:

Venue	Participant	Fees	Date	Online Registration
Centre of Excellence (CoE), Hyderabad	Women	₹ 48,000/-	19 th November, 2018 to 12 th December, 2018	https://resource.cdn.icai.org/50872bos40499main.pdf
Centre of Excellence (CoE), Jaipur	Men	₹ 48,000/-	26 th November, 2018 to 23 rd December, 2018	https://resource.cdn.icai.org/50874bos40500main.pdf

This programme aims to help the Chartered Accountancy students and newly qualified Chartered Accountants in imbibing the professional skills required for effective functioning in business organisations and the profession. The Programme environment focuses on development of communication skills, personal qualities, interpersonal and teamwork skills, problem solving skills, leadership skills etc.

Salient Features of the Programme:

- Emphasis on Soft Skills, Communication Skills and Personality Development.
- Exemption from payment of Fees to Top 10 Rank holders.
- Part of Practical Training.
- No need for Separate Management and Communication Skills(MCS) forming part of Advanced Integrated Course on Information Technology and Soft Skills(AICITSS).
- Special Session on Group Discussion & Interview.
- Preparation of Project and Presentation Skills.
- Building Team Spirit.

Students who have passed Chartered Accountancy IPCC/ PCC/ PE- II examination and pursuing last year of Practical training or completed Practical training are invited to join the course for this batch. Recently qualified Chartered Accountants are also welcome to join the course.

Student's opinion

CoE is a place to learn from best of speakers who fill the session with loads of earnings and bundle of creativity. It is a great place to learn from students and professional with diverse background. A must-do course for all CA Students.

CA. Kevin Dharmesh Gandhi
from Western Region
(Participant of 37th batch)

It was an amazing experience and the faculties were exceptionally good. It bridges the gap between a CA students and a professional. It influences us to be creative and think out of box.

Ms. Parnika Poddar
from Eastern Region
(Participant of 40th batch)

For online registration, you can proceed with 'Board of Studies Announcements' https://www.icai.org/new_category.html?c_id=345 under the 'Students' tab on the Home Page of the ICAI's website www.icai.org. For any query, you can write us at ashokdua@icai.in or may also contact us on 0120-3045935 and Mobile no. 9868879548.

Director, Board of Studies

Opportunity to Present Papers International Conference for CA Students, Ahmedabad

JANUARY
5th & 6th, 2019

“Knowledge & Training with Ethical Quotient - Pathway to Professional Excellence”

The Board of Studies of ICAI is providing excellent opportunity to the students to write and present papers at the International Conference being organised in Ahmedabad. The students will have a chance to showcase their talents in front of delegates from all over India and abroad.

DAY-1

09.30 am to 10.30 am	Inaugural Session
10.30 am to 12.15 pm	Technical Session : I: Topic : Role of Information Technology in CA Profession- CA. P.R. Ramesh 1. Blockchain Technology in new era for Accounting and Auditing Profession. 2. Artificial Intelligence and future of Accountancy. 3. Cyber Security- Challenge for Accountants.
12.15 pm to 01.00 pm	Special Session: I: BOS Presentation and Interaction with Board of Studies.
01.00 pm to 01.45 pm	Special Session : II
02.30 pm to 04.00 pm	Technical session: II: Topic: Corporate Laws – Shri. M. R. Umarji 1. Challenges to the Shell Companies in India. 2. Insolvency and Bankruptcy Code and the Corporate Law: Swapping of jurisprudence. 3. FEMA administration- Prospects and Challenges
04.00 pm to 05.00 pm	Special Session: III

