



# WIRC BULLETIN

## Recognition of CMAs in Financial Audit of Maharashtra Co-operative Societies Act



Presentation of Memorandum to the then Honourable Co-operative Minister Mr. Chandrakant Patil in August 2015 by CMA Debasish Mitra, the then Chairman, WIRC, CMA B. M. Sharma, Past President, CMA Ashok B. Nawal, CCM, CMA L. D. Pawar and CMA Harshad Deshpande, RCMS at his office at Mantralaya.

*Western India Regional Council wishes all its members and students*

*Happy New Year 2017*

### *In this Issue....*

		Page
• From the Desk of Chairman		... 3
• Maharashtra Co-operative Societies Audit....	CMA Laxman D. Pawar	... 4
• Goods & Service Tax (GST) ....	CMA Ashok B. Nawal	... 10
• Insolvency Code - Professional Opportunities	CMA Ramlakhan R. Ahirwar	... 13
• A review of Input Tax Credit under the Revised ....	CMA Vineet Chopra	... 15
• Important points of GST Return/Statement....	CMA Rajendra Rathi	... 18
• Place of Supply of GOODS - Key factor ....	CMA Nikhil B. Mehta	... 21
• Demonetization to expand formal ....	CMA Dr. V. V. L. N. Sastry	... 23
• Chapter News		... 24

**WESTERN INDIA REGIONAL COUNCIL**  
**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
*(Statutory Body under an Act of Parliament)*

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**Seminar on “Insolvency and Bankruptcy Code, 2016”  
organised by WIRC on 23rd December 2016**



CMA Pradip H. Desai, Chairman WIRC welcoming CMA Sanjay Gupta, Vice President ICAI



CMA Sanjay Gupta, Vice President ICAI lighting the lamp



Felicitation of CMA Sanjay Gupta, Vice President ICAI at the hands of CMA Kailash Gandhi, Vice-Chairman, WIRC and CMA Pradip Desai, Chairman WIRC.



CMA Sanjay Gupta, Vice President ICAI addressing



Dr. M. S. Sahoo, Chairperson, Insolvency and Bankruptcy Board of India addressing.



CMA J. K. Budhiraja, CEO, Insolvency Professional Agency of ICAI



Mr. Nikhil Shah, Managing Director, Alvarez & Marsal India Pvt. Ltd.



Mr. K. C. Jani, Managing Partner, Areion Corporate Advisors (I) Pvt. Ltd.



View of audience



CMA Harshad Deshpande, being felicitated by CMA Amit Apte, CCM -ICAI during CEP organized by WIRC on 10th December 2016.



CMA Laxman Pawar being felicitated by CMA Nayana Savala during CEP organized by WIRC on 10th December 2016.



View of audience during CEP organized by WIRC on 10th December 2016.



CMA Debasish Mitra, felicitating BK Godavari during CEP organized by WIRC on 3rd December 2016.



Career Counselling lecture arranged by WIRC at K B. College of Arts and Commerce,



Career Counselling lecture arranged by WIRC at Mehta College of Commerce, Airoli, Navi Mumbai

## From the Desk of Chairman . . .



Dear Members and students,

I wish you and all your family members "A Happy New year 2017". I wish year 2017 proves to be very very beneficial for our nation as well as for our profession. Let us start with positive ideas, thinking and actions to fill our life with happiness. We have begun with Email to all our members and well-wishers for New Year wishes attaching therewith soft copy of Calendar for New Year 2017 of WIRC.

December, 2016 exams are over. New admissions to CMA course will closed by end of this month. All out efforts are put by our Institute to increase the strength of students. WIRC also undertook 12 Career counselling programs and participated in 2 career fairs. Similarly, many chapters have also organized Career counselling programs. I appeal all our members to put their individual and collective efforts to increase the strength of students and members of ICAI.

WIRC conducted following CEP programs during the month.

- 1) CEP on Constitution Day by WIRC jointly with Jurist Wing of Brahmakumaris on 3rd December 2016.
- 2) GST Revised Model Law and Implementation on 10th December 2016.
- 3) Seminar on Insolvency and Bankruptcy Code, 2016 on 23rd December 2016 - Dr. M. S. Sahoo-Chairperson: Insolvency and Bankruptcy Board of India was Chief Guest and CMA Sanjay Gupta- Vice President, ICAI was Guest of Honour.

Insolvency and Bankruptcy Code, 2016 has created lots of curiosity amongst the members as the Code provides lots of opportunity to the Cost Accountants- As an Interim Resolution Professionals, As Resolution Professional, As Liquidator to be appointed by Corporate Debtors, As Liquidator to be appointed by Adjudicating Authority (NCLT),) As Insolvency Resolution Professional by Adjudicating Authority, As insolvency professional as bankruptcy trustee, As valuer of properties and assets of liquidation estate. Last date for registration as Insolvency professional was 31st December 2016. Now, members can clear the examination to be conducted by IBBI and can get registered as Insolvency profession with IBBI through IPA of ICAI. I appeal to all the Cost Accountants in practice for more than 10 years to take benefit of this opportunity. We shall carry out various programs to increase the skills and build the capacities in the area.

Maharashtra Government has made amendments in Maharashtra Co-operative Societies Act, 1960 and

Maharashtra Co-operative Societies Rules, 1961 to include Cost Accountants for Annual Financial audit of all Co-operative societies. This will increase lots of scope for the Practicing Cost Accountants in Maharashtra. I congratulate and thank all those Cost Accountants who have worked hard to bring these Amendments.

The Securities and Exchange Board of India (SEBI) has issued two notifications dated 30th November 2016 to amend Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 and Securities and Exchange Board of India (Infrastructure Investment Trusts), Regulations, 2014. Wherein the definition of valuer in respect of financial valuation has been modified to include a Cost Accountant in whole-time practice. Accordingly,

- (a) A valuer in respect of financial valuation, means-
- (i) a Chartered Accountant, Company Secretary or Cost Accountant who is in whole-time practice or retired member of Indian Corporate Law Service or any person holding equivalent Indian or foreign qualification as the Ministry of Corporate Affairs may recognize by an order:

The GST Council in its seventh meeting on 23rd December has approved in principle the draft Central and State GST laws. However, the issues of dual control and cross empowerment are yet to be decided and would be taken up at the next meeting on January 3-4. The draft CGST and SGST laws, a total of 197 provisions and five schedules have been approved. Government is still working upon to resolve these issues but looking to the complexities deadline of April 1 remains under question.

Government is working very hard to reduce the negative impact of Demonetization and Prime Minister Shri. Narendra Modi has given indications in his speech of 31st December 2016.

Government has shown the willingness to advance the date of budget on 1st Feb., 2017 from 28th Feb., 2017.

I am very happy that we are receiving more and more articles from all parts of region on variety of subjects. I appreciate the efforts of all the members contributing articles.

I appeal to our members to pay their overdue Membership fees, if any. Let us bring more membership to strengthen our Institute.

Our Institute has issued guidelines for Continuous Education program particularly applicable to senior members of our Institute.

Regional Cost Convention 2017 of WIRC will be at Ahmedabad on 25th & 26th February 2017. Detailed program of RCC will be released shortly. All are requested to make it convenient and to participate in the Regional Cost Convention 2017.

With warm regards.

**CMA Pradip H. Desai**



# Maharashtra Co-operative Societies Audit by Cost Accountant

**CMA Laxman D. Pawar, Hon. Secretary, WIRC**  
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L. A. Bill No. LVIII of 2016 has been passed by the both houses in winter session further to amend Maharashtra Cooperative Societies Act 1960. Notification in this regard is expected shortly.

## **Amended section 81 is as follows**

### **81. Audit**

(1) (a) The society shall cause to be audited its accounts at least once in each financial year and also cause it to be completed within a period of four months from the close of financial year to which such accounts relate by auditor or auditing firm from a panel prepared by the Registrar and approved by the State Government or an authority authorized by it in this behalf, possessing required qualifications and experience as may be prescribed to be eligible for auditing accounts of societies, appointed by the general body of a society, as provided in sub-section (2A) of section 75 and shall lay such audit report before the annual general body meeting. In case of apex society, the audit report shall also be laid before both Houses of the State Legislature, in such manner, as may be prescribed:

Provided that, if the Registrar is satisfied that the society has failed to intimate and file the return as provided by sub-section (2A) of section 75 and sub-section (1B) of section 79, by order, for the reasons to be recorded in writing, he may cause its accounts to be audited, by an auditor from the panel of the auditors approved by the State Government or an authority authorized by it in this behalf:

Provided further that, no auditor shall accept audit of more than twenty societies for audit in a financial year excluding societies having paid up share capital of less than rupees one lakh:

Provided also that, the Registrar shall maintain a panel of auditors and auditing firms as approved by the State Government or an authority authorized by it in this behalf;

(b) The manner of preparation, declaration and maintenance of the panel of auditors and auditing firms by the Registrar shall be such as may be prescribed;

(c) The committee of every society shall ensure that the annual financial statements like the receipts and payments or income and expenditure, profit and loss and the balance-sheet along with such schedules and other statements are audited, within four months of the closure of the financial years;

(d) The Registrar shall submit the audit report of every apex co-operative society to the State Government

annually for being laid before the both Houses of the State Legislature in the manner prescribed;

(e) The auditor's report shall have,-

(i) all particulars of the defects or the irregularities observed in audit and in case of financial irregularities and misappropriation or embezzlement of funds or fraud, the auditor or the auditing firm shall investigate and report the modus operandi, the entrustment, amount involved

(ii) Accounting irregularities and their implications on the financial statements to be indicated in detail in the report with the corresponding effects on the profit and loss;

(iii) The functioning of the committee and sub-committees of the societies be checked and if any irregularities or violation are observed or reported, duly fixing the responsibilities for such irregularities or violations;

(f) The remuneration of the auditor or auditing firm of a society shall be borne by the society and shall be at such rate as may be prescribed

(g) The Registrar shall maintain the list of societies district-wise, the list of working societies, the list of societies whose accounts are audited, the list of societies whose accounts are not audited within the prescribed time and reasons there for. The Registrar shall co-ordinate with the societies and the auditors or auditing firms and ensure the completion of audit of accounts of all the co-operative societies in time every year.

Explanation-I.- For the purposes of this section, the expression, "possessing required qualifications" for being included in the panel duly approved by the State Government or an authority authorized by

The State Government in this behalf, from time to time shall, mean and include -

(a) a person who is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, who has a fair knowledge of the functioning of the Societies and an experience of at least one year in auditing of societies with a working knowledge of Marathi language;

(b) an auditing firm which is a firm of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, who have a fair knowledge of the functioning of the societies with a working knowledge of Marathi language;

(b1) a person who is a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959, who has a fair knowledge of the functioning of the Societies and an

experience of at least one year in auditing of societies with a working knowledge of Marathi language;

**(b2) an auditing firm which is a firm of more than one Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959, who have a fair knowledge of the functioning of the societies with a working knowledge of Marathi language;**

(c) a certified auditor who is a person holding a Degree from recognized University and also has completed a Government Diploma in Co-operation and Accountancy and having a fair knowledge of the functioning of the societies and who has an experience of at least three years in auditing of societies with a working knowledge of Marathi language;

(d) a Government Auditor who is an employee of the Co-operation Department of the State, possessing the Higher Diploma in Co-operative Management or the Diploma in Co-operative Audit or Government Diploma in Co-operation and Accountancy with a working knowledge of Marathi language and who has completed the period of probation successfully;

Explanation II. - The terms and conditions for inclusion and retention of name as an auditor or auditing firm in the panel of auditors shall be subject to the terms and conditions, as may be prescribed.

