



**JUNE
2022**

TRANSFER PRICING

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

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Discussion on Challenges faced by Practising Members



CMA Dinesh Birla, Chairman WIRC, CMA Harshad Deshpande, Chairman P.D. Committee WIRC and CMA Mahendra Bhombe, Hon. Secretary & Treasurer WIRC interacting with Practising members during Discussion Meeting on Challenges faced by Practising Members organised by WIRC on 7th June 2022 at WIRC Office.

WIRC has organised a Discussion Meeting on Challenges faced by Practising Members on Tuesday 7th June 2022 at WIRC Office, Mumbai. Members were enthusiastic and happy to attend in person post covid program.

Practising members shared their views, opinions and experiences in panel discussion & also discussed difficulties faced by them. Post covid issues related to charging fees, cost Audit matter, ethics in practice were also discussed.

CMA Dinesh Birla, Chairman WIRC, CMA Harshad Deshpande, Chairman P.D. Committee WIRC and CMA Mahendra Bhombe, Hon. Secretary & Treasurer WIRC interacted with members.



Dear Professional Colleagues,

Namaste !!

Buddha: “We are shaped by our thoughts; We become what we think. When the mind is pure, joy follows like a shadow that never leaves.”

I would like to tell you that It’s a great honor for me to communicate with you every month.

Now-a-days rising inflation driven by higher energy and food prices, supply chain disruptions and tight labor markets is a major concern for the whole world and almost all the countries are trying to control the inflation by taking various economic measures including increasing the interest rate. Inflation in the United States has reached multi-decade highs in recent months and the Federal Reserve has raised interest rates to initiate a global monetary tightening cycle. India has also taken it very seriously. The RBI Governor called an urgent meeting of the Monetary Policy Committee between 2nd May 2022 to 4th May 2022 and increased the REPO rate by 40 basic points to 4.40 percent with immediate effect. Subsequently, the Central Government has also taken measures to control the inflation and reduce the excise duty on petrol and diesel prices.

As the new financial year has already started, the Income Tax Department has started releasing the utilities for filing various forms for the Assessment Year 2022-23 including filing of Income Tax Return. It is time to gear up for the profession and keep self-updating so that there is no delay in filing returns. As the time passes, the due dates are approaching very fast. I hereby request everyone to update themselves and meet the due dates.

In May, the Hon’ble Supreme Court gave two important judgments one related to the reopening of the assessment u/s 148, where it is held that all the notices which are issued u/s 148 (after amendment period and relate to specific assessment year) are deemed to be issued under the amended section i.e. 148A of the Income Tax Act and all the assessments are to be processed according to the newly amended section. Another important decision given was related to the GST charged on import of goods and held that GST on ocean freight paid is unconstitutional and hence cannot be collected.

60th National Cost Convention was held on 27th & 28th May at Lucknow on the theme of Self Reliance through Enlightenment. A large number of members & students participated in the event & it was a huge success. In a recorded video message, Honorable Chief Minister Shri Yogiji invited Cost & Management Accountants to be a partner in the development process of U.P., Deputy CM Shri Brijesh Pathak & Finance Minister Shri Suresh Khanna graced the occasion. I along with the majority of our Regional Council members participated in the event.

Management Accounting & Corporate Laws Committee of HQ organised a Seminar on Management Accounting and Summit on Corporate Laws in Mumbai on 6th & 7th May 2022.

Shri Prithviraj Chavan, Former Chief Minister of Maharashtra and Former Union Minister, GoI, Mr. Ashishkumar Chauhan, MD & CEO, Bombay Stock Exchange, Mr. Lalit Gandhi, President, MACCIA, CMA P. Raju Iyer, President, ICAI, CMA Neeraj D. Joshi, Chairman, MAC, ICAI, CMA (Dr.) Ashish P. Thatte, Chairman, CLC and ICAI were on the dais for the inaugural session. I had the honor to attend the valedictory session along with CMA Asim Kumar Mukhopadhyay, Vice President-Corporate Finance, Tata Motors Ltd.

I would like to update you on other P.D. activities at WIRC during the month:

- WIRC organised a Webinar on “Panel Discussion on Anti Dumping” on 21st May 2022. CMA Manoj Kumar Anand, former Principal Advisor (Cost) in the Ministry of Finance, Department of Expenditure & CMA Navneet Kumar Jain, Practising Cost Accountants & Insolvency Professional and Consultant on GST were the speakers.

The current month is a month of Examination and the CMA exam will start on 27th June 2022. I hope the students are busy with their last-minute preparations. Exams are the best opportunity to prove yourself to everyone around you. Grab it and do your best. Best wishes for the examination!!!

I wish success to all the Members, Students and their families in the coming month.

Stay safe, Stay healthy.

With Best Wishes,

CMA Dinesh Kumar Birla
Chairman, ICAI-WIRC





Dear Members,

The main object of teaching is not to give explanations, but to knock at the doors of the mind.

— **Rabindranath Tagore**

On behalf of the Western India regional Council of the Institute of Cost Accountants of India, I wish you a healthy and peaceful life.

With your overwhelming response, I am presenting e-Bulletin for the month of June 2022 with the topic “Transfer Pricing”.

Transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm’s length principle. The OECD and World Bank recommend intragroup pricing rules based on the arm’s-length principle, and 19 of the 20 members of the G20 have adopted similar measures through bilateral treaties and domestic legislation, regulations, or administrative practice.

Transfer price helps with the accounting of transactions with familiar entities. It, in turn, helps to determine their profit or loss. It also helps with the true and fair reporting of transactions among common entities. Such pricing also helps the company to avoid double taxation.

Transfer pricing is useful for tax purposes, and thus, result in tax savings. Tax authorities do not favour such pricing as it helps companies to lower their tax liability. Transfer pricing exploits the loopholes in the tax system in different countries, and thus are subject to heavy scrutiny from the tax department. With such pricing, a company aims to book more profit in countries that have lower tax rates.

To deal with the above issues expertise is required in International Taxation. Areas like, international tax planning, the preparation of transfer pricing policy documentation and supporting benchmarking studies, conducting risk reviews and resolving transfer pricing disputes are to be stressed upon. Knowledge on Cross border transactions, Inward and outward investment, Investment structures, Expansion of business activities into international arena, thin capitalisation, Controlled foreign company structures, Withholding tax is absolutely necessary.

The Cost Accountants play a vital role in the area of Transfer pricing.

I hope, with the support of our eminent resource contributors on the subject, our fraternity will be immensely benefitted.

I am very much thankful to the Managing team WIRC, executives and the Resource persons, for their all-time support.

Truly Yours.