DAY 2

10.00 am to 11.30 am	Technical Session :III: Topic : Taxation - CA. (Dr.) Girish Ahuja 1. Limitation of Benefits clause in tax treaties: A sine qua non to prevent base tax erosion. 2. Input Tax Credit under GST Regime. 3. A new Income –tax law: Need of the hour?
11.30 am to 12.15 pm	Special Session :IV
12.15 pm to 02.00 pm	Technical Session : IV: Topic : Audit, Ethics & Finance- CA. Amarjit Chopra, Past President, ICAI 1. How the role of Internal & External Auditor complement each other. 2. Audit, Conflict of Interest, code of ethics- Whether can go hand in hand. 3. Impact of newly notified Ind AS 115 on different sectors including Real estate sector. 4. Growing importance of consolidation of corporates in India and issues in accounting thereof.
02.45 pm to 04:00 pm	Technical Session : V: Topic: Economic and Strategy 1. Money and Business Cycle: Operation in Indian Economy. 2. Effect of predatory pricing on competition. 3. US & China Trade War including the crude oil countries - Impact on India.
04.00 pm to 05.00 pm	Special Session : V: Motivational Session by Padma Shri CA. T. N. Manoharan Topic: Transcend Challenges & Conquer Greater Heights
05.00 pm to 05.30 pm	Valedictory Session

Further details of the Conference will be available at ICAI website shortly.



The Institute of Chartered Accountants of India (ICAI)

ICAI Commerce Wizard-2018:

A Talent Search Test

Organised By: Career Counseling Group (CCG), ICAI

For Details and Registration please visit the Exclusive Website for ICAI Commerce Wizard, 2018: icaicommercewizard.org

The Commerce Talent Search Test called as Commerce Wizard -2018 is a diagnostic test that measures the concept understanding ability of a student. Unlike regular tests which try only to find out how much a child knows, this test measures how well a student has understood the concepts.

Online Registration

Eligibility: Students appearing in class IX/X/XI/XII & B.Com./BBA./BMS/Allied subjects examination

Registration Fees : ₹100/- upto 31st Oct, 2018
After Due Date : ₹150/- 1st Nov, 2018 to 15th Dec, 2018

The Commerce Wizard will be conducted by means of in two levels i.e. Level I (Online) & Level II (Online/Pen & Pencil test) in English language for Students studying in class IX/XI/XII & B.Com./BBA./BMS/Allied Subjects:

Class	No. of Questions	Duration	Subjects	Mode	Negative Marking	Max. Marks	Pattern
IX	100	1 Hr 15 Min	(I) Social Studies (Economics) (II) Mathematics (III) Business Awareness (IV) Aptitude	Online/Pen & Pencil	0.25	100	Objective - type (Multiple Choice) questions
X	100	1 Hr 15 Min	(I) Social Studies (Economics) (II) Mathematics (III) Business Awareness (IV) Aptitude	Online/Pen & Pencil	0.25	100	
XI	100	1 Hr 15 Min	(I) Business Studies (II) Accountancy (III) Economics (IV) Aptitude	Online/Pen & Pencil	0.25	100	
XII	100	1 Hr 15 Min	(I) Business Studies (II) Accountancy (III) Economics (IV) Aptitude	Online/Pen & Pencil	0.25	100	
B.Com./BBA./BMS/ Allied Subjects Examination	100	1 Hr 15 Min	(I) Business Studies (II) Accountancy (III) Economics/ Financial Studies (IV) Aptitude	Online/Pen & Pencil	0.25	100	

Date Timings for the aforesaid test :

Class/Levels of Exam and Date	Level-I (Online test) 15 th December, 2018 (Sunday)	Level-II Test : Online or Pen Pencil Mode in the designated test centre 23 rd December, 2018 (Sunday)
Class IX & Class X	09:30 AM to 10:45 AM	1. 09:30 am. to 10:45 am. for Class IX & Class X 2. 11:45 am. to 1.00 pm. for Class XI 3. 2:00 pm. to 3:15 pm. for Class XII 4. 4:15 pm. to 5:30 pm. for Class B.Com./BBA./BMS/Allied Subjects
Class XI	11:45 AM to 1.00 PM	
Class XII	2.00 PM to 3.15 PM	
Graduation-B.Com./BBA./BMS/Allied Subjects	4.15 PM to 5.30 PM	

Prizes for Participants

Level-I Test

- All participants in Level-1 test will receive a Participation Certificate.