**Amended Rule 69 is as follows**

**69. Procedure for appointment of auditor and conducting audit.**

"(1) (a) The audit of accounts of the societies shall be conducted by the auditor or auditing firm appointed by the society in its annual general body meeting within the period specified in the Act, from the panel of auditing firms or auditors whose names are listed as on the date of annual general body meeting and is approved by the State Government or authority authorized in this behalf.

Explanation - For the purpose of this rule, Audit shall include annual, test, cost or performance, special and re-audit.

(b) Audit of the society shall be completed within four months from the close of the financial year and the report, also in Compact Disc shall be submitted to the society and the Registrar as specified in sub-section (5B) of section 81 of the Act, and also Part A of audit report, audit certificate and audited financial statements shall be uploaded by auditor on official website of Co-operation Department:

Provided that, Apex Societies shall submit copies of audit report as specified by the Registrar to be laid before the State Legislature.

(c) Every apex society shall submit to the Registrar, required copies of audit memorandum in both Marathi and English, in print and compact disk form within sixty days from receipt of audit memorandum from the auditor of the society for each financial year. The Registrar shall submit these copies of audit memorandum received from

such society to the State Government to be laid before the State Legislature:

Provided that, if any apex society fails to submit required copies of audit memorandum as mentioned in clause (c) of this sub-rule in due time, they said society shall submit reasons thereof in writing to the Registrar. The Registrar shall submit reasons in writing received from the said society to the State Government to be laid before the State Legislature.

(d) Before appointing the auditor or the auditing firm, the society shall ensure that, the auditor or the auditing firm proposed to be appointed for conducting its audit has not accepted the societies for audit exceeding the limit prescribed under the Act.

(e) Qualifications and experience of the auditor shall be as specified in

Explanation-I to sub-section (1) of section 81.

(f) The Registrar shall prepare, declare and maintain the panel of auditors and auditing firms from time to time in the following manner,-

(i) The Registrar shall call applications before the specified date as declared in the notice for empanelment from eligible auditors and auditing firms by a public notice to be displayed on the official website of the State Government and in any other mode, if required. Such notice shall also be published on the notice board of the office of the Registrar and District Deputy Registrars.

(ii) Every applicant shall submit only one application to the office of the concerned District Deputy Registrar of the District, where he ordinarily resides.

(iii) Applications received shall be scrutinized by the Committee presided over by the District Deputy Registrar consisting of the District Special Auditor of the District, representative of the Chartered Accountants of the District, representative of the Cost Accountants of the District, representative of the Certified Auditors of the District as members and the Assistant Registrar (Administration) of the District shall function as Member Secretary of the said committee.

(iv) After scrutiny, the District Deputy Registrar shall submit list of eligible applicants to the Registrar along with their applications and documents. The Registrar may scrutinize the applications recommended by the District Committee.

(v) Any aggrieved applicant may approach to the Grievance Redressal Committee headed by the Divisional Joint Registrar, Divisional Joint Registrar (Audit), as member and Divisional Deputy Registrar of the Division shall function as Member Secretary of the said Committee and the decision of the Committee shall be final.

(vi) The Registrar shall cause to display a approved list of auditors and auditing firms panel on the official website of the Government.

(vii) the Registrar shall classify the societies and auditors for the purpose of audit in the following manner, namely:-

**Classification of Auditors and Societies [under section 81 and Rule 69 (1) (f) (vii)]****TABLE-A**

<b>Class</b>	<b>Description of Auditors</b>		<b>Societies to be Audited</b>
(1)	(2)		(3)
A	Chartered Accountant Firm / Cost Accountant Firm	(1)	Maharashtra State Co-operative Bank *
	Chartered Accountant / Cost Accountant	(2)	District Central Co-operative Bank.
	having at least 5 years experience in audit of co-operative Societies.	(3)	Urban Co-operative Banks having Deposits more than Rs. 25 Crores.
		(4)	Salary Earners Co-op. Banks.
	Joint Registrar (Audit) & Special Auditor who was completed probation period successfully.	(5)	Maharashtra State Co-operative Marketing Federation*
		(6)	Maharashtra State Co-operative Cotton Grover's Federation.*
		(7)	Maharashtra Rajya Dudh Sangh (Mahananda) *
		(8)	Maharashtra State Co-operative Agriculture and Rural Multipurpose Development Bank.
		(9)	Maharashtra State Co-operative Housing Finance Corporation.
		(10)	Maharashtra State Tribal Development Corporation.
		(11)	Maharashtra Rajya Sahakari Sangh and Divisional Co-operative Board.
		(12)	Maharashtra State Co-operative Fisheries Federation.
		(13)	Maharashtra State Co-operative Consumer Federation.
		(14)	Maharashtra State Co-operative Spinning Mill Federation.
		(15)	Maharashtra State Co-operative Power loom Federation.
		(16)	Maharashtra State Co-operative Textile Federation.
		(17)	Maharashtra State Co-operative Handloom Federation.
		(18)	Maharashtra State Co-operative Cotton Grovers Processing Societies.
		(19)	Maharashtra State Co-operative Labour Societies Federation.
		(20)	Maharashtra State Co-operative Bank Association.
		(21)	Maharashtra State Co-operative Credit Societies Federation.
		(22)	Maharashtra State Co-operative Jungal Kamgar Federation.
		(23)	Maharashtra State Co-operative Sugar Factories Federation.
		(24)	Maharashtra State Co-operative Sugar Industries Development Societies.
		(25)	Maharashtra State Co-op. Cadre Federation and District Coop Cadre Board.
		(26)	Maharashtra State Co-op. Industrial Societies Federation.
		(27)	Other National and State level Co-op. Federation not mentioning above.
		(28)	Co-operative Spinning Mill/ Weaving Mills.

	(29)	Co-operative Sugar Factories.
	(30)	District Co-operative Milk Union.
	(31)	District Co-operative Agriculture and Rural Multipurpose Development Bank.
	(32)	Any other society specified by Registrar from time to time.

\*Note: Societies at Sr. Nos. 1, 5, 6 and 7 shall be audited only by Chartered Accountant Firm or Cost Accountant Firm or a Chartered Accountant or a Cost Accountant or Joint Registrar (Audit) categorized in 'A' Class. Auditors categorized in 'B' Class and 'C' Class are not eligible to audit societies categorized under Table - 'A'. In case of Co-operative Bank, the Government Auditor may conduct re-audit, test-audit or special audit only.

**TABLE- B**

Class	Description of Auditors	Societies to be Audited	
(1)	(2)	(3)	
B	Chartered Accountant / Cost Accountant having at least one year experience in audit of co-operative Societies.	(1)	Urban Co-operative Bank having deposits up to Rs. 25 Crores
		(2)	Urban Co-operative Credit Society and Rural non agricultural credit society having deposit 10 crores and above.
	Special Auditor Class -2, Auditor Grade-I who was completed probation period successfully.	(3)	Salary earners Co-operative Credit Society having working capital 10 crores and above.
		(4)	Co-operative Starch Factories.
		(5)	Co-operative Industrial states.
		(6)	District Co-operative Labour Federation.
		(7)	Sales and Purchase Co-operative Unions (District and Taluka).
	Certified Auditor having at least 10 years experience in audit of Co-operative Societies.	(8)	Housing societies having 100 and more members.
		(9)	Co-operative Jinning and Pressing Societies /Rice Mills and Oil Mills.
		(10)	Primary Co-operative Dairy Societies having turnover above Rs. 50 lacs.
		(11)	Primary Co-operative Poultry and piggery and livestock Societies having turnover above Rs. 25 lacs.
		(12)	Primary Co-operative Fisheries Societies having turnover above Rs. 50 lacs.
		(13)	District / Central Weavers Co-op. Societies.
		(14)	District and Central Co-op. Consumers stores.
		(15)	Co-operative Hospital.
		(16)	Mula Pravara Electric Society and Other Elec. Societies.
		(17)	District Co-operative Board
		(18)	District Housing Federation
		(19)	Other District Federal Societies not mentioned above.
		(20)	Any other society specified by Registrar from time to time.

Note:-Societies at Sr. Nos. 1 and 2 shall be audited only by a Chartered Accountant / Cost Accountant and Special Auditor Class-II Categorized in 'B' Class. Auditors categorized in 'A' Class above are also eligible to audit societies categorized under Table-B. Auditors categorized in 'C' Class are not eligible to audit societies categorized under Table-'B'.

TABLE-C

Class	Description of Auditors	Societies to be Audited	
(1)	(2)	(3)	
C	Certified Auditor having at least 3 years experience in audit of Co-operative Societies.	(1)	Primary Agricultural and Co-operative Credit Societies (PACs) and Primary Krushak and Adiwasi Seva/Grain Bank
		(2)	Urban Co-operative Credit Societies and Rural non-agricultural credit societies having deposits less than Rs.10 crores.
	Auditor Grade-2 and Sub-Auditor who was completed probation period successfully.	(3)	Salary earners societies having working capital less than Rs.10 crores.
		(4)	Primary Co-operative Dairy Societies having turnover less than Rs. 50 lacs.
		(5)	Primary Co-operative Poultry, Piggery and Livestock Societies having turn over less than Rs. 25 lacs.
		(6)	Primary Co-operative Fisheries Societies having turnover less than Rs. 50 lacs.
		(7)	Sugarcane supply cooperative societies / Transport Coop. societies.
		(8)	All Farming Co-operative Societies.
		(9)	Housing societies having less than 100 members.
		(10)	Lift irrigation societies.
		(11)	Labour contract societies.
		(12)	Forest Labour Co-operative Societies.
		(13)	All types of Primary Marketing Societies and Food Processing Societies.
		(14)	Primary Weavers Co-op. Societies (Handloom and Power loom).
		(15)	Primary Industrial Co-op. Societies.
		(16)	BLVA societies.
		(17)	Primary consumers Co-operative Societies.
		(18)	Social service societies and unemployed youth co-operative Societies.
		(19)	Taluka supervisory unions.
		(20)	Any other society specified by Registrar from time to time.

Note: Auditors categorized in 'A' Class and 'B' Class above are also eligible to audit societies categorized under Table-'C'.

### ***The process of empanelment***

#### **The detailed procedure regarding empanelment is given please website**

<https://mahasahakar.maharashtra.gov.in/>

The last empanelment was done in Oct 2014 and is valid upto 30th Sept 2017 being three years panel.

The next panel will be prepared by April 2017.

The process of empanelment such as accepting online applications, scrutiny and approval of the same will be completed by 31st March 2017 and thus new panel will be operative from 1.4.2017. Thereafter empanelment will be done once in two years instead of once in three years.

The CMA firm having two or more partners apply for empanelment without any experience and Individual CMA need to submit experience of 1 year coop audit experience which could be even internal audit report of one year submitted to the society with duly acknowledged by the society.

According to the latest circular on Co-operative Society Audits, below are some important dates:

1. Finalization of Accounts - 15th May
2. Accounts to be handed over for Audit -1st June
3. Audit Completion: 31st July
4. Audit Report Upload - 31st Aug or 15th Sept.
5. AGM Date - 30th Sept.
6. Mandatory Annual Return by Society - by 30th Sept.
7. Mandatory Return by Society About Auditor Appointment - One month from AGM or 31st Oct
8. Online Audit Order Generation by Auditor - 31st Oct.
9. Audit Rectification Report by Society: 3 months from the date of submission of report by auditor.
10. Rectification Report Upload by Auditor through Audit login: Once received from Society.

We have decided to conduct training programs at all major cities in Maharashtra. Let us start preparing for this great opportunity.



## New amendment in Maharashtra Co-operative Societies Act, 1960 recognising CMAs in Financial Audit of Maharashtra Co-operative Societies

### L. A. BILL No. LVIII OF 2016

#### A. BILL

further to amend in Maharashtra Co-operative Societies Act, 1960.