CMA Arindam Goswami
Chairman, Editorial Board

Transfer Pricing Analysis & Audit perspective

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Background:

Transfer Pricing has evolved as a focus area of tax authorities to garner tax revenue. The tax authorities have always looked at transfer pricing from suspicious lens. This is due to buzz about Multi-National Enterprises (“MNEs”) using transfer pricing as a tool to shift profits to lower tax authority. Over a period, the importance of transfer pricing has garnished attention globally. Similarly, to demonstrate the arm’s length nature of transfer prices, preparation and maintenance of required information and details is necessary. MNEs need to make reasonable efforts to establish transfer prices in compliance with the arm’s length principle which is also required mandatorily by the tax regulations of the respective countries in which the MNEs operate.

Executive Summary

The objective of transfer pricing analysis is to support the arm’s length nature of international transactions and specified domestic transactions entered by the taxpayer. Therefore, the essence of the transfer pricing documentation and all major observations and findings must be summarily discussed at the start of the report. The executive summary should clearly enumerate the gist of the detailed analysis and information captured in transfer pricing Documentation Report, such as:

- The business overview of the group and the taxpayer.
- Relationship between the taxpayer and its associated enterprise.
- Characterization of the entities based on functional and risk analysis.
- List of international transactions or specified domestic transactions along with the value of the transactions and methodology used to benchmark the transactions; and
- Summary of economic analysis undertaken.

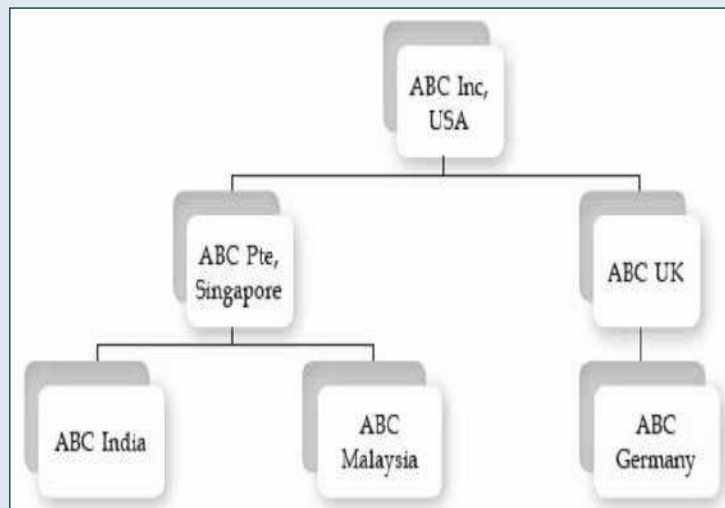
Also, it is important to mention the fact that the results obtained in the transfer pricing Documentation, are pertinent to that financial year and the results may need to be updated based on latest financials result, change in functional and risk profile or the level of tangible/intangible asset owned (i.e. the need to review and update the transfer pricing policy/arrangement to reflect change in market conditions).

Company/Group Overview

Group structure and Ownership linkages: The taxpayer should appropriately document its shareholding structure

as well as the overall group structure, to the extent relevant to the Indian taxpayer and its international transactions. The ownership linkages among the group entities should also be mentioned, as the same would enable one to easily identify the entities within the group which would qualify as “associated enterprise” (“AEs”) as specified in section 92A (2), under which the two become associated enterprises. Further, in view of specific requirements of Rule 10D of the Rules, it is imperative to mention the name, address, legal status, and country of tax residence country of tax residence of each of the AEs.

Diagrammatic representation: The previously mentioned information, if presented in the form of a chart or a table would provide a better optical view of the group structure and would be easy to comprehend. An illustrative presentation of the group structure of an MNC group is presented below:



Business overview of the Group: The Documentation should contain an overview of the business of the MNE group of which the taxpayer is a member. This section should also include the overview of the business operations of the taxpayer, especially, its activities in relation to which international transactions have been entered into with its AEs, a brief background (date of incorporation, employee base, global presence etc.), short description of the business segments, financial performance of the entity, activities performed/services offered under each segment and the product profile. The information in this regard could be obtained from and linked to the information contained in the Director’s Report, company’s/group website and other publicly available authentic data. This information would give an overall understanding of the business operations of

the Indian entity within the overall group structure. This would also form a base for conducting an analysis of the functions performed, assets employed, and risks assumed (“FAR analysis”) and the economic analysis.

Business overview of the transacting AEs: Lastly, a brief business description of each of the AEs with whom the taxpayer has international transactions including section reference as per which it becomes an AE, should also be included in the Documentation. This enables an easy understanding of the business activities of the AEs and gives an overview of the relevance of the activity of each of the entities within the group.

Summary: In summary, the group overview section could contain information such as:

- the lines of business in which the MNE group is engaged.
- key products dealt-in by the group and its market leadership.
- global positioning in terms of presence in various countries, number of employees in the group.
- major historical events like global mergers or acquisitions, if any.
- a snapshot of the key financial numbers.
- description of transactions entered with AE; and
- awards and recognitions etc.

Business Overview of the taxpayer: The documentation should also include a brief description of the business of the Indian company with respect to the year under review.

The distinct aspects which can be included are as under:

- the historical background of the company’s operations like date of incorporation, noteworthy events like mergers and acquisitions etc.
- organization structure – a high level diagrammatic representation would be advisable.
- business activities carried out by the Indian entity i.e., whether it is a manufacturer, trader, or a service provider.
- products and services offered by the taxpayer and the industry in which such products are used.
- the geographical presence of the entity.
- manufacturing facilities.
- number of employees.
- research and development (R&D) activity, if any, conducted by the company.
- key customers.
- any key event during the year under consideration which would have impacted the business as a whole; and
- the industry in which the goods manufactured/distributed, service provided by the taxpayer is consumed, can also be mentioned to establish the

dependence of the taxpayer’s business on any particular industry.

Industry Analysis

Requirement: Rule 10D(1)(c) requires a taxpayer to prepare an overview of the industry in which the entity operates. The industry overview should be drawn from relevant industry associations or other authentic sources and should more specifically discuss conditions prevailing in the market during the year under consideration both from a global as well as domestic perspective.

For instance, recently the outburst of novel corona virus (COVID-19), has not only impacted day to day lives but also led to shutting down business due to nationwide lockdown. Some industries were operating under essential services, therefore were not impacted much by the pandemic. However, for majority of industries, business was shut for few months. The pandemic changed ways of doing business wherein business had to incur various cost to go the digital way. The pandemic impacted top line/bottom line of various businesses whereas the fixed cost remained at pre-Covid level. In case of some industries, the cost savings due to work from home nullified the impact of Covid on the bottom line.

Such events which are correlated to industry, economic situation in particular, are required to be taken into consideration while documenting the industry overview. Appropriate documentation of industry overview will help to justify the potential impact on the arm’s length analysis.

Objectivity:

The industry overview should be objective and should bring out the nuances affecting the players in the taxpayer’s business. The same should also discuss the value drivers of the taxpayer’s industry which enables one to understand the criticality of the functions performed by the taxpayer and the AEs in the scheme of overall business operations.