Level-II Test

- 1st Rank holder will be awarded with Rs 1, 00,000/- for Class IX, Class X, Class XI, Class XII & B.Com./BBA./BMS/Allied Subjects Separately, if multiple winners are there, the prize amount will be shared by them. If more than 50 joint rank holders for the same, the awardee will at least awarded with the cash prize of Rs 2,000/-
- 2nd Rank will be awarded with Rs 50,000/- for Class IX, Class X, Class XI Class XII & B.Com./BBA./BMS/Allied Subjects separately, if multiple winners are there, the prize amount will be shared by them. If several joint rank holders for the same are there, the awardee will at least awarded with the cash prize of Rs 1,500/-
- Top 500 consolation prizes will be awarded worth Rs 500/- along with an appreciation certificate for Class IX, Class X, Class XI, Class XII & B.Com./BBA./BMS/Allied Subjects separately
- Participation Certificate will be given to each participant appeared for the Level-II Test.

ICAI Scholarship scheme will also be provided for the wards of Military/Para Military/ Railways Personnel

For further details please visit at: https://www.icaai.org/post.html?post_id=14927

Other Important Dates:

Award Ceremony: Award Ceremony will be held in January/February, 2019 at Delhi NCR.

ICAI/Exam Management Committee reserves the right to change in any of the modalities cited above.

Deputy Convener
Career Counseling Group (CCG), ICAI

Convener
Career Counseling Group (CCG), ICAI



For any Query please contact :
Secretary, Career Counselling Group (CCG), The Institute of Chartered Accountants of India
ICAI Bhawan, A-29, Sector 62, Noida (U.P.) - 201309
Telephone (O): 0120-3876871, 886 Email: ccc.events@icai.in



The Institute of Chartered Accountants of India(ICAI)

World Accountancy Education Day

Organised By: Career Counseling Group (CCG), ICAI

10th November, 2018

Accountancy Education for All

World Accountancy Education Day will be celebrated on 10th November, 2018 with the theme "Accountancy Education for All" conducted by the Career Counselling Group (CCG) of the Institute of Chartered Accountants of India in India as well as Abroad.

Objectives of Celebrating World Accountancy Education Day

World Accountancy Education Day will be celebrated every year with the following objectives

- To widely spread a message about the significance of Commerce Education in the daily life of the people.
- To display all the activities, efforts and achievements in the field of Commerce for human welfare.
- To discuss all the issues and implement innovative strategies for the development of the Accountancy education.
- To give an opportunity to showcase the talents of Commerce students in the country. To encourage the people as well as popularize the Accountancy education.

The Commerce Carnival is going to be an event with a series of activities and programs involving school and college students, eminent Educationists and faculties of the state, country & abroad. We want to provide a real platform for the budding students to make their career and profession in Commerce.

10th November, 2018 - World Accountancy Education Day

Why

On November 10, 1494, a book titled Summa de Arithmetica, Geometria, Proportioni et Proportionalita (Everything About Arithmetic, Geometry and Proportion) was published in Venice. This was the first book that aimed to summarize the mathematical knowledge of those days. One of the tractatus of the Summa, entitled "Particularis de computis et scripturis" (About accounts and other writings) provides a detailed description of Venetian book-keeping. This was the first printed essay on double entry bookkeeping - called "Method of Venice" - and was direct base of some widespread works on mercantile

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accounting. The author of the book was Italian mathematician and Franciscan friar Luca Bartolomeo de Pacioli. Although double-entry bookkeeping had been around for centuries, Pacioli's 27-page treatise on the subject has earned him the title "The Father of Modern Accounting." The system he published included most of the accounting cycle as we know it today.

Commemoration of World Accountancy Education Day

- The World Accountancy Education Day will be expected to celebrate in capital cities of each state as well as other cities and in abroad destinations
- Career Counselling/Mega Career Counselling Programme will be organized to promote the Accountancy Education in in each Branch/ Regional Councils/Chapter Abroad.
- Mega Career Counselling Programme cum Exhibitions will be organized to promote the Accountancy Education in Branch/ Regional Councils/Chapter Abroad.