WHERE AS it is expedient further to amend the Maharashtra Co-operative Societies Act, 1960, for the purposes hereinafter appearing; it is hereby enacted in Sixty-seventh Year of the Republic of India as follows :

1. This Act may be called the Maharashtra Co-operative Societies (Third Amendment) Act, 2016.
2. In section 81 of the Maharashtra Co-operative Societies Act, 1960, in sub-section (I) in clause (9), in the Explanation 1, after clause (b), the following clauses shall be inserted, namely :

\*(b-1) a person who is Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 who has a fair knowledge of the functioning of the societies and an experience of at least one year of auditing in societies with a working knowledge of Marathi language;

(b-2) an auditing firm, which is a firm of more than one Cost Accountants within the meaning of the Cost and Works Accountants Act, 1959, having a fair knowledge of the functioning of the societies with a working knowledge of Marathi language,".

#### STATEMENT OF OBJECTS AND REASONS.

Clause (a) to sub-section (1) of section 81 of the Maharashtra Co-operative Societies Act, 1960 (Mah. XXIV of 1961), substituted in accordance with the Constitution (Ninety Seventh Amendment) Act, 2011, provides that the society shall cause to be audited its accounts atleast once in each financial year and also cause it to be completed within a period of four months from the close of financial year to which such accounts relate by auditor or auditing firm from a panel prepared by the Registrar and approved by the State Government or an authority authorised by it in this behalf, possessing required qualifications and experience as may be prescribed to be eligible to auditing accounts of societies.

Second proviso to the said clause (a) provides that no auditor shall accept audit of more than twenty societies for audit in a financial year excluding societies having paid up share capital of less than rupees one lakh.

2. At present the panel of auditors comprises of Chartered Accountants certified auditors and Government auditors as specified in Explanation I to sub-section (1) of section 81. For achieving the mandate of completing audit within the stipulated period by the societies and in view of the capping of auditing not more than twenty societies in a financial year by an auditor as per the said section 81, the empaneled auditors are found to be insufficient.

Considering the number of auditors empanelled on the panel of auditors and number of co-operative societies in the State, it is noticed that the percentage of completion of audit of societies is very low. For completion of audit of more number of societies, to provide sufficient number of auditors, to make available multiple choices of auditors for selection to societies, the Government considers it expedient to include the Cost Accountants and auditing firms of more than one Cost Accountants within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959) in the panel of auditor's approved by the Government for the purposes of auditing the accounts of the societies, on the lines of amendments made by the Karnataka Co-operative Societies (Amendment) Act, 2014 to the Karnataka Co-operative Societies Act 1959 (Karnataka Act 11 of 1959). For that purpose, it is proposed to amend Explanation I to sub-section (1) of section 81 of the said Act, suitably.

3. The Bill seeks to achieve the above objectives.

Nagpur,  
Dated the 13th December 2016.

SUBHASH DESHMUKH,  
Minister for Co-operation.

MAHARASHTRA LEGISLATURE SECRETARIAT  
(L. A. BILL No. LVIII OF 2016)

(A Bill further to amend the  
Maharashtra Co-operative Societies Act, 1960)

(SHRI SUBHASH DESHMUKH,  
Minister of Co-operation.)

**Dr. ANANT KALSE**  
Principal Secretary, Maharashtra Legislative Assembly.



# Goods & Service Tax (GST)

## Revised Draft GST Law & Impact thereof

By CMA Ashok B. Nawal

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Revised draft GST Law was put on the public domain on 25th November 2016 and thereafter, whatever suggestions have been received by GST Council were reviewed during GST Council Meetings held during the month December 2016 and finally all the sections of CGST Law & SGST Law have been approved. Similarly, all provisions of IGST Law except for dual control has been approved by GST Council. However, issue of control on the Assessment Adjudications & Audits of the Dealers having turnover less than Rs. 1.5 Cr. has not been finalized since Law Ministry have opined differently than that of demands of State Govt. Perhaps, this issue will be settled in the month January 2017 but winter session of the Parliament has been washed out because political differences on demonetisation and therefore CGST Law & IGST Law could not be tabled in the parliament. Now, it may be tabled in the month of Feb 2017 i.e. Budget Session, but prior to February 2017, issues need to be resolved and therefore meeting the deadlines of Rollout of GST from 1st April 2017 seems to ambitious and difficult.

### When GST will be effective from?

As stated above, it seems to be difficult to implement GST w.e.f. 1st April 2017, since Draft Law could not be converted into the Law and thereafter Industry needs min 2-3 months for studying the provisions and implementing the same. However, in accordance with Constitution 101st Amendment Act, 2016, GST will have to be implemented prior to 16th September 2017 and therefore GST will be implemented not later by 1st Sept 2017, but it will create more hardships to trade and industries to start mind-way and face the issues arising from transitional provisions and also prepare the two sets of accounts prior to 1st Sept 2017 and thereafter. It will be better for industry, if GST is implemented from the start of second quarter i.e. 1st July 2017, so that quarterly accounts are prepared by most of the industries and there will be less hurdles, if it is implemented w.e.f. 1st July 2017 rather than 1st Sept 2017.

### What are the changes in the revised draft GST law?

There are major changes in important provisions of the Model GST Law, which has been incorporated in revised Draft GST Law. Fortunately, most of them are positive changes. Those changes are highlighted in the subsequent paras below. However, important change is the new provision which has been inserted in CGST Law.

- **Threshold Limit:** Due to change in definition of aggregate turnover, turnover of non-taxable goods will not be considered for calculating the threshold limit and therefore, threshold limit of Rs. 20 lacs will consist of turnover of taxable goods and exempted goods (it is Rs. 10 lacs for North State), but will not include non-taxable goods.
- **Interest :** Interest also will not be liable for GST, since, account has been defined in IGST law as an account bearing interest to the depositor, and includes a non-resident external account and a non-resident ordinary account

Similarly, NBFC has been also defined and interest is the consideration, which is also received in money and money

is excluded from the scope of supply of goods & services and hence interest will not be charged.

New definition of 'Account' has been inserted which refers to bank account. It seems that "interest" may be exempted from payment of GST.

- **Securities Not Liable to GST :** With no specific exclusion to "Securities" in the earlier version, there was a general apprehension that securities will be liable to GST. Now, goods has been defined as under:

"Goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

- **Actionable Claim & Intangible Property will be considered as goods and not as service:**

"Actionable claim" shall have the meaning assigned to it in section 3 of the Transfer of Property Act, 1882.

"actionable claim" means a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property, or to any beneficial interest in movable property not in the possession, either actual or constructive, of the claimant, which the civil courts recognize as affording grounds for relief, whether such debt or beneficial interest be existent, accruing, conditional or contingent;

Intangible property has been included in Goods since it has been specifically excluded from services.

Earlier, in Model GST Law, it was included in the definition of service and now it has been included in the definition of goods but there is no HSN Code available for actionable claim & intangible property and therefore it will be interesting to see that, what HSN code will be used for the same.

- **Registration:** Each taxable person, who is required to take the registration and crossed the threshold limit can apply for the registration. Separate registration has to be taken for each state from where supplies are effected. However, it is the option of the person to opt for separate registration, when the person is engaged in supplies of different goods and services which includes:
  - a) the nature of the products or services;
  - b) the nature of the production processes;
  - c) the type or class of customers for the products or services;
  - d) the methods used to distribute the products or provide the services; and
  - e) if applicable, the nature of the regulatory environment, for example, banking, insurance, or public utilities.

Wording relating to AS-17 of earlier Draft Model GST law is replaced with actual conditions as mentioned above.

- Rates of GST :**

Though rates of the GST are never the part of provision of the act but as promised in the Rajya Sabha by Hon. Finance Minister Shri ArunJaitely that upper limit of the tax will

be part of the law and therefore upper limit of the tax rate of 14% has been provided in Section 8(1) of CGST /SGST Law) and & 28 % on IGST (Section 5(1) of IGST Law) and therefore, now there will be following categories of the tax rates.

Rate of Tax	Expected bifurcation	Remark
Nil (Exempted Supply)	(0% of CGST & 0% of SGST)	Necessity items may be exempted, which are presently exempted in all the states for VAT. Generally, these will be in the range of 80 to 99 items.
5%	(2.5% of CGST & 2.5% of SGST)	Items which are exempted under excise and VAT rate is in the range of 4% to 6% may be covered under this category.
12%	(6% of CGST & 6% of SGST)	Items on which excise duty is 6% and VAT rate are in the range of 4% - 6% may be covered under this category.
18%	(9% of CGST & 9% of SGST)	Majority of the Items, which are not directly needed to the consumer and not covered above will cover in this category.
28%	(14% of CGST & 14% of SGST)	All other items which are directly reaching to the consumer including luxury goods, i.e. white goods and beverages

It is expected Clean Cess and Swachha Bharat Cess will also be additionally imposed on the luxury goods and beverages. Needless to say, no ITC credit will be available on such cess.

- Change in Definition of "Capital Goods"**

Definition of capital goods is given below:

"capital goods" means goods, the value of which is capitalized in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business;

Earlier definition which was brought from existing central credit rules 2004 has been dispensed with. This will reduce substantial litigations and instant ITC credit will be available on capital goods except for pipelines and telecommunication tower fixed to earth by foundation or structural support including foundation and structural support.

- Zero rated supply:**

"zero rated supply" means any of the following taxable supply of goods and/or services, namely

- export of goods and/or services; or
- supply of goods and/or services to a SEZ developer or an SEZ unit.

Even if, supplies for which GST rate is Nil, ITC credit of inputs will be available.

Refund of Input Tax Credit will be available if supplies are exported under bond or refund of output tax paid on supplies of goods & services, which are exported will be also available, but similar provision is not applicable for supplies to SEZ Developer and SEZ Unit.

However, when supplies are made to SEZ Developer or SEZ Unit, it seems that it will not be zero, since in accordance with Sec(17(4) of IGST Law, SEZ Developer or SEZ Unit receiving the supplies will be eligible to claim refund on IGST paid by registered taxable person on such supplies.

- Meaning & Scope of Supply:**

Section 3 has been totally revised and restructured, now there are 5 schedules included in the meaning & Scope of Supply.

Schedule	Particulars	Remark
Schedule I	Matters to be treated as supply even if made without Consideration	<ol style="list-style-type: none"> <li>Earlier, there was the only wording "Permanent transfer/disposal of business assets" will be considered as supplies even though without consideration but now it has been changed to "Permanent transfer/disposal of business assets where input tax credit has been availed on such assets". It means there will be no GST applicable when there will be free supplies provided, no ITC credit has been availed. However, when free supplies are made to the related person or distinct person then, GST will be applicable on such supplies.</li> <li>"Temporary application of business assets to a private or non-business use" and "Services put to a private or non-business use" has been removed from this schedule, but considered the same for restriction of ITC credit.</li> <li>Importation of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business. Importation of services for personal use has been excluded from the chargeability.</li> </ol>
Schedule II	Matters to be treated as supply of goods or Services	No Substantial change.

Schedule	Particulars	Remark
Schedule III	Activities or transactions which shall be treated neither as a supply of goods nor a supply of services	This has been aligned with existing provisions of service tax and modification has been made accordingly.
Schedule IV	Activities or transactions undertaken by the central government, A state government or any local authority which shall be treated Neither as a supply of goods nor a supply of services	This has been aligned with existing provisions of service tax and modification has been made accordingly.

Importation of services, for a consideration whether or not in the course or furtherance of business will be chargeable to GST. Earlier even importation of services without consideration was also included and now deleted.