Details to be covered:

Further, certain industries are highly regulated, in which case the relevant regulatory framework and its impact on the pricing of the international transaction, if any, should also be discussed. In case there are certain critical factors which distinguish the taxpayer from the industry at large, the same could form the basis of making appropriate economic adjustments while carrying out the benchmarking analysis and hence, should be highlighted. For example, in case the taxpayer is a new entrant in the industry as compared to other established players operating in the industry, the said fact can be used to demonstrate that the results of the taxpayer would be impacted by such difference and could form the basis for appropriate economic adjustments on account of being a new entrant in the industry. The industry overview may also include a list of the taxpayer’s competitors. Further, a link can also be drawn to the comparable selected while benchmarking the international transactions of the taxpayer.

Transfer Pricing - Theoretical Background



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Abstract

Transfer pricing is an accounting practice that represents the price that one unit in a company charges another unit for goods and services provided.

Transfer pricing allows for the establishment of prices for the goods and services exchanged between subsidiaries, affiliates, or commonly controlled companies that are part of the same larger enterprise. Transfer pricing can lead to tax savings for corporations, though tax authorities may contest their claims.

The prime objective of transfer pricing law in international transactions is to ensure that transactions between associated enterprises take place at a price as if the transaction was taking place between unrelated parties. Theoretical background of transfer pricing will explain in this article.

Transfer Pricing-Meaning

Transfer pricing defined as “the price charged by one unit of the enterprise from another unit of the same enterprise.” For example, A Inc. has two units, Unit X and Unit Y. Unit X of the A Inc. manufactures speedometers for automobiles and Unit B manufactures automobiles which include the speedometers produced by Unit X of the A Inc. Now, the price paid by Unit Y for the speedometers produced by Unit X is the transfer pricing, and the method is known as Transfer Price.

Now question is that why unit X is not charging same price to unit Y as it is charging to unrelated party?

It can be explained through an example, let us assume that Unit X is in a high tax rate country, and Unit Y is in a low tax rate country. Unit Y can charge a rate, lower than the market rate for the speedometers produced by Unit X, which would give a loss to Unit X as far as the sale is concerned. But Unit Y would make profits out of the sale. Since Unit X is in a high tax rate country, eventually, X Inc. will reduce the tax burden by making Unit Y profitable and Unit X unprofitable as companies in loss are not taxed.

So, while this is profitable to the company it is the overall loss for the country where Unit X is located as they are not able to collect taxes while Unit X's parent company is reaping the profit. So, naturally, countries will have some regulations for transfer pricing.

The expression “transfer pricing” generally refers to prices of transactions between associated enterprises which may take place under conditions differing from those taking place between independent enterprises. It refers to the value attached to transfers of goods, Services and

technology between related entities located at different territories. It also refers to the value attached to transfers between unrelated parties which are controlled by a common entity. Or in other words, profits accruing to the parent company can be increased by setting high transfer prices to siphon profits from subsidiaries domiciled in high tax countries, and low transfer prices to move profits to subsidiaries located in low tax jurisdiction. Transfer pricing can be defined as the value which is attached to the goods or services transferred between related parties. In other words, transfer pricing is the price which is paid for goods or services transferred from one unit of an organization to its other units situated in different countries. In taxation and accounting, transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control.

Key Takeaways

- Transfer pricing accounting occurs when goods or services are exchanged between units of the same company.
- A transfer price is based on market prices in charging another division, subsidiary, or holding company for services rendered.
- Companies use transfer pricing to reduce the overall tax burden of the parent company.
- Companies charge a higher price to divisions in high-tax countries (reducing profit) while charging a lower price (increasing profits) for divisions in low-tax countries.

How Transfer Pricing Works

Transfer pricing is an accounting and taxation practice that allows for pricing transactions internally within businesses and between subsidiaries that operate under common control or ownership. The transfer pricing practice extends to cross-border transactions as well as domestic ones. A transfer price is used to determine the cost to charge another division, subsidiary, or holding company for services rendered. Typically, transfer prices are reflective of the going market price for that good or service. Transfer pricing can also be applied to intellectual property such as research, patents, and royalties.

Multinational corporations (MNC) are legally allowed to use the transfer pricing method for allocating earnings among their various subsidiary and affiliate companies that are part of the parent organization. However, companies at times can also use (or misuse) this practice by altering their taxable income, thus reducing their overall taxes. The transfer pricing mechanism is a way that companies can

shift tax liabilities to low-cost tax jurisdictions.

Transfer Pricing and Taxes

To better understand how transfer pricing impacts a company's tax liability, let's consider the following scenario. Let's say that an automobile manufacturer has two divisions: Division A, which manufactures software, and Division B, which manufactures cars. Division A sells the software to other carmakers as well as its parent company. Division B pays Division A for the software, typically at the prevailing market price that Division A charges other carmakers.

Let's say that Division A decides to charge a lower price to Division B instead of using the market price. As a result, Division A's sales or revenues are lower because of the lower pricing. On the other hand, Division B's costs of goods sold (COGS) are lower, increasing the division's profits. In short, Division A's revenues are lower by the same amount as Division B's cost savings — so there's no financial impact on the overall corporation.

However, let's say that Division A is in a higher tax country than Division B. The overall company can save on taxes by making Division A less profitable and Division B more profitable. By making Division A charge lower prices and pass those savings on to Division B, boosting its profits through a lower COGS, Division B will be taxed at a lower rate. In other words, Division A's decision not to charge market pricing to Division B allows the overall company to evade taxes.

In short, by charging above or below the market price, companies can use transfer pricing to transfer profits and costs to other divisions internally to reduce their tax burden.

Objectives/Purposes of Transfer Pricing

The key objectives behind having transfer pricing are:

- Reduction of Tax Burden by diverting profit to low tax rate jurisdiction
- Generating separate profit for each of the divisions and enabling performance evaluation of each division separately.
- Transfer prices would affect not just the reported profits of every centre, but would also affect the allocation of a company's resources (Cost incurred by one centre will be considered as the resources utilized by them).

Importance of Transfer Pricing

For the purpose of management accounting and reporting, multinational companies (MNCs) have some amount of discretion while defining how to distribute the profits and expenses to the subsidiaries located in various countries. Sometimes a subsidiary of a company might be divided into segments or might be accounted for as a standalone business. In these cases, transfer pricing helps in allocating revenue and expenses to such subsidiaries in the right manner.

The profitability of a subsidiary depends on the prices at which the inter-company transactions occur. These

days the inter-company transactions are facing increased scrutiny by the governments. Here, when transfer pricing is applied, it could impact shareholders wealth as this influences company's taxable income and its after-tax, free cash flow. It is important that a business having cross-border intercompany transactions should understand the transfer pricing concept, particularly for the compliance requirements as per law and to eliminate the risks of non-compliance.