Activities to be organized during the Accountancy Education Day in the Branches/ Regional Councils/ Chapters Abroad on 10th Nov., 2018

- Career Counselling Programme /Mega Career Counselling Programme
- Press Conference
- Radio/TV talk shows
- Public speech
- Commerce exhibitions
- Debate Competition
- Quiz competitions
- Elocution Competition
- Essay Writing Competition
- Marathon race/ Human Chain
- Variety of other programmes

The aforesaid programmes will be organized to popularize the Accountancy education in the country as well as abroad amongst the student community & other stakeholders.

Convener

Career Counseling Group (CCG), ICAI

For any Query please contact:

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ICAI Bhawan, A-29, Sector 62, Noida (U.P.) - 201309, Telephone (O): 0120-3876871, 886
Email: ccc.events@icai.in

CROSSWORD - NOVEMBER 2018

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ACROSS

- A mis-statement or deviation that is demonstrably not representative of misstatements or deviations in a population.
- A tool that helps you to invest regularly in a mutual fund schemes.
- One of the major trade partners of India.
- _____ ratio is the ratio for valuing a company that measures its current share price relative to its per-share earnings.
- Foul smells
- A type of agreement between two or more parties.
- A preposition expressing location
- Arrogantly
- A whole number greater than 1 whose only factors are 1 and itself.
- A product offered by insurance companies that gives investors both insurance and investment under a single integrated plan.
- Freight and insurance attributable to delivery of goods outside India have to be deducted from the turnover also for computation of deduction under section 10AA.
- Unwell
- Amazon product that serves as a personal assistant.
- Breed
- The process of dividing a population into sub-populations, each of which is a group of sampling units which have similar characteristics.
- A Japanese company, which develops and commercializes semiconductor, micro-mechatronics, and precision timepiece technology.
- A computer network that spans a relatively small area.
- An intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals.
- Mature
- I have towns, but no houses, lakes, but no water, forest, but no trees.
- A performance measure, used to evaluate the efficiency of an investment.
- Indian state with highest population.
- _____ the market : A strategy in which generation of short-term revenues is given higher priority than longer-term concerns.

- The share of a bank's total deposit that is mandated by the RBI to be maintained with the latter in the form liquid cash.
- The value of all finished goods and services produced in a country in one year by its nationals.
- Opposite of yes.
- The form of the indefinite article used before words beginning with a vowel sound.
- The lender of last resort in India.
- A private sector bank in India.
- Related to ear.
- _____ is the smallest identifiable group of assets that generates independent cash inflows.
- Elderly
- An Act which replaced the erstwhile Freedom of information Act, 2002.
- _____ denotes an unspecified member of a series of numbers or enumerated items.

DOWN

- Downloadable program on a mobile device .
- _____ is a block chain platform and crypto currency designed to build a scalable network of decentralized applications.
- Clean
- A fictional character in Star Trek.
- Noisy
- In India voting age is 18 _____. (abb)
- A type of communications service that enables you to create a kind of private chat room with another individual in order to communicate in real time over the Internet.
- The entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions.
- The individual items constituting a population.
- Consumed
- Foxy
- Web address
- Item will be considered as a _____ item if it affects decisions made by users of financial statements
- Roman numeral for 3.
- _____ of the d'Urbervilles.
- _____ stands for Chartered Accountant who holds COP for less than 5 years.

- Some researchers have speculated that _____ may be safer for ageing populations than RHT since humans are more commonly right-eye dominant than left-eye dominant.
- Detective
- Roman numeral for 51.
- One of the major import items of India.
- System of numerical notation that has 2 rather than 10 as a base.
- Implementation of reporting requirements pertaining to..... and..... compliance in Form 3CD has been kept in abeyance till 31.3.2019.
- Deferred tax is the tax effect of _____differences.
- True and _____view in auditing means that the financial statements are free from material misstatements and faithfully represent the financial performance and position of the entity.
- A period of time.
- A type of public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors
- A family of personal computers designed, manufactured, and sold by Apple Inc. since January 1984.
- _____ is an Indian state-controlled coal mining company headquartered in Kolkata.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104