- **Composite Supply, Mixed Supply & Principal Supply:**
- **"Composite Supply"** means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;
- **"Mixed Supply"** means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply;
- **"Principal Supply"** means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary and does not constitute, for the recipient an aim in itself, but a means for better enjoyment of the principal supply;

When there is a Composite Supply, rates will be applicable to supplies which is considered as principal supplies, whereas when there is a mixed supplies, rates will be applicable to the supplies which attract higher rate of tax.

- **Time of Supply on Goods:**  
The deletion of clause "Time of supply shall be the date on which recipient shows receipt of supply in their books" is a very welcome change as it was impossible to adhere to the said condition. Now, when invoice is received or invoice is required to be receive or payment received, whichever is earlier, will be treated as time of supply of goods.
- **Time of Supply on Services:**  
The deletion of clause "Time of supply shall be the date on which recipient shows receipt of supply in their books" is a very welcome change as it was impossible to adhere to the said condition. Now, when invoice is received or invoice is required to be receive or payment received, whichever is earlier, will be treated as time of supply of goods except for supplies from associated enterprises. In that case, existing provision will apply.
- **Allowability of Input Tax Credit (Section 16):**  
"Input & input services" definition has been amended and therefore input used or intended to be used in the course or furtherance of business will be eligible for credit even if not used for outward supply. This will avoid litigation  
input service used or intended to be used in the course or

furtherance of business will be eligible for credit even if not used for outward supply. This will avoid litigation.

Allowability of following input tax credit in the Revised GST Law:

- Pipelines and telecommunication tower fixed to earth by foundation or structural support
- Works contract services input credit if it is an input service for further supply of Works contract service
- Food and Beverages, Outdoor Catering, beauty treatment, health services, cosmetic and plastic surgery for making an outward supply of same category of goods and services
- Rent-a-cab, life insurance, health insurance where the same is notified by Government to be obligatory under any law for the employer

Further, Plant & machinery has been defined in the explanation as under :

**'Plant and Machinery'** means apparatus, equipment, machinery, pipelines, telecommunication tower fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes land, building or any other civil structures.

Therefore, Input credit also will be allowed on foundation and structural support.

- **Job Work:**  
Now no permission will be required to be taken for sending goods to job worker. Only intimation will be required.  
Times limit for bringing goods back is 1 year for inputs and 3 years for capital goods other than moulds, dies, jigs and tools.
- **No interest on Wrong Payment of Tax (CGST & SGST as against IGST and vice-versa):**  
Section 19 of IGST Act clarifies that in case of wrong payment of tax under CGST / SGST instead of IGST and vice-versa, no interest will be payable for delay on payment on correct tax.
- **Refund:**  
Refund will be granted immediately, when application is made with all required documents to the extent of 90% as against 80% and balance 10% will be given within 60 days as against 90 days.  
Even the recipient or any person who has borne the incidence of tax can apply for the refund with 6 months from the issue of order
- **Transitional Provision:**  
Provisions relating to Transitions has been amended so as

to avoid double taxation on the stocks lying with registered dealers (1st Stage Dealer, 2nd Stage Dealers, Import Dealers). Further, ITC credit will be allowed on the followings:

- Credit of Eligible duties and taxes in respect of input and input services during transit
- Refund claims filed after the appointed day for goods cleared or services provided before the appointed day & exported before or after the appointed to be disposed of under earlier law
- Transfer of unutilised cenvat credit by taxable person having centralised registration under earlier law
- Cenvat credit reversed under earlier law due to non-payment of consideration within a period of three months, can be reclaimed if payment is made within three months from the introduction of GST

#### Anti-profiteering Measure:

Section 163 of CGST Law provides that:

#### Quote

The Central Government may by law constitute an Authority, or entrust an existing Authority constituted under any law, to examine whether input tax credits availed by any registered taxable person or the reduction in the price on account of any reduction in the tax rate have actually resulted in a commensurate reduction in the price of the said goods and/or services supplied by him.

The Authority referred to in sub-section (1) shall exercise such functions and have such powers, including those for imposition of penalty, as may be prescribed in cases where it finds that the price being charged has not been reduced as aforesaid.

#### Un-Quote

In other words, each taxable person under GST Law will have to do the "IMPACT ANALYSIS" on his business to find out due

to changes in existing tax regime, what are the additional benefits he will be able to get by way of ITC Credit, no retention and different taxes for which no set off was allowed. Similarly, what will be the savings on account of input tax and output tax? Savings will have to be worked out considering that there will be no cascading effect on account of followings:

- Tax on Tax
- SAD to Service Provider
- VAT Credit to Service Provider
- VAT Retention for Stock Transfer and less credit for capital goods
- Cenvat Credit on Input Services to Trader
- Central Sales Tax
- Entry Tax
- Purchase Tax

Similarly, additional tax burden, if any also will have to be worked out considering new provisions of Model GST Law. If there is a savings then such savings will have to be passed on to the customer and that will be the legal requirement to demonstrate that savings have been passed on to the customers otherwise penal provisions will attract.

In view of the above, each taxable person will have to do impact analysis and keep the same as part of books of account and use the same towards the compliances u/s 163 of CGST Law. Same provisions have been made applicable to SGST Law and IGST Law.

Even though, there is uncertainty whether GST will be made effective from 1st April 2017, there is a need to start the GST implementation work immediately and do the changes in the Business Strategies and Business Systems including Supply Chain, Accounting & IT System. Cost Accountants can play vital role in providing their services to trade and industries.

## **WIRC ORAL COACHING CLASSES STARTING FROM MONDAY 9TH JANUARY 2017**

### **AS PER THE DETAILS GIVEN BELOW : TIMINGS : 06.00 TO 08.00 PM**

Sr.No.	Name of the College	Group
1	Sydenham College, B Road, Near Churchgate Railway Station, Mumbai	Intermediate Group - I
2	N M College, Juhu Road, Vile Parle, Mumbai	Intermediate Group - I
3	N M College, Juhu Road, Vile Parle, Mumbai	Foundation Course
4	St. Francis Institute of Management Studies, Near Bhagwati Hospital, Borivali West	Intermediate Group - I
5	St. Francis Institute of Management Studies, Near Bhagwati Hospital, Borivali West	Intermediate Group - II
6	R J College, Near Ghatkopar Railway Station, Ghatkopar West, Mumbai	Intermediate Group - I
7	R J College, Near Ghatkopar Railway Station, Ghatkopar West, Mumbai	Intermediate Group - II
8	Mulund College, S N Road, Mulund West, Mumbai	Intermediate Group - I
9	Mulund College, S N Road, Mulund West, Mumbai	Intermediate Group - II
10	SMFC Thane, Datta Prasana Bldg, 3rd Floor, above Bank of Baroda, Ram Maruti Road, Opp Rajmata Vadapav Center, Thane West	Foundation Course
11	SMFC Thane, Datta Prasana Bldg, 3rd Floor, above Bank of Baroda, Ram Maruti Road, Opp Rajmata Vadapav Center, Thane West	Final Group - IV



# Insolvency Code - Professional Opportunities

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India currently ranks 136 out of 189 countries in the World Bank's index on the ease of resolving insolvencies. India's weak insolvency regime, its significant inefficiencies and systematic abuse are some of the reasons for the distressed state of credit markets in India today. There are multiple overlapping laws and adjudicating forums dealing with financial failure and insolvency of companies and individuals in India. The current legal and institutional framework does not aid lenders in effective and timely recovery or restructuring of defaulted assets and causes undue strain on the Indian credit system.

Under this backdrop, both the Houses of Parliament have now passed the much needed 'Insolvency and Bankruptcy Code, 2016'. The Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). The Government is proposing a separate framework for bankruptcy resolution in failing banks and financial sector entities. One of the fundamental features of the Code is that it allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, that will facilitate a formal and time bound insolvency resolution process and liquidation.

The code offers a lot of opportunities for the professionals of the 3 prestigious institutes i.e. the ICAI-CMA, ICAI-CA& ICSI. The members of the 3 institutes can register themselves as Insolvency Professionals thus generating a new professional avenue for practice. An individual can register himself as Insolvency Professionals under this code if he:-

- (a) Has passed the National Insolvency Examination;
- (b) Has passed the Limited Insolvency Examination and has fifteen years of experience in management, after he received a Bachelor' s degree from a university established or recognized by law ;or
- (c) Has passed the Limited Insolvency Examination and has ten years of experience as-
  - (i) A chartered accountant enrolled as a member of the Institute of Chartered Accountants of India,
  - (ii) A company secretary enrolled as a member of the Institute of Company Secretaries of India,
  - (iii) A cost accountant enrolled as a member of the Institute of Cost Accountants of India, or

An advocate enrolled with a Bar Council.

A Limited Liability Partnership or a registered Partnership firm or a company may be recognized as an Insolvency Professional Entity if:

- a) The majority of partners of LLP/Registered Partnership are registered as Insolvency Professionals OR at least one of the partners in such partnership/LLP has 15 years of post-qualification experience.
- b) The majority of the whole-time Directors of a company are registered as insolvency professionals.

Our Institute has incorporated a Section 8 Company namely Insolvency Agency of the Institute of Cost Accountants of India to function as Insolvency Professional Agency (IPA) under the Insolvency and Bankruptcy Code 2016. Interested members are required to submit an application for registration in Form A of the Second Schedule to these regulations. Also INR.10000 is required to be given as enrolment fee to the Insolvency Professional Agency of the Institute of Cost Accountants of India. Also a registration fee of INR 5000 is to be paid to the Board on behalf of the company either through cheque or through demand draft.

The Insolvency Professionals are expected to adhere to a strict Code of Conduct as prescribed by the Board. Some of the qualities that are essential in this regard are integrity and objectivity, independence and impartiality, professional competence, representation of correct facts and correcting misapprehensions, adhering to the prescribed time limits, properly communicating proper responsibility to the relevant stakeholders, maintaining confidentiality among the others. They are also not to accept any gifts or hospitality which may undermine their capacity to function independently as an Insolvency Professional.

This new legislation will help create a new class of insolvency professionals that will specialize in helping sick companies. This will also help India to score big on the Ease of doing Business Index. The more businesses grow, the better it would be for us members. It is hoped that the Code will help in having a strong insolvency regime as well propel us to become a business friendly nation.

The Institute of Cost Accountants of India (ICAI) has also launched website for member's registration under Professional insolvency Agency.

[To know more, kindly refer - [www.ipaicai.org](http://www.ipaicai.org), [www.ibbi.gov.in](http://www.ibbi.gov.in)].



# A review of Input Tax Credit under the Revised Model GST Law

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On 25th November 2016 the revised Model GST Law has been released by Central Board of Excise and Customs. An attempt has been made in this article to analyse the revised provisions of Input Tax Credit (ITC).

## 1. Eligibility and Conditions for taking ITC:

- a. A person must be registered as a Taxable Person
- b. Goods or Services are used or intended to be used in the course or furtherance of business.
- c. ITC to be taken in specified time and manner
- d. ITC on Pipelines and telecommunication towers, their structure and foundation.

ITC to be taken in financial year (FY)	Amount of Credit
1 First FY in which the said goods are received	1/3rd of total input tax
2 Second FY	1/3rd of total input tax
3 Third or subsequent FY	balance of total input tax

- e. Provisional: Credit can be taken provisionally as self-assessed.
- f. Mandatory documents to take ITC: tax invoice or debit note or other prescribed taxpaying document issued by supplier.
- g. Actual receipts: The goods or services must actually be received, however, an enabling deeming provision has been made for receipt of goods in cases where goods are supplied before or during its movement on direction of taxable person or agent so that ITC is not denied for non-receipt of goods for such transactions.
- h. Tax payment: - Tax must have been paid.
- i. Returns: are furnished as per section 34;
- j. Goods received in Lots: ITC will be allowed on receipt of the last lot.
- k. Payment of dues by recipient: In respect of supply of services, where supplier has paid the taxes and recipient has taken ITC he must make the payment to his supplier within a period of three months from the date of issue of invoice failing which an amount equal to input tax credit availed by the recipient shall be added to his output tax liability along-with interest.