Transactions Subject to Transfer Pricing

The following are some of the typical international transactions which are governed by the transfer pricing rules:

- Sale of finished goods
- Purchase of raw material
- Purchase of fixed assets
- Sale or purchase of machinery etc.
- Sale or purchase of intangibles
- Reimbursement of expenses paid/received
- IT enabled services
- Support services
- Software development services
- Technical Service fees
- Management fees
- Royalty fees
- Corporate Guarantee fees
- Loan received or paid

Transfer Pricing Methodologies

The Organisation for Economic Co-operation and Development (OECD) guidelines discuss the transfer pricing methods which could be used for examining the arms-length price of the controlled transactions.

Here, arms-length price refers to the price which is applied or proposed or charged when unrelated parties enter into similar transactions in an uncontrolled condition. The following are most commonly used transfer pricing methodologies.

For the purpose of understanding, associated enterprises refer to an enterprise that directly or indirectly participates in the management or capital or control of another enterprise.

Comparable Uncontrolled Price (CUP) Method

Under the CUP method, a price that is charged in an uncontrolled transaction between the comparable firms is recognized and evaluated with a verified entity price for determining the Arm's Length Price.

Example:

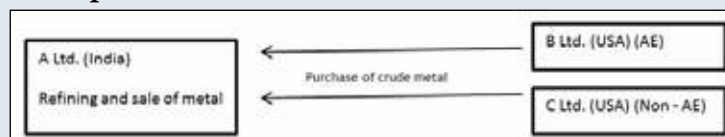


Figure: Comparable Uncontrolled Price (CUP) Method
Adjustments required for differences in:

1. **Quantity discount:** In case similar discount is offered by C Ltd., the price that was charged by C Ltd. would have been lower by INR 500/MT.
2. **Freight & Insurance (FOB Vs CIF):** In case the purchase from C Ltd. was also on FOB, then price charged by C Ltd. would have been lesser. Hence, the cost of freight & insurance must be reduced from purchase price.
3. **Credit period:** In case the similar credit was offered by C Ltd., then price charged by them would have been more after factoring such cost. Hence, 1.25% pm must be added to the purchase price.

Computation of Arm's length price:

Particulars	Price per MT
Price/MT	INR 40,000
Adjustments:	
Less: Quantity discount	-500
Less: Freight & Insurance Cost	-1000
Add: Interest for credit	500 (40,000 *1.25%)
Arm's length price/MT	INR 39,000

This method is most reliable and is considered as a direct way of applying the arms-length principle and for determining the prices for related party transactions. However, while considering whether the controlled and uncontrolled transactions are comparable, high care has to be taken. Hence, this way of arriving at transfer price isn't applied unless products or services meet the stringent requirements of the high comparability.

Resale Price Method or Resale Minus Method

In this method, it takes the prices at which the associated enterprise sells its product to the third party. This price is referred to as the resale price.

The gross margin which is determined by comparing the gross margins in a comparable uncontrolled transaction is then reduced from this resale price. After this, costs which are associated with the purchase of such product such as the customs duty are deducted. What remains is considered as arm's length price for a controlled transaction between the associated enterprises.

Example: An Ltd is a deal in IT products. An Ltd had purchased desktops from a related party, B Ltd and also from a non-related party B Ltd.

Particulars	B Ltd. (AE)	C Ltd. (Non-AE)
Purchase price of A Ltd.	INR 30,000	INR 44,000
Sales Price of A Ltd.	INR 36,000	INR 52,000
Other Expenses incurred by A Ltd	INR 500	INR 800
Gross Margin	18.33%	13.85%

Calculation of Arm's length price

Figure: Resale Price Method or Resale Minus Method

Cost Plus Method

The cost plus method is a traditional transaction method that analyzes a controlled transaction between an associated supplier and purchaser. It is often used when semi-finished

goods are transacted between associated parties or when related entities have long-term arrangements for 'buy and supply'. The supplier's costs are added to a mark-up for the product or service so that the supplier makes an appropriate profit that takes into account the functions they performed and the current conditions of the market. The combined price is the arm's length price for the transaction

With the Cost Plus Method, you emphasize on costs of the supplier of goods or services in the controlled transaction. Once you're aware of the costs, you need to add a markup. This markup must reflect the profit for the associated enterprise on basis of risks and functions performed. The result is the arm's length price.

Generally, the markup in the cost plus method would be calculated after the direct and indirect cost related to production or supply is considered. But, the operating expenses of an enterprise (like overhead expenses) aren't part of this markup.

Example: Associated Enterprise-A, a computer manufacturer in Thailand, manufactures under a contract for Associated Enterprise B. Associated Enterprise B would instruct Associated Enterprise-A about the quantity and quality of computers to be manufactured. The Associated Enterprise-A would be guaranteed of its sales to Associated Enterprise B and would have little or no risk.

Let's assume that the Cost of goods sold is INR 50,000. Also, assume that the arm's length markup which Associated Enterprise-A should earn is 40%. The resulting arm's length price between Associated Enterprise-A and Associated Enterprise B is INR 70,000 (i.e. INR 50,000 x (1 + 0.40)).

Transactional net margin method (TNMM)

The TNMM is one of two transactional profit methods outlined by the OECD for determining transfer pricing. These types of methods assess the profits from particular controlled transactions. The TNMM involves assessing net profit against an "appropriate base", such as sales or assets, those results from a controlled transaction. The OECD states that, in order to be accurate, the taxpayer should use the same net profit indicator that they would apply in comparable uncontrolled transactions. Taxpayer can use comparables data to find the net margin that would have been earned by independent enterprises in comparable transactions. The taxpayer also needs to carry out a functional analysis of the transactions to assess their comparability.

If an adjustment is needed for a gross profit mark-up to be comparable, but the information on the relevant costs is not available, then taxpayers can use the net profit method and indicators to assess the transaction. This approach can be taken when the functions performed by comparable entities are slightly different. For example, an independent enterprise offers technical support for the sale of a piece of IT equipment.

The cost of the support is included in the price of the product but cannot be easily separated from it. An associated enterprise sells the same product but doesn't offer this support. So, the gross margins of the transactions are not comparable. By examining net margins, associated

enterprises can more easily identify the difference in transfer pricing in relation to the functions performed.

Transactional profit split method

The second transactional profit method outlined by the OECD (Organisation for Economic Co-operation and Development) is the transactional profit split method. It focuses on highlighting how profits (and indeed losses) would have been divided within independent enterprises in comparable transactions. By doing so, it removes any influence from “special conditions made or imposed in a controlled transaction”. It starts by determining the profits from the controlled transactions that are to be split. This method results in an appropriate arm’s length price of controlled transactions.

There are two main approaches that can be taken for splitting profits. These are:

Contribution analysis: The combined profits are divided based on the relative value of the functions performed by each of the related entities within the controlled transaction (considering assets used and risks assumed).