## 2. Negative List (blocked credits)

Credit will not be available in respect of supply of below goods / services:

- a. motor vehicle and other conveyances, except

when they are used for providing taxable supplies viz.

- i. further supply of such vehicles or conveyances; or
  - ii. transportation of passengers or goods; or
  - iii. imparting training of driving, flying, navigating such vehicles or conveyances
- b. supply of following goods and services
    - i. food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except when used for making an outward taxable supply of same category.
    - ii. Membership of club, health and fitness centre
    - iii. Rent a cab, life insurance, health insurance except where it is made mandatory for an employer under any law.
    - iv. Travel benefits to employees on vacation such as leave or home travel concession
  - c. Works contract services supplied for construction, (including re-construction, renovation, addition, alteration to the extent of capitalisation) of the immovable property, other than plant and machinery; except when it is an input service for further supply of work contract service
  - d. Goods or services received by a taxable person on his own account for construction (including re-construction, renovation, addition, alteration or repairs to the extent of capitalisation) of the immovable property, other than plant and machinery even when used in course or furtherance of business;
 

Since, ITC is allowed on plant and machinery including apparatus, equipment, machinery, pipelines, telecommunication tower fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation and structural supports but excludes land, building or any other civil structures.
  - e. Taxable person who opted for composition levy scheme can't take ITC;
  - f. Goods and/or services used for personal consumption.
  - g. Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;
  - h. Any tax paid under section 67 (fraud), 89 (seizure of goods in transit and release) or 90 (confiscation)
    - i. If depreciation is claimed under the Income

Tax Act on the tax component of capital goods then ITC shall not be allowed on the said amount of tax component. In other words, any one benefit can be enjoyed, either depreciation on tax component of cost of capital goods or ITC of tax component.

**4. Time Limits : Time limits to take ITC in different cases are as under:**

- a. Time limit to take ITC in respect of an invoice or debit note in normal course shall be earlier of  
Furnishing of Return under section 34 for the month of September following the end of financial year to which such invoice or debit note pertains OR

Furnishing of annual return. (last date for furnishing an annual return is 31st December following the end of financial year)

**b. Specific cases:**

It is necessary to take full credit of input tax in respect of inputs held in stock; inputs contained in semi-finished (SFG) or finished goods (FG) stock and in cases of specific circumstances.

**c. Reversal of ITC: sub section 7 of section 18**

Event	Amount of Reversal	Payment / reversal
After availing ITC - Switch over to composition scheme	Equal to credit of input tax held in stock or contained in semi finished goods or finished goods and on capital goods on the day immediately preceding the date of such switch over or exemption (credit on capital goods shall be reduced by a prescribed %). (balance of ITC shall lapse)	An amount to be paid by debiting electronic cash ledger or credit ledger
After availing ITC - Supplies becomes exempt absolutely under section 11		
Supply of capital goods on which ITC has been taken	pay an amount equal to the ITC taken on the said capital goods reduced by the prescribed percentage points or the tax on the transaction value of such capital goods, whichever is higher. However, if supplied as a scrap, the tax may be paid on transaction value	

Case	Entitlement to take credit of Input tax in respect of	Maximum time limit to take ITC
1 A person who becomes liable to registration (under sec 23 read with schedule V), has applied for the same and has been granted such registration	inputs held in stock or contained in semi finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax	Within one year from the date of issue of tax invoice relating to such supply (sub section 5 of section 18)
2 A person who voluntarily takes registration though not liable	inputs held in stock or in semi finished or finished goods held in stock on the day immediately preceding the date for grant of registration	
3 A registered taxable person ceases to pay tax under composition levy scheme	inputs held in stock or contained in semi finished goods or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to tax normally under section 8 (credit on capital goods shall be reduced by a prescribed %)	
4 Exempt supplies becomes taxable supplies	inputs held in stock or contained in semi finished goods or finished goods or on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable. (credit on capital goods shall be reduced by a prescribed %)	
5 change in constitution of registered taxable person on account of sale, merger, demerger, amalgamation, lease or transfer of business with specific provision of transfer of liabilities,	Shall be allowed to transfer unutilised ITC to transferee in the prescribed manner	

**5. Utilisation of ITC: sub-section 5 of section 44**

- a. ITC on account of CGST shall be utilised first towards payment of CGST and amount remaining towards payment of IGST. (ITC of CGST cannot be utilised for payment of SGST)
- b. ITC on account of SGST shall be utilised first towards payment of SGST and amount remaining towards payment of IGST. (ITC of SGST cannot be utilised for payment of CGST)
- c. ITC on account of IGST shall be utilised first towards payment of IGST and amount remaining towards payment of CGST and then in payment of SGST.

To simplify: I= IGST, C = CGST, S= SGST,  
I can be utilised against I then C then S ;  
C can be utilised against C then I  
S can be utilised against S then I  
but C vs S or S -vs C is not allowed.

It is noteworthy that the amount available in the electronic credit ledger may be used for making payment towards output tax payable whereas the amount available in electronic cash ledger may be used for payment towards tax, interest, penalty, fees or any other amount payable under GST law.

**6. ITC in respect of Inputs sent for job work**

Here meaning of "principal" is relevant. 'Principal' means a person on whose behalf an agent carries on the business of supply or receipt of goods or services. The registered taxable person (principal) shall be entitled to ITC on inputs / capital goods sent to a job-worker for job-work or even it is directly sent to the place of job worker subject to conditions that

- a. the inputs received back within a period of one year of their being sent out. For capital goods this time limit is three years



- b. If such goods not received back or even not supplied from place of job worker within aforesaid period, it shall be deemed to be supplied by the principal to job-worker on the day when the said inputs or capital goods were sent out.
- c. If inputs or capital goods are sent directly to job-worker, the period of one year or three years shall be counted from the date of its receipt by the job worker.
- d. In case of Moulds, dies, jigs, fixtures or tools the aforesaid conditions are not applicable.

#### 7. Apportionment of credit (section 17)

Case		
1	Goods / Services used partly for business and partly for other purposes	Amount of credit shall be restricted to Input tax attributable to the business purposes.
2	Goods / Services used for effecting taxable supplies, zero rates supplies or under IGST Act & partly for effecting exempt supplies	Amount of credit shall be restricted to Input tax attributable to the taxable supplies including zero rated supplies
3	Banking company / financial institution / NBFC	Options:- Credit restricted to input tax attributed to taxable supplies OR 50% of eligible ITC on inputs, capital goods and input services in that month

#### 8. Monitoring through matching mechanism - section 37

##### a. Matching

A matching system will be in place where in details of every inward supply furnished by the 'recipient' for a tax period shall be matched

- a. with the corresponding details furnished by the corresponding 'supplier' in his valid Return for the same tax period or any preceding tax period.
- b. with the additional duty of customs paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him, and
- c. for duplication of claims of input tax period.

##### b. Communication

If details are matched it will be accepted and shall be communicated to recipient.

##### c. Mismatch / excess claim / duplication

If recipient claims excess ITC as declared or in case it is not declared by the supplier for same supply in his valid Returns it shall be communicated to both for rectification. If rectification is not done by the supplier in his valid Returns for the month in which discrepancy was communicated, it shall be added to output tax liability of recipient in his return for succeeding the month of communication.

Similarly, rectification of duplication of ITC should be done failing which it shall be added to output tax liability of recipient in his Return for the month in which the duplication is communicated

Where supplier declares the details of invoices / debit note in his valid return within specified time, the recipient shall be eligible to reduce the amount added as aforesaid from his output tax liability.

Interest shall be payable at prescribed rates in case amount as aforesaid has been added to output tax liability, however, it will be refunded (not exceeding interest paid) in case of reduction of output tax liability on rectification

## Trade Circular from Commissioner of Sales Tax, Maharashtra State

No. AMD / IC / 2016 / 15 / ADM - 8

Trade Circular No.1T of 2017

Date : 2nd January 2017

### Full/Partial exemption of late Fee under Section 20(6) of MVAT Act, for late returns

Sr.	Phase	Return Filed during the period	Late fee payable
(1)	(2)	(3)	(4)
1.	Phase I	1st January 2017 to 31st January 2017	No late fee payable
2.	Phase II	1st February 2017 to 28th February 2017	Rs. 2,000/- payable per return

To view Full circular please check [www.mahavat.gov.in](http://www.mahavat.gov.in)



# Important points of GST Return/Statement to be furnished by registered taxable person

By **CMA Rajendra Rathi**

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As per Draft GST Rules Return Format kept on CBEC website, total 11 Return from GSTR-1 TO GSTR-11 format has been prescribed for registered taxable person and periodicity has been described in respective Rule under MGSTL.

I have summarized all RETURN format in tabulated form in two tables for normal registered taxable person and other registered taxable person for easy understanding and ready reference purpose.

## Return summary for normal registered taxable person

Sr. No.	Form	Detail	Ref of MGSTL	Periodicity	Remark/Due date
1	GSTR-1	Detail of outward supply of taxable goods and services effected	Section 32	Monthly	by 10 th of succeeding month
2	GSTR-1A	Details of outward supply as added, corrected or deleted by the recipient	Section 38	Monthly (Auto drafted detail)	Wrong/Short/Excess Supply corrected by recipient subject to acceptance by supplier
3	GSTR-2	Detail of inward supply of taxable goods and services effected	Section 33	Monthly	after the tenth but on or before the fifteenth day of the succeeding month
4	GSTR-2A	Details of inward supply made available to the recipient on the basis of GSTR-1 furnished by supplier	RSection 37	Monthly (Auto drafted detail)	Wrong/Short/Excess receipt corrected by recipient subject to acceptance by ultimate supplier
5	GSTR-3	Monthly return on the basis of finalization of details of onward supplies and inward supplies along with payment of tax	Section 34	Monthly	on or before the twentieth day of the succeeding month
6	GSTR-7	Return for authorities deducting tax at source	Section 46	Monthly	within ten days after the end of the month
7	GSTR-9	Annual Return	Section 39	Annually	on or before the thirty first day of December following the end of such financial year.
8	GSTR-9B	Reconciliation statement	Section 39	Annually	audited copy of the annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the year with the audited annual financial statement,

## Summary of Returns for other registered taxable persons

Sr. No.	Form	Detail	Ref of MGSTL	Periodicity	Remark/Due date
1	GSTR-4	Quarterly return for compounding taxable person	Section 9	Quarterly	
2	GSTR-4A				
3	GSTR-5	return by non-resident taxable person	Section 24	Monthly	Within twenty days after the end of a tax period or within seven days after the last day of the validity period of registration, whichever is earlier. 6.
4	GSTR-6	ISD Return	Section 21		
5	GSTR-6A	Details of inward supplies made available to ISD recipient on the basis of form GSTR-1 furnished by supplier	Section 21		
5	GSTR-8	Statement of supplies effected through e-Commerce	Section 56	Monthly	

Sr. No.	Form	Detail	Ref of MGSTL	Periodicity	Remark/Due date
6	GSTR-10	Final return	Section 40		On cancellation /surrender of registration
7	GSTR-11	Details of inward supplies to be furnished by a person having UIN	Section 48	Monthly or as and when inward receipt recd	Consulate or Embassy of foreign countries and any other person

**Impact of above changes can be summarised as under.**

Normal registered taxable person having turnover more than one crore need to file 4 monthly return GSTR-1 ,2 3

and 7 and accept two auto drafted return GSTR-1A and GSTR-2A and file one annual return GSTR-9 with GSTR-9B having 12 ANNEXURES FOR Reconciliation.