Residual analysis: The combined profits are divided in two stages. First, each entity is allocated arm’s length

compensation for its functions and contribution to the controlled transaction. Second, any remaining profit or loss after the first stage is divided based on analysis of the facts and circumstances of the transaction.

Issues/Problems Associated With Transfer Pricing

There are quite a few problems associated with the transfer prices. Some of these issues include:

- The transfer pricing issue in a international setup is very complicated.
- There could be differences in opinions among organizational divisional managers with respect to how to transfer price needs to be set.
- Additional time, costs and manpower would be required for executing the transfer prices and designing the accounting system to match the requirements of transfer pricing rules.
- Arm’s length prices might cause dysfunctional behaviour among the managers of organizational units.
- For some of the divisions or departments, for instance, a service department, arm’s length prices don’t work equally well as such departments don’t offer measurable benefits.

WIRC Associate Members – May 2022

M.No.	NAME	CITY
52275	Arvind Vijaybahadur Maurya	Mumbai
52276	Poojakrishna Unnikrishnan Namboothiri	Bharuch
52279	Abhik Sureshkumar Modi	Ahmedabad
52281	Shilpa Ashay Joshi	Pune
52287	Megha Kamlesh Bhatt	Kalyan (West)
52288	Sonaje Vrushali Bhalchandra	Nashik
52290	Kalekar Anil Nagendra	Mumbai
52295	Soumen Tapas Jana	Mumbai
52298	Arjun Manishkumar Bhatt	Ahmedabad
52303	Binal Ashwinbhai Prajapati	Ahmedabad
52304	Manisha Bajrang Bhai Sharma	Vadodara
52305	Abhilash Shamkant Khairnar	Jalgaon
52306	Anil Kumar Rander	Mumbai
52309	Shanti Kishore Thakur	Pune
52310	Shriniwas Bala	Mumbai
52312	Mangesh Ankush Salvi	Dombivli (W)
52317	Bharat Goklabhai Chaudhary	Ahmedabad
52321	Akash Vivek Mundle	Nasik
52322	Jayaben Samatbhai Nandaniya	Vadodara
52331	Manish Ramesh Dighe	Mumbai
52333	Sudarshan Dattatray Kale	Pune
52334	Amrut D Parekh	Bharuch
52348	Ashmita Ravi Shetty	Pune
52349	Darshan Kumar Shaileshbhai Shah	Vadodara

M.No.	NAME	CITY
52353	Amit Choudhary	Mumbai
52355	Mahammad Adnan Abdul Rehman Khatri	Vadodara
52362	Nilesh Devidas Chintawar	Thane
52368	Omkar Santosh Dhangar	Thane
52372	Kapilkumar Jagdishbhai Trivedi	Surat
52390	Rupesh Umakant Patil	Pune
52393	Suvarna Prakash Kute	Nashik
52398	Mahendra Kumar Bhajanlal Prajapati	Mumbai
52408	Arpana Rajesh Pokharkar	Navi Mumbai
52410	Sunil Kumar Maharana	Bhilai
52411	Karavadiya Prashant Pravinbhai	Ahmedabad
52427	Sayali Suresh Joshi	Nagpur
52436	Tilve Narendra Suresh	Aurangabad
52439	Pilankar Chetna Ramchandra	Mumbai
52444	Raj Jayesh Shah	Mumbai
52445	Bumb Chetan Kantilal	Nashik
52448	Salma Fahadali Shah	Thane
52455	Apurva Mishra	Durg
52460	More Chetan Ravindra	Nashik
52464	Sayali Vinod Patil	Aurangabad
52470	Reena Reji Mathew	Vadodara
52472	Priyanka Pal	Bhilai
52473	Mohammed Arif Bakar Chaudhary	Thane

Transfer Pricing and Business and Assets Valuation

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The Perspective

Transfer pricing is an accounting and taxation practice that allows for pricing transactions internally within businesses and between subsidiaries that operate under common control or ownership. The transfer pricing practice extends to cross-border transactions as well as domestic ones. A transfer price is used to determine the cost to charge another division, subsidiary, or holding company for services rendered. Typically, transfer prices are reflective of the going market price for that good or service. Transfer pricing can also be applied to intellectual property such as research, patents, and royalties.

When one person sells something to another person, it is usually assumed that the seller tried to get a fair price. Typically, that price is set by the laws of supply and demand in a market economy. However, when the people involved in the transaction are related in some way, the game changes. For this reason, often transactions between related parties aren't really reflective of the actual worth and in such cases Transfer pricing considerations become relevant.

Multinational enterprises (MNEs) are continuously restructuring their business operations for business reasons (anticipated synergies, economies of scale, competitive pressure, lowering costs and regulatory developments). Such business restructurings may involve the transfer of functions, risks or assets (intangibles) within a MNE group. In case something of value (intangibles and ongoing concern) is transferred, a TP consequence is that the restructured group entity may be entitled to an arm's-length compensation payment. Transfer pricing valuation principles are used to estimate the transfer price for the transfer of something of value between MNE group entities taking into account the arm's-length principle as the valuation standard.

The Arm's Length Principle

This principle states that the price agreed in a transaction between two related parties must be the same as the price agreed in a comparable transaction between two unrelated parties. Applying the Arm's Length Standard is difficult, despite clear guidelines for pricing, because it requires that a transaction be evaluated by finding comparable independent transactions. When a transaction occurs between a parent company and its subsidiary, the companies are considered "commonly controlled" taxpayers. When a

transaction occurs between two unrelated parties, on the other hand, it is considered an uncontrolled transaction. The level of risk, the assets involved, and the purpose of the transfer in the controlled transaction are compared to the same elements in an uncontrolled transaction to determine the appropriate transfer price. Unfortunately, finding comparables can be difficult, especially in developing countries where they might be only one provider of a specific product. When selecting the best method, one primary consideration is how comparable the controlled transaction is to the uncontrolled transaction. Another primary factor is an assessment of the level of quality of the data and the assumptions made in the analysis of the transactions. The various methods and approaches of valuation are as under :

Traditional transaction-based methods

- 1) **Comparable uncontrolled price method (CUP) :** The CUP method is what we all intuitively consider as taking the market value of a good or service. It consists of valuing the related transaction at the price that would have been agreed upon by independent parties exchanging an identical or very similar good or service under identical or very similar conditions.
- 2) **Resale price method (RPM) :** This method is particularly useful when we are dealing with marketing or distribution activities of goods in which the marketing related party does not make substantial contributions of value. This method starts from the price at which the related party marketer resells the merchandise to the final customers. The value (the price at which the reseller buys the products from its related party supplier) is determined by subtracting a market resale gross margin from the resale price.
- 3) **Cost-plus method (C+):** This method is particularly useful for valuing manufacturing operations of semi-finished goods or services. The value is obtained by adding the direct and indirect costs associated with the production of the goods or the provision of a service, and a market mark-up, which compensates the producer for the performance of its functions, use of assets and assumption of risks in this activity.

Profit-based methods

- 4) **Transactional net margin method (TNMM):** This method is the most widely used in practice because it overcomes most of the practical difficulties in

accessing publicly available information on gross profit margins and detailed information on the activities of the independent companies present when trying to rigorously apply the resale price or cost-plus methods. In this method, transfer pricing is valued (or tested) by comparing the net margin (operating profit) derived from the related transaction with that obtained from comparable transactions between independent parties. The practical application of this method requires choosing one of the related parties as the tested party, from which the net margin of the transaction will be evaluated in relation to another economic parameter (sales, costs, assets) in the form of a profit level indicator (PLI).

- 5) **Profit split method (PSM):** This method is based on determining the value with a finalist result, so as to distribute the common result (profit or loss) derived from the performance of the related transactions among the individuals or entities that carry them out according to a criterion that adequately reflects the conditions that would have been subscribed by independent individuals or entities in similar circumstances. It is a method of great technical complexity in its application, but one that the OECD Guidelines increasingly recommend for valuing transactions in which the activities of both related parties are so integrated that it is impossible to find comparable market situations, or in which both related parties make unique and valuable value contributions, generally using relevant intangible assets.

Economic Valuation Techniques

Economic Valuation techniques are based on discounting future economic benefits, exemplarily the following techniques may be relevant in some circumstances :

Income based approach: Income based techniques are generally used in determining the value of the appraisal subject from the viewpoint of an investor. This approach is based on the assumption that an investor could invest in a property with similar investment characteristics and looks to the earnings power, or cash generating capabilities, of the enterprise / asset being appraised.

Incremental Cash Flow Method : Incremental cash flows are directly attributable to the specific intangible. Therefore, the substantial requirement is that cash flow attributable to the intangible can be identified. This method is best used when the intangible is producing or when it allows an intangible to generate cash flow.

Relief from Royalty Method : This method states that the income attributable to the intangible can be estimated based on a 'deemed royalty' payable for the rights to use the subject intangible asset. The estimated income (or cash flows) are then included in a DCF framework by discounting them to arrive at a present value estimate. The CUP and profit split methods are likely to be relied upon to estimate

the royalty.

Premium Profit Method : Under this approach the income attributable to the intangible is given by the profit differential arising from a price premium of products using certain intangible over usual substitute products (e.g. branded products over non-branded). The estimated income or cash flows are then included in a DCF framework by discounting them to arrive at a present value estimate. The residual value method is based on the forecast future free cash flow (relevant for IP containing products and services). The cash flows are discounted to arrive at a present value estimate.

Market approaches

Under the market approach observable market-based transactions of identical or substantially similar intangibles or enterprises (business units) have to be identified.

The Acquisition Price Method : determines the value of a contributed intangible by reference to the acquisition price of a contemporaneous acquisition of that intangible in an asset or stock acquisition from an uncontrolled party.

The Market Capitalization : The market capitalization of a company is simply its share price multiplied by the number of shares a company has outstanding. Enterprise value is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents.

The Comparable Multiples Method : This method looks at comparable (peer) businesses for which independent market value information exists (based on stock market listings) in order to determine the value of the subject business. Common market multiples include the following: enterprise value to sales (EV/S), enterprise value to EBIT (EV/EBIT) and enterprise value to EBITDA (EV/EBITDA), price to earnings (P/E), price to book (P/B) and price to free cash flow (P/FCF).

Cost Based Analyses : are based on the economic principle of substitution and usually ignore the amount, timing, and duration of future economic benefits, as well as the risk of performance within a competitive environment.

The Historical Cost Method : obtains the value by capitalization of historical costs incurred for the development of the intangible or the business (unit).

The Replacement Cost Method : obtains the value by capitalization of forecast costs to be incurred for the replacement of intangible or the business (unit). Replacement cost measures the total cost, in current prices, to develop a new intangible or business (unit) having the same functionality or utility as the intangible or business (unit).

The Net Asset Value Methodology : is a type of business valuation that focuses on a company's net asset value, or the fair-market value of its total assets minus its total liabilities. The asset based approach basically asks what

it would cost to recreate the business as a collection of its assets, where this is possible

Method selection criteria

The choice of valuation method should take into account, among other circumstances, the nature of the related party transaction, the availability of reliable information and the degree of comparability between related and unrelated transactions. Selection of the best financial method may involve an analysis of transaction-based and profit-based methods. Some of the comparisons are return on cost, cost plus, return on sales and return on assets. Approaches may include available profit and based on analysis and net margin calculation. The degree of comparability between controlled and uncontrolled transactions or companies discovered assists to choose methods, and the number, magnitude and accuracy of adjustments required to apply methods. What you can achieve will depend on what accurate and reliable data is available.

Transaction Profit Split Methods and Transactional Net Margin Method are viewed as a reliable means of establishing arm's length prices and allocations. Because of complex business situations even within a small group, the process may be difficult to apply in practice, mainly where information available on comparable transactions is not detailed enough to allow for the adjustments necessary to achieve satisfactory comparability and application.

The Profit Split Method can be applied where operations of two or more non-arm's length parties are highly integrated, making it difficult to evaluate their transactions on an individual basis. Identification of unrelated party transactions, Comparable Uncontrolled Price and comparable companies for Comparable Profit Method can remain as crucial as ever while acknowledging that unique and valuable services may make it challenging to establish a proper level of comparability with any uncontrolled transactions.

Finally, having more contemporaneous review can be powerful, rather than later reacting to tax authority questions. It is recommended to regularly review for impairment past transfer pricing values in the light of developing internal and external marketplaces—as well as possibly these new economic valuation options.

Transfer Pricing and Revenue department

Whenever there is any Transfer Pricing litigation in relation to valuation of assets or shares, following are the issues that are raised by the Tax authorities while evaluating the valuation report:

1. Method of valuation; and
2. Authenticity of the projections used in the valuation.

Various method are used to determine the valuation of any particular item, e.g. Discounted Cash Flow (DCF), Net Assets Method, Capitalization Method, Super Profit

Method, Average Profit Method etc. Irrespective of the valuation method used, it is important to explain the reason and circumstance under which such valuation method is adopted and convince the Revenue Department that the method adopted is the best method. Projection of the future income of the company plays an important role in the valuation process. Usually the management of the company provides projected revenue to the Valuer. In almost all scenarios, the Revenue Department would deep dive to evaluate the authenticity of these projections. Revenue Department is often of the view that as the company's management provides these projected numbers, they may present a tainted picture so as to achieve the required valuation.