Sr. No.	Periodicity of return	No of Return	Total Return annually	Remark
1	Monthly	6	72	GSTR-1,2 3, 7 and Auto drafted return GSTR- 1A, 2A
2	Annually	2	2	GSTR-9, 9B having 12 Annexures for reconciliation duly reconciled with audited annual financial statement
	Total		74	

In addition to above following important points to be noted.

- (1) Format for non-filers of return is prescribed in GST-3 where return to be filed within 15 days from receipt of notice.
- (2) Format for communication of mismatch cases is prescribed in GST-ITC-1 regarding acceptance, discrepancy and duplication of ITC Claim.
- (3) GSTR-1 can be finalised only after taking impact of auto drafted return of GSTR-1A which means
  - (a) Our outward supply tax liability ascertainment is finalised only after receipt confirmed by recipient or our final supply qty will be considered based on receipt qty accepted by recipient.
  - (b) For example if X has shown 10 MTqty in GSTR-1 and recipient has accepted/received 9 MT only accordingly auto drafted GSTR-1A will show 9 MT which either supplier has to accept or get it corrected from recipient within time to ascertain final tax liability
  - (c) It means supply qty is having link with qty received and accepted by recipient.
  - (d) All supplier has to make proper mechanism for timely validation of outward supply qty ,value from recipient in same month to avoid any mismatch and adjustment in subsequent month by way of debit note or credit note.
- (4) **GSTR-2** has following elements.
  1. Supplies from Registered person - Regular and

- Composition Scheme
  2. Supplies from Un-Registered Person
  3. Supplies attracting reverse charge
  4. Amendments to details of inward supplies received in earlier tax periods
  5. Goods received from abroad / Amendments of earlier period
  6. Services received from outside India / Amendments / Earlier period details
  7. Details of Debit Note/Credit Note and Amendments related to earlier tax period
  8. Supplies from Composition taxable person /un registered person & exempt /nil/non GST Supplies Scheme
  9. ISD credit received
  10. TDS Credit received
  11. TCS credit received
  12. Tax liability under reverse charge on advance paid without invoice
- It is clear from GSTR-2 elements that certain information will come through system from GSTR-1 of supplier and certain information like reverse charge, receipt from unregistered person and from outside India need to be entered manually as per POT of respective transactions.
- (5) **GSTR-9** Annual Return with 9B having following summary of annexures.

Sr. No.	Particulars	Consolidated amount as per annual return	Amount as per audited financial statements (for the GSTIN)	Difference	Reference
A	Details of supplies and corresponding taxes				
1	Total outward supplies				Annex 1
2	Total inward supplies				Annex 2

Sr. No.	Particulars	Consolidated amount as per annual return	Amount as per audited financial statements (for the GSTIN)	Difference	Reference
3	Total tax liability on output supply and supplies liable to reverse charge				Annex 3
4	Input tax credit availed during the year				Annex 4
B	Payment of tax liability on output supply and supplies liable to reverse charge				
5	By utilising cash in cash ledger				Annex 5
6	By utilising input tax credit ledger				Annex 5
7	By utilising TDS in cash ledger				Annex 5
C	Other details				
8	Deposit by challans				Annex 6
9	Transfer of TDS from deductors				Annex 7
10	Refunds				Annex 8
11	Amounts paid under protest/ as pre-deposit against demand				Annex 9
12	Balances as on date of financial statements (GST payable)				Annex 10
13	Balances as on date of financial statements (ITC)				Annex 11
14	TDS deducted				Annex 12

From annual return format it is clear that all business has to design their accounting system and SAP system in such a way that required information for filing monthly and annual return received from system and reconciliation statement of all outward supply and inward supply received matches with audited annual accounts as GSTR-9 is to be supported with GSTR-9B duly signed by Chartered accountant or Cost Accountants.

Following additional return incorporated in GST return

#### 46. Tax deduction at source

Deduction of tax by buyer like in works contract TDS is applicable presently.

Separate GSTR-7 for same having reference in GSTR-2 point 10 (Auto populated from GSTR-7 of counterparty

ELECTRONIC COMMERCE OPERATOR

#### 56. Collection of tax at source

Tax collected at source by seller.

Sales through Amazon and flip kart having reference at following places in RETURN

- (1) GSTR-1 Sales register srl no 5 column no 17 (GSTIN of E commerce operator
- (2) GSTR-2 SRL NO 10 (2) TCS credit received

Looking to voluminous requirement of uploading of invoice wise detail of outward supply and validation of inward supply following check list can be followed for ensuring 100 % compliance under GST.

1. Return are reconciled with annual report, balance sheet, or trial balance through robust IT system.
2. All advances also to be matched with reference id and reverse charge cases matches.
3. Annual return contain 12 annexure pertains to

reconciliation to be matched with annual return

4. All credit booked under capital goods credit are part of capitalization means part of fixed asset register or not

Above article is based on revised MGSTL and Draft Return format released by CBEC till date. Any changes in final law need to be reviewed if any. CMA has lot of scope as reconciliation statement to be certified by Cost accountants or Chartered Accountant. Further Anti profiteering clause also has been incorporated as per section 163 of MGSTL in which our institute can play important role in suggesting system base check through format to be developed and link with GSTN for benefit of end users.

❖ *Power is of two kinds. One is obtained by the fear of punishment and the other by acts of love. Power based on love is a thousand times more effective and permanent than the one derived from fear of punishment.*

❖ *Non-violence is the greatest force at the disposal of mankind. It is mightier than the mightiest weapon of destruction devised by the ingenuity of man.*

— Mahatma Gandhi



## Place of Supply of GOODS - Key factor to determine applicability of CGST+SGST or IGST

**CMA Nikhil B. Mehta**

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Central Government has already release revised model GST and IGST law on public domain in the month of November 2016. The same has been nearly approved in 7th meeting of GST council, held on 22nd - 23rd December 2016. The crush of whole GST is, which tax is an applicable, i.e. whether CGST+SGST or IGST, on supply transactions?

With the help of this article, I am trying to provide understanding on the subject matter by placing various illustrations.

There are two sections (Provisions) in model IGST Law for determine place of supply of Goods, which can be summarized as follow,

**Section-7 of MIGST Law:** Place of supply of goods other than supply of goods imported into, or exported from India.

**Section-8 of MIGST Law:** Place of supply of goods imported into, or exported from India.

Let us try to understand both sections.

**Section-7 of MIGST Law: Place of supply of goods other than supply of goods imported into, or exported from India.**

(1) This provisions shall apply to determine the place of supply of goods other than supply of goods imported into, or exported from India. I.e. provisions is not applicable to determine place of supply of goods, where goods are imported in India or exported from India.

**Illustration:** If ABC Ltd has imported goods from CSC Ltd, China, then provisions provided in section-7 of IGST is not applicable. For such cases, provisions of section-8 of MIGST is applicable.

(2) Where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient. It means when supply involves movement of goods from one place to other place, then place of supply is Place where movement of goods terminates for delivery to the recipient.

**Illustration - 1 :** ABC Ltd of Gujarat is supplying

goods to XYZ Ltd of Delhi, with door delivery terms, then in this case IGST is applicable, as delivery of goods terminates at Delhi and transaction is settled between two states.

**Illustration - 2 :** ABC Ltd of Gujarat is supplying goods to XYZ Ltd of Delhi, with ex-factory terms, then in this case also, IGST is applicable, as delivery of goods terminates at Delhi and transaction is settled between two states.

(3) Where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person. This case is like "Bill to -Ship to" model.

**Illustration - 1 :** PQR Ltd (buyer) of Maharashtra is purchasing goods from ABC Ltd (seller/supplier) of Gujarat, and delivery (supply) of goods to XYZ Ltd (recipient) of Delhi, then IGST is applicable, as it is inter-state supply. Here ABC Ltd (supplier) is 1st person, XYZ Ltd (recipient) is 2nd person & PQR Ltd (buyer) is 3rd person, as on the direction of PQR Ltd of Maharashtra, goods are supply to XYZ Ltd of Delhi. In this case, place of supply is principal place of business of third person i.e. place of PQR Ltd is place of supply and we can conclude that transaction is settled between two states i.e. between Maharashtra and Gujarat.

**Illustration - 2 :** PQR Ltd (buyer) of Maharashtra is purchasing goods from ABC Ltd (seller/supplier) of Gujarat, and delivery (supply) of goods to XYZ Ltd (recipient) of Gujarat, then IGST is applicable, as it is inter-state supply. Here ABC Ltd (supplier) is 1st person, XYZ Ltd (recipient) is 2nd person & PQR Ltd (buyer) is 3rd person, as on the direction of PQR Ltd of Maharashtra, goods are supply to XYZ Ltd of Gujarat. In this case, place of supply is principal place of business of third person i.e. place of PQR Ltd is place of supply and we can conclude that transaction is settled between two states i.e. between Maharashtra and Gujarat.

**Illustration - 3 :** PQR Ltd (buyer) of Gujarat is purchasing goods from ABC Ltd (seller/supplier) of Gujarat, and delivery (supply) of goods to XYZ Ltd (recipient) of Delhi, then CGST+SGST is applicable, as it is intra-state supply. Here ABC Ltd (supplier) is 1st person, XYZ Ltd (recipient) is 2nd person & PQR Ltd (buyer) is 3rd person, as on the direction of PQR Ltd of Gujarat, goods are supply to XYZ Ltd of Delhi. In this case, place of supply is principal place of business of third person i.e. place of PQR Ltd is place of supply and we can conclude that transaction is settled within the states i.e. within the Gujarat.

**Illustration - 4 :** PQR Ltd (buyer) of Maharashtra is purchasing goods from ABC Ltd (seller/supplier) of Gujarat, and delivery (supply) of goods to XYZ Ltd (recipient) of Maharashtra, then IGST is applicable, as it is inter-state supply. Here ABC Ltd (supplier) is 1st person, XYZ Ltd (recipient) is 2nd person & PQR Ltd (buyer) is 3rd person, as on the direction of PQR Ltd of Maharashtra, goods are supply to XYZ Ltd of Gujarat. In this case, place of supply is principal place of business of third person i.e. place of PQR Ltd is place of supply and we can conclude that transaction is settled between two states i.e. between Maharashtra and Gujarat, even though place of recipient and place of buyer is the same.

- (4) Where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient.

**Illustration :** PQR Ltd (buyer) of Maharashtra is purchasing goods from ABC Ltd (seller/supplier) of Gujarat, and delivery (supply) of goods to XYZ Ltd (recipient) of Delhi. Later on PQR Ltd of Maharashtra issue invoice to XYZ Ltd of Delhi, here IGST is applicable, as it is inter-state supply. Here PQR Ltd has issue invoice on the name of XYZ Ltd of Delhi, where there is no movement of goods. In this case, place of supply is the location of goods at the time of the delivery to the recipient i.e. Delhi, as location of goods at the time of delivery to XYZ Ltd was Delhi. So we can conclude that transaction is settled between two states i.e. between Maharashtra and Delhi.

- (5) Where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly. It means where goods is used in installation and assembly, then place of supply is place of installation or assembly.

**Illustration :** ABC Ltd of Gujarat is awarded contract to XYZ Ltd of Delhi for installation of machinery at Rajasthan. Here goods are supply to Rajasthan by XYZ Ltd of Delhi for installation of machinery, here IGST is applicable as it is inter-state supply. We can

conclude that transaction is settled between two states i.e. between Delhi and Rajasthan.

- (6) Where the goods are supplied on board a conveyance, such as a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board. This means when goods are supplied to board for further

**Illustration:** ABC Ltd of Gujarat supply goods to Mumbai for board a conveyance, here place of supply is the location at which goods are taken on board i.e. Mumbai, hence IGST is applicable as it is inter-state supply.

- (7) Where the place of supply of goods cannot be determined in terms of subsection (2), (3), (4), (5) or (6), the same shall be determined in a manner prescribed by the Central Government on the recommendation of the Council. It means if it is not possible to determine place of supply in terms of above no (2) to (6), then central government will determine place of supply by considering recommendation of GST council.

#### **Section-8 of MIGST Law: Place of supply of goods imported into, or exported from India.**

- (1) The place of supply of goods imported into India shall be the location of the importer. This means goods is imported into India, location of importer is place of supply.

**Illustration :** ABC Ltd of Gujarat is importing machinery from CSC Ltd of U.K., here place of supply is U.K. as importer is from U.K. and for this supply, IGST is apply.

- (2) The place of supply of goods exported from India shall be the location outside India. This means when goods is exported from India, then place of supply is location outside India.

**Illustration :** ABC Ltd of Gujarat is exporting machinery to China, here place of supply is China as location is outside India and for this supply, IGST is apply.

Because of our Institute's solid efforts, particularly efforts of taxation committee, CMA profession gets reorganization in GST Law. The role given in GST, will also help the CMA, indirectly in cost related work. Now responsibility is on our shoulders to provide best services to the Nation and show that CMA is playing significant role in development of Nation. For the same, CMA can update their knowledge by continues reading of articles-books, attending seminars, etc.





## Demonetization to expand formal economic grid, digital economy and tax dragnet

**CMA Dr. V. V. L. N. Sastry**

Director, Firstcall India Investment Banking

As much as 97 per cent of currency notes, outlawed by the government on November 8, 2016, have reportedly returned to banks. This is a big surprise as nearly the entire stock of 500 and 1,000 rupee notes were recovered by the central bank. But India's demonetization transition is far from being over. As per the report of Bloomberg banks have received 14.97 trillion rupees as of December 30, 2016; which was the deadline set by the government for individuals to return their currency notes.

Even with strict regulations put in place to audit large deposits and limit the amount of banknotes that could be exchanged at one time, India's shadow economy apparently was able to unload their black money, often laundering it sparkling white in the process.

How the black economy was able to do this is still a big puzzle, but news that is surfacing indicates an array of tactics which included everything from using illicitly exchanging money with corrupt bankers using multiple ID's, exchange through commission agents who ran manpower services to make people stand in queue for exchanging old notes with new notes, using the Dhan Jan Yojana accounts for deposits, opening and depositing of money during the period of demonetization in multiple accounts, exchanging of old notes with foreign currency agents and agencies, using trust accounts, NGO accounts, religious trust accounts, charitable trust accounts, political party accounts, benami transactions, purchase of gold-jewellery-diamonds at premium, using agriculturists as front-ends and even threatening bank employees with physical violence if they don't do extracurricular exchanges.

What not, the affected Indian invented all sorts of avenues as huge portion of Indian society instantaneously found themselves stripped of the ability to interact economically. Up to the point of demonetization upwards of 95% of all transactions in India were conducted in cash and 90% of vendors didn't have the means to accept anything but cash. On top of this, 85% of workers were paid exclusively in cash and almost half of the population didn't even have bank accounts. Currently the sixth-largest economy in the world is running on 60% less currency than before.

It is the largest-scale financial experiment in Indian history involving above 14 trillion rupees equivalent to 86% of the currency in circulation from the most cash-dependent major economy in the world.

The demonetization which was shock doctrine to dismantle the cash-centric black market, to cleanse the country of counterfeit notes, to further digitize the economy, and to get more of the population onto the formal, and taxable economic grid.

One would agree with the fact that demonetization alone is not the panacea for fighting corruption and fight against corruption should be a continuous process. Demonetization effectively removed the counterfeiting notes for the time being. The black money removal from the system though was its main aim, due to the fact that 97% currency is back into the banking system, it provides for effective tracking. How much of this forms part of black money and how much comes into the tax net is a long driven process and only time should tell about its effectiveness.

While the currency supply is still not completely restored and cash is still being rationed the people of India for the most part steadfastly went along with the government's ambitious plan without any major protests, disruptions, or violence.

All said and done, demonetization has found new avenues like expanding the formal economic grid, building the digital economy, and expanding the tax dragnet.

### *Congratulations !!!*



CMA (Dr.) Ashutosh Jethanand Bhambhani, (M-6430), Fellow member of the Institute, Whole-Time Director, Gokul Agro Resources Ltd., Ex-Director-PGDM, Tolani Institute of Management Studies, Adipur and Chairman, Kutch-Gandhidham Chapter of ICAI, Adipur, is awarded Ph.D. Degree by KSKV Kachchh University for his research thesis in Management topic - "A study of Use of Activity Based Costing System in Hotel Industry in Kachchh", under the guidance of Dr. Amal Kumar, Head & Dean of Management, Bhavnagar University.

This research study will be very useful for hotel industry. The Chairman and Managing Director - Shri Kanubhai Thakkar of Gokul Agro Resources Ltd. and its Management Staff praised Dr. Bhambhani and greeted him for this achievement at the age of 60, i.e. after retiring from academic career.

# CHAPTER NEWS

## AURANGABAD

### Workshop on "Introduction of Dry Port & Opportunities for Entrepreneurs & Professionals of Marathwada".

Chapter conducted a seminar on "Introduction of Dry Port & Opportunities for Entrepreneurs & Professionals of Marathwada" on 24th December 2016. Professor and CMA S G Rathi was the speaker.

CMA S G Rathi explained the concept and features of Dry port and its benefits towards enhanced employment opportunities its business benefits, social and economic benefits, environment benefits the facilities and Opportunities for the Marathwada region industrialist and professional.

### Workshop on "Understanding GST After Revision in November 2016".

The Institute of Cost Accountants of India -Aurangabad Chapter conducted a seminar on "Understanding GST After Revision in November 2016" on 23rd December 2016. CMA Suresh Pimple was the speaker.

CMA Suresh Pimple explained in details about the Revision in November 2016 in GST Law. CMA Bisheshwar Sen , Chairman Aurangabad Chapter welcomed the speaker and proposed votes of thanks.

Both the program was attended by various Industrialist, Senior Corporate Managers, CMA Members and students of Aurangabad Chapter , Professors from Aurangabad Colleges like SB, Deogiri, Vivekanand and JES colleges Jalna , MSS college from Ambad and Jalna, Moreshwar College, Bhokardan along with other respected dignitaries.

## BILASPUR

Chapter had organized one day CEP (Continuing Education Program) on "GST- The latest position" on 18-12-2016 at Hotel Ananda Imperial, Bilaspur for the benefits of Cost Accountants at Bilaspur and its surrounding areas. CMA Mritunjay Acharjee, Practicing Cost Accountant from Kolkata discussed the pros and cons and latest position of the GST at central and state level.

As stated by CMA Sanjay Shrivastava, Secretary of the Chapter the GST (Goods and service tax) is a new tax regime which central Govt. want to implement from 01-04-2017 abolishing all indirect tax collected by central Govt. and state Govt. He also states that the GST is destination based consumption tax and ultimately consumer will be benefited and also more FDI will be attracted in India for industrialization. He also states that more and more seminar and workshop should be arranged so that the benefits of the GST should know not only the Professional bodies but also the Business as well as consumer at large.

Not only Cost Accountants but about 68 professional Accountants from SECL, NTPC, Railways, Private sector in Bilaspur and its surrounding areas had attended the program. CMA Dipen Mehra, Chairman of the Chapter, Mr. Y.V. Subba Rao, GM(F) & CA R. R. Rajan, GM(F), SECL, was present on the occasion. The program was ended by vote of thanks by CMA Mriganka Maiti, Co-coordinator of the Chapter.

## NAVI MUMBAI

### Seminar on Goods & Services Tax-All you wanted to Know

A seminar on GST was organized by Navi Mumbai Chapter on 17th December 2016 at the Navi Mumbai Sports Association Conference Hall, Sec 1A, Vashi. The Chief Guest was Shri Deepak S. Garg (Head - Indirect Taxation, Reliance Industries) and the speakers were CMA Manoj Behede (Practicing Cost Accountant) and CMA B.M. Sharma (Chairman of GST Advisory Board, and Past President of the Institute)

CMA K.V.V.S. Murthy introduced the dignitaries at the seminar and CMA L. Prakash (Chairman of the Chapter), and CMA Anil Jha (Secretary of the Chapter) welcomed the guests. In his welcome address, Shri L. Prakash stressed on the impact of GST in mature economies like Canada, Spain, Singapore & Malaysia and the movement of India in this line after GST implementation.

The programme was started by lighting the lamp by the Chief Guest and speakers and there was a prayer and Invocation song rendered by Ms. Lekhavardini Prakash & Ms Shreya Sai of Delhi Public School. After brief introductions of the speakers by CMA K.V.V.S. Murthy, the session commenced with the Speaker CMA Manoj Behede stressing on the GST being One Nation One Tax. Vote of thanks was proposed by CMA M. K. Narayanaswamy.

The applicability of GST will be from 1st April 2017 or latest by 16th September 2017. Seamless credit is the crux of GST and will help in bringing down the cost of the product. The focus of GST is on the place of supply and the speaker emphasized on various aspects of determining the place of supply for GST taxability across India.

The concept of One State One Registration was explained by the speaker in depth and the participants were actively asking doubts and clarifications and this made it a very interactive session. The various entities being EOU Units or DTA Units and the taxability under GST and the applicability of CGST, SGST and IGST in different circumstances was touched upon by the speaker with good examples. The expertise of the speaker on the cascading effect on taxes, formation of GST Council, administrative powers of States and Centre were enlightening to the



participants. The Input Tax Credit provisions were well covered by the speakers. The provisions related to Returns, Payments, and Refunds were also discussed.

A bird's eye view focused on the overview of current taxes, need for GST, Levy, scope of supply of goods/services, time of supply of goods/services, place of supply of goods/services- location in India and outside India, valuation-Transaction Value for GST, Business Strategy and the way forward.

After a brief break for Lunch, the speaker CMA B.M. Sharma continued the proceedings and explained the Transitional provisions in GST and its impact by describing good examples in various scenarios. He also touched upon the Input Tax Credit provisions and provided detailed explanations on the eligibility, availment of credit and utilization of the same.

Input Tax credit is the backbone of GST and the concepts, definitions, eligibility norms, features have to be understood for better clarity. The concept of Input Service Distributor, features of the ISD provisions, Cross Utilization and fund transfers, negative list of goods/services were emphasized by the speaker and the interactive audience was captivated on the finer points of GST.

The speaker stipulated the various conditions for availment in respect of inputs sent for job work and detailed the rules for availing and utilization of credit for CGST and SGST and the cross credit set-off heads. The process flow of GST return filing was examined along with the cut-off dates, Validations and Post-return processes. The basic features of GST returns 1 to 8 and periodicity of filing the returns was discussed at length along with practical examples of transactions within a state involving Dual GST, Inter -state supply of goods or services and the various Accounts and records to be maintained. The participants were actively asking doubts and clarifications. This made it a very interactive session.

The session was excellent and very well appreciated by the professionals, senior members and the participants. The volunteers from Karmaveer Bhaurao Patil College Vashi namely Ms Snejal Tele, Ms. Rhutuja Patil, Mr. Mayur Amrutsagar and Ms. Priya Phanse were instrumental in the successful organization of the seminar and were felicitated for their efforts. The audience was enthusiastic and looked forward to more such seminars in future for which the Managing Committee members expressed gratitude and vowed to conduct more such seminars in future.