Jurisprudence on Transfer Pricing and Valuation

Securities & Exchange Board of India & Ors [2015 ABR 291 – (Bombay HC)] “... it is a well settled position of law with regard to the valuation. that valuation is not an exact science and can never be done with arithmetic precision. The attempt on the part of SEBI to challenge the valuation which is but its very nature based on projections by applying what is essentially a hindsight view that the performance did not match the projection is unknown to the law of valuations. Valuation being an exercise required to be conducted at a particular point of time has of necessity to be carried out on the basis of whatever information is available on the date of the valuation and a projection of future revenue that valuer may fairly make on the basis of such information.

Rameshwaram Strong Glass Pvt. Ltd. v. ITO [2018-TIOL-1358-ITAT- Jaipur] “... Before examining the fairness or reasonableness of valuation report submitted by the assessee we have to bear in mind the DCF Method and is essentially based on the projections (estimates) only and hence these projections cannot be compared with the actuals to expect the same figures as were projected. The valuer has to make forecast on the basis of some material but to estimate the exact figure is beyond its control. At the time of making a valuation for the purpose of determination of the fair market value, the past history may or may not be available in a given case and therefore, the other relevant factors may be considered. The projections are affected by various factors hence in the case of company where there is no commencement of production or of the business, does not mean that its share cannot command any premium. For such cases, the concept of start-up is a good example and as submitted the income-tax Act also recognized and encouraging the start-ups.”

Bridging the divide between Valuation for Transfer Pricing Purposes and General Valuation

Valuations may be prepared for non-TP purposes, including external financial reporting requirements, mergers & acquisitions and contractual agreements. These valuations and underlying assumptions should be checked whether

consistent with the transfer pricing analysis under review. In particular, the following two issues should be considered:

- Is the valuation object sufficiently comparable to the valuation object of the transfer pricing analysis?
- Are the assumptions and technical aspects taken into account in the existing valuation consistent with the facts and circumstances of the transfer pricing analysis under review, for example:
 - Are cash flow projections, risk levels, discount rate, useful life and valuation date comparable?
 - Could the stakeholders' interest in the existing valuation have affected the valuation?
 - What level of objective support has been provided regarding the valuation inputs in existing valuation? How can the valuation inputs be objectivized?
- While business combinations often give rise to the need for valuations for transfer pricing purposes, the regulations indicate that the results of financial reporting valuations typically should not be relied upon in a transfer pricing context. As such, it is important to ensure these analyses are performed independently according to each set of regulations, while aligning the two efforts where necessary
- It is clear that valuations performed for financial reporting purposes should not be fully relied upon

for transfer pricing purposes. However, aligning the two disciplines and finding areas of commonality are important. It is more efficient to document areas of convergence (or divergence) in the methodologies early in the process, rather than having to justify different approaches later,

- Since there are many intersecting portions between the reporting requirements of transfer pricing and financial reporting valuation, the documentation requirements of both can also be synchronized and performed jointly. As a result, it is easier to support tax positions and reduce audit risks. Finally, there is demonstrable consistency in the information provided to investors and signed off by company auditors

Conclusions

Because of more rigorous regulatory audit procedures, transfer pricing has become one of the riskiest areas for companies from both compliance and tax planning perspectives. Through Transfer Pricing Regulations; the pricing of the entities is regulated to prevent abusive practices and to save such entities from the harms that are likely to be suffered due to such malpractices. It also helps the entities from avoidance of paying double taxes. Transfer Pricing is applicable generally in International transactions but it is also applicable to specific domestic transactions. ■

Membership Fees

Members are requested to pay their Membership Fees.

Use Following methods while making the Membership Fee, on line. Please note that you have to include 18% GST while making the payment.

1. Make the payment directly through Online Payment through Institute website:-

Link-<https://eicmai.in/MMS/PublicPages/UserRegistration/Login-WP.aspx>

In case of any trouble while making the payment online, please try to avoid making double payment.

2. You can make the payment at WIRC by Cheque drawn in favour of ICAI-WIRC for the requisite amount.

(Cheque drawn in favour of WIRC of ICAI you can send by post to WIRC)

3. You can also make the payment in the nearest Chapter.

Cost-Based Transfer Pricing

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Transfer price, also known as transfer cost, is the price at which related parties transact with each other, such as during the trade of supplies or labour between departments. Transfer prices may be used in transactions between a company and its subsidiaries, or between divisions of the same company in different countries.

• Characteristics of Good Transfer Price:

A good transfer price should:

1. Preserve divisional autonomy

Almost inevitably, divisionalisation is accompanied by a degree of decentralisation in decision making so that specific managers and teams are put in charge of each division and must run it to the best of their ability. Divisional managers are therefore likely to resent being told by head office which products they should make and sell. Ideally, divisions should be given a simple, understandable objective such as maximising divisional profit.

2. Be perceived as being fair for the purposes of performance evaluation and investment decisions

3. Permit each division to make a profit

Profits are motivating and allow divisional performance to be measured using positive ROI or positive RI.

4. Encourage divisions to make decisions which maximise group profits

The transfer price will achieve this if the decisions which maximise divisional profit also happen to maximise group profit – this is known as goal congruence. Furthermore, all divisions must want to do the same thing. There's no point in transferring divisions being very keen on transferring out if the next division doesn't want to transfer in.

Cost-Based Transfer Pricing:

To maximize profits and enhance competition, companies encourage intra-company trade and purchasing between divisions. The pricing of products from one division to the other is the transfer price. Depending on the type of the product traded and its availability in the external market, you can set the price as market-based, cost-based or negotiated pricing. In this article, we will discuss cost-based transfer pricing, how you can calculate it and compare it with other pricing methods.

What is cost-based transfer pricing?

Cost-based transfer pricing is a method of setting prices

when selling products to divisions within the same company. Several factors affect the price, including:

- Production costs
- Managers' reviews
- Taxation
- Competitor price

Methods to select the cost-based transfer price:

- **Marginal cost:** In this method, a company's division records all the parts to make a product and it adds variable overhead, such as energy bills and cost to rent factory space.
- **Full production or cost plus a mark-up:** In this method, a company adds fixed overhead expenses — expenses that stay the same despite changes to the number of components — to the cost of each item.
- **Production cost plus a mark-up:** In this method, the full cost plus price includes the cost of the item plus a mark-up or other profit allowance, which means the selling division earns a profit on transferred items.

Cost-based transfer pricing is used to reduce tax payments. For example, if a company owns and operates a factory in a country with a low tax rate but sells its products in a country with a higher tax rate, it pays fewer taxes by setting a high transfer price.

How standard cost affects pricing

Because the cost of manufacturing a product can vary based on human error or operational problems, the easiest way to set a cost-based transfer price is by establishing the item's standard cost. Standard cost is the average or expected cost of producing a product under normal circumstances. Companies use standard costs to:

- Include in their operating budgets and profit plans
- Predict the company's next fiscal year
- Analyze the company's performance
- Determine whether they are meeting goals

Benefits of cost-based transfer pricing

The two major benefits for a company to use cost-based transfer pricing are:

- **Acts as a profit mobilizer:** It encourages high profitability for the company by basing pricing and production decisions on how the price affects sales on a cost-volume-profit basis. This concept improves

the return on investment which can assist the buying division in quickly breaking even.

- Is simple and predictable: It sets the pricing at the total production cost, meaning that selling divisions cannot realize any profits, and the buying division already is aware of the pricing based on how much it cost to make.

Pros:

- It is useful when setting prices for low-risk and innovative items.
- It is helpful to the accounting officers to make appraisal decisions. For instance, to use the correct return on investment (ROI) numbers.
- By monitoring the cost of production, cost-based pricing ensures that they recover all incurred costs.

Cons:

- The approach does not offer incentives.
- The firm loses opportunities to charge a higher price in the external market.
- It does not recognize the impact of the forces of demand and supply.

Cost-based vs. market-based transfer pricing

Cost-based transfer pricing is useful when external market information is unavailable during the trading stage, however, market-based transfer pricing is more practical to use when there is a competitive external market for your product. Divisional performance is more likely to represent the real contribution of the division to company profits when it records transferred goods at market prices.

If a division of a company can't buy a product from another division, it will have to buy it at the current market price from outside. Divisional profits would then be like the calculated profits if the divisions were from separate companies.

Cost-based vs. negotiated transfer pricing

As compared to both cost-based and market transfer pricing, negotiated transfer pricing is a middle ground where the selling and the buying divisions, supervised by the top management, agree on the best price for both. The two negotiate at arm's length and decide to sell or buy from the external market or trade within themselves. Unlike the cost-based transfer, the negotiated transfer approach minimizes conflicts between divisions, and like market-based transfer pricing, it encourages divisional profit maximization.

How to calculate cost-based transfer price

Cost-based transfer pricing involves the variable factors of production. Variable cost transfer pricing is the total cost of the varying production factors, including:

- Direct labour
- Direct raw materials

- Overhead costs such as electricity, water and personnel cost outside of production

You can calculate the actual full cost transfer pricing by adding the variable costs to the fixed cost. The additional fixed costs include:

- Rent for the property
- Depreciation of machinery and buildings
- Licenses

To calculate, use this formula:

Cost-based transfer price = variable costs + fixed costs

Steps to follow to use the formula:

1. Determine the variable costs of your production factors.
2. Determine the fixed costs of your company.
3. Add the variable costs and fixed costs to get the cost-based transfer price.

Example

A company manufacturing electronics with Division A manufacturing TV plasma screens while Division B manufactures televisions. Assuming the variable costs of producing a unit of the plasma screen are:

- *Labour: \$200*
- *Direct raw materials: \$400*
- *Overhead costs: \$100*

The formula would be:

$$\$700 = \$200 + \$400 + \$100$$

If the company sets the cost transfer with the variable approach, they will set the pricing at \$700.

If the company goes for the actual full cost transfer price, they will add fixed cost. Assuming the fixed costs are:

- *Rent for the premises: \$100*
- *Depreciation: \$70*
- *Licenses: \$20*
- *Others: \$200*

$$\$390 = \$100 + \$70 + \$20 + \$200$$

The actual full cost transfer price will be equal to the total variable cost of \$700 and fixed cost of \$390:

Actual full cost transfer price = total variable cost + total fixed cost

$$\$1,090 = \$390 + \$700$$

References:

- <https://www.indeed.com/career-advice/career-development/cost-based-transfer-pricing>
- <https://www.accaglobal.com/lk/en/student/exam-support-resources/fundamentals-exams-study-resources/f5/technical-articles/transfer-pricing.html>

Precis of Transfer Pricing with Landmark Judgements

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SYNOPSIS:

1. What is Transfer Pricing
2. Transactions Subject to TP
3. Why is it important?
4. Purposes of TP
5. Functions and Risks
6. Objectives
7. Benefits
8. Drawbacks
9. Why is monitoring important?
10. IRS and Transfer Pricing
11. Examples of Transfer Pricing
12. Some landmark judgements on TP

1) What is Transfer Pricing^[1,2]?

Transfer pricing is an accounting practice that represents the price that one division in a company charges another division for goods and services provided. Transfer pricing allows for the establishment of prices for the goods and services exchanged between subsidiaries, affiliates, or commonly controlled companies that are part of the same larger enterprise. Transfer pricing can lead to tax savings for corporations, though tax authorities may contest their claims.

Sec. 482 gives the IRS the authority to adjust taxable income between two related parties to more accurately reflect the income earned by each party. As detailed in Regs. Sec. 1.482-1(b), the standard to be applied to determine the true taxable income of a controlled taxpayer is that of a taxpayer dealing at arm's length with an uncontrolled taxpayer. Generally, a controlled transaction meets the arm's-length standard if the income from the transaction is consistent with the income that would have been realized if unrelated taxpayers had engaged in a comparable transaction under comparable circumstances.

Any transfers of economic value among related parties must meet the requirements of Sec. 482. Not only does it apply to the transfer of tangible goods (e.g., a foreign manufacturing unit sells its output to a U.S. distributor, both owned by a U.K. parent company), but also to intercompany services performed. Provision of intragroup services (e.g., call center support, development of marketing plans, and legal and accounting services), intragroup financing, and the use of intellectual property legally owned by a particular group member are all examples of transactions subject to scrutiny under Sec. 482.

Determining a company's transfer prices requires identifying where value is created in an organization and transferred across group members. Typically, value can be characterized and the comparability of a transaction with one between unrelated parties can be determined by factors including the assets used, the risks assumed, and the functions performed by each group member in an intercompany transaction (Regs. Secs. 1.482-1(c) and (d)). Taxpayers choose an appropriate economic method specified in Regs. Sec. 1.482-3(a) to determine a range of arm's-length prices (or profits) (see Regs. Sec. 1.482-1(e)) for the transaction in question. Most foreign tax authorities also specify similar methods to choose from. The transfer price ultimately used to determine taxable income across borders is considered to be at arm's length if it falls into the range computed.

2) Transactions Subject to Transfer Pricing^[4] : The following are some of the typical international transactions which are governed by the transfer pricing rules:

- Sale of finished goods
- Purchase of raw material
- Purchase of fixed assets
- Sale or purchase of machinery etc.
- Sale or purchase of intangibles
- Reimbursement of expenses paid/received
- IT enabled services
- Support services
- Software development services
- Technical Service fees
- Management fees
- Royalty fees
- Corporate Guarantee fees
- Loan received or paid

3) Why is it Important^[1,3]?

The critical importance of Transfer Pricing provisions is that there will be an equal and fair distribution of resources between associated entities leading to nondiscriminatory trade transactions. This provides opportunities for associated enterprises to