The seminar concluded with the vote of thanks proposed by CMA Vivek Bhalerao.

### **PIMPRI-CHINCHWAD-AKURDI**

#### **Seminar on Demonetization held on 6th Dec. 2016**

Chapter jointly with The Institute of Chartered Accountants of India have organized seminar on

'Economics of Demonetization' on Tuesday, December 6, 2016 at 6.00 p.m. to 8.30 p.m. at ICAI, Nigdi, Pune.

Ms. Prajakta Chincholkar, Chairperson - The Institute of Chartered Accountants of India welcomes and introduced the Guest Faculty Dr. Vinayak Govilkar and CMA Ashish Deshmukh, Chairman, The ICAI - Pimpri-Chinchwad-Akurdi Chapter. CMA Ashish Deshmukh felicitated Dr. Vinayak Govilkar by offering a memento.

Dr. Vinayak Govilkar in his speech said, our Prime Minister - Narendra Modi announced demonetization of Rs. 1,000/- and Rs.500/- currency notes with multiple objects. This is a major and very bold step having chain reactions in the Indian Economy over short and medium term. Our government is constantly reviewing the situation and taking all corrective steps to minimize the ill effect of Demonetization. He focused on following point of Demonetization -

- One of the greatest advantages of this move is that it is going to definitely influence the degenerate practices of corruption.
- The banking framework will improve as it will gradually head towards a cashless society.
- To have a check on the inflation
- To dig out the black money lying idle in the form of cash.
- To bring the idle money lying in cash into the banking system.
- To ensure long term and sustainable growth
- To reduce the tax burden of the honest tax payers and increase the number of tax payers
- To promote plastic money and etc.

Large number of Members in Practice, Industries and Professionals were attended the seminar. The program ended with a vote of thanks.

#### **Seminar on Demonetization held on 7th December 2016 at MUCC College**

Chapter has conducted Debate Competition and seminar on Demonetization on 7th December 2016 for the commerce students in MUCC (Maghanlal Udham College of Commerce), Pimpri, Pune between 9:00 am to 11.00 a.m.

CMA Ashish Deshmukh has taken lead for this program. He has given information in brief about CMA Course and its scope in various sectors like Government, Corporate, Education, Medical, MSEB, Central Railways, BSNL etc. He said it's a good opportunity for the students of all categories of Arts, Science and Commerce.

Brochures of CMA Course have been distributed during the program. Around 100 students have attended the program.

Prof. Vinayak Govilkar, Eminent faculty & Economists has delivered lecture on Demonetization. He gave details about the Topic and firmly believed demonetization of

Rs. 500 & Rs. 1000 currency is a good step taken by the Modi Government. He in his lucid and simple language dealt with in details, the impact & issues on common people economy at large and impact on taxation and capital market.

There was huge response from the commerce students for this program. Many students have participated in Debate Competition. Students have given presentation on the topic "Demonetization". Debate Competition winner have awarded the prizes by CA Dr. Vinayak Govilkar and Mrs. Nambiyar, Principal, MUCC.

Mrs. Nambiyar, Principal, MUCC has very much appreciated for holding such type of program for the students of commerce.

Prof. Rekha Chetwani, faculty of commerce gave a vote of thanks.

### **CMA Career Counselling on 16th December 2016**

Chapter has conducted Career Counseling program on 16th December 2016 at Tikaram Jagannath College of Commerce, Khadki, Pune for S.Y. & T.Y. Commerce students. The program started with video clip about CMA Career. CMA Sandhya Nair has delivered lecture informing students about Foundation, Intermediate and Final levels of the course. She informed students about employment opportunities in Govt. and Private sector after completing the CMA Course. Shri. Puranik - Principal of T J College and Prof. Mrs. Dalvi was present for this program. Prof. Mrs. Dalvi has felicitated CMA Sandhya Nair. More than 30 students were present for this program. Dalvi madam has conducted small project work on different topics for their commerce students before career counseling program. CMA Sandhya Nair has announced first 3 winners on behalf of the college.

## **SURAT - SOUTH GUJARAT**

### **CEP on "Tax Implications on Corporate Restructuring"**

A CEP on "Tax Implications under Income tax act 1961 on Corporate Restructuring " was organized by Chapter on 28/12/2016 at Chapter's Office. CMA Ravi Raghav Chhawchharia, Member of the Chapter, well known professional educationalist from South Gujarat & Author of books on Direct Tax, was invited as a Faculty for the CEP. CMA Manubhai K Desai, Chairman of the Chapter welcomed the faculty. CMA Amish Parmar, Treasurer of the Chapter felicitated the guest by flowers. CMA Deepali Lakdawala, Member of the Chapter, Presented Memento to the faculty. CMA Ravi Chhawchharia in his lucid style elaborated the topic and explained in details the definition of amalgamations, mergers, demergers, implications on depreciation, capital gains, carry forward and set off of loses and other related issues, followed by lively interactions with the participants. Members from service and practice, including Final Course students participated actively in the CEP Programme. Vote of thanks was offered by CMA Brijesh Mali, Managing Committee Member of the Chapter.

## **CEP Report**

### **CEP on Constitution Day**

On the occasion of Constitution Day of India, WIRC in association with Brahmakumari's Jurist Wing had organised a Programme on the topic of Fundamental duties within Indian Constitution and Spiritual perspective to constitutional Duties at Brahmakumari's Centre at Thane on 3rd Dec. 2016. CMA Bipeen Mundade, who was co-ordinator for the event, welcomed all Cost Accountants. Past Chairman WIRC, CMA Debashish Mitra, stressed need of such non-technical programmes to bring awareness among the members expectations of the nation from us and also explained the rational of such CEP programmes.

Speaker Dr. Rashmi Oza, explained the history of constitution and Fundamental duties in authoritative and still in very simple language. Second Speaker BK Meera, kept hooked participants by giving spiritual perspective of the constitutional duties and how spirituality can help members to follow members in even in complex legal system. Director of Brahmakumaris Mulund Zone, Rajyogini BK Godavari, gave her blessings and stressed need to have proper balance of 'Law and Love' in our dealing. CMA Nidhi Gupta proposed vote of thanks to Speakers and dignitaries on behalf of WIRC.

### **CEP on GST Revised Model Law & Implementation**

WIRC had organised CEP on GST Revised Model Law and Implementation on 10th December 2016 at WIRC Office. CMA Harshad Deshpande, RCM-WIRC and CMA Laxman Pawar, Hon. Secretary WIRC were the speakers. CMA Laxman Pawar highlighted on "GST Implementation". CMA Harshad Deshpande discussed on "Revised Model GST Law and impact thereof".

Chairman WIRC and other Council Members were also present at the time of inauguration. Programme ended with question answer session. More than 50 members attended the programme.

### **CEP on "Insolvency and Bankruptcy Code, 2016**

WIRC organised a Seminar on "Insolvency and Bankruptcy Code, 2016" on Friday 23rd December 2016 at WIRC office, Mumbai. Dr. M. S. Sahoo, Chairperson, Insolvency and Bankruptcy Board of India was Chief Guest and CMA Sanjay Gupta, Vice President, ICAI was Guest of Honour.

CMA Pradip H Desai, Chairman WIRC welcomed the members and CMA Kailash Gandhi, Chairman CEP Committee WIRC introduced the guest. CMA L. D. Pawar, Hon. Secretary was also present on the occasion.

In his inaugural speech, Dr. M. S. Sahoo while addressing on the occasion mentioned that implementation of Insolvency & Bankruptcy Code, 2016 will ensure a timely solution to the insolvency resolution of companies. This has a good mechanism to unlock the value of distressed assets. This is a shift from Debtor's regime to Creditors regime. The Code, notified by the government in May, seeks to consolidate and amend laws relating to reorganisation as well as insolvency resolution of corporate persons, partnership firms and individuals in a time-bound manner. He also highlighted the opportunities for the CMA's.

In his address CMA Sanjay Gupta, Vice President, ICAI, highlighted that Insolvency and Bankruptcy Code 2016 creates a new professional opportunities for our members to become Insolvency Professionals under the Code. He urge members to become Insolvency Professionals and take challenge by developing their core competency in the areas of financial restructuring and revival of the companies and developing Resolution Plans and in Liquidations of the companies. He also told that Institute and Insolvency Professional Agency of Institute of Cost Accountants of India plan to organize necessary training programs in field of Insolvency and Bankruptcy.

CMA J K Budhiraja, CEO, Insolvency Professional Agency of ICAI, - Mr. Nikhil Shah, Managing Director, Alvarez & Marsal India Private Limited and Mr. K C Jani Managing Partner Areion Corporate Advisors (I) Pvt. Ltd. Ex-ED-IDBI Bank were the faculty for the seminar. More than 60 members attended the seminar. Programme ended with vote of thanks.



CMA Suresh Pimple guiding the audience during CEP on GST organized by Aurangabad Chapter



CMA Satish Rathi interacting with participants during CEP on Introduction of Dry Port & Opportunities for Entrepreneurs organized by Aurangabad Chapter



CMA Dipen Mehra, Chairman of Bilaspur Chapter, felicitating CMA Mritunjay Acharya, during CEP on GST organized by Bilaspur Chapter on 18th Dec. 2016



CMA Ravi Raghav Chhawchharia interacting with members during CEP organized by Surat-South Gujarat Chapter on 28th December 2016.



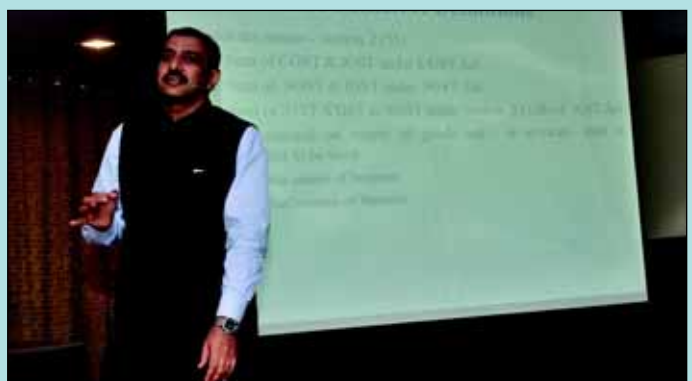
CMA Ashish Deshmukh, Chairman, PCA Chapter felicitating Dr. Vinayak Govilkar during Seminar on Demonetization organized by Pimpri-Chinchwad-Akurdi Chapter on 6th December 2016



CMA Sandhya Nair conducting session on Career Counselling organized by Pimpri-Chinchwad-Akurdi Chapter.



Mr Deepak Garg (Head-Indirect Taxation, Reliance Industries) inaugurating Seminar on GST organized by Navi Mumbai Chapter on 17th December 2016. (L to R) CMA Manoj Behede, CMA Anil Jha, CMA L. Prakash and CMA Vivek Bhalerao



CMA B.M. Sharma (Chairman of GST Advisory Board, and Past President of the Institute), interacting with participants during seminar on GST organized by Navi Mumbai Chapter on 17th December 2016.

(L to R) : CMA Harshad Deshpande, RCM-WIRC, CMA Laxman Pawar, Hon. Secretary WIRC and CMA B.M. Sharma,  
Past President ICAI offering bouquet to Shri Rajesh Jadhavar, Joint Registrar, Co-op. Societies, Audit, Pune



**The Institute of Cost Accountants of India**  
(Statutory body under an Act of Parliament)

**Western India Regional Council**

jointly with

**Ahmedabad Chapter of Cost Accountants**

announces

**"REGIONAL COST CONVENTION 2017"**

**on Saturday, 25th and Sunday, 26th February 2017  
at Ahmedabad**

***Details will be displayed on WIRC Website shortly.***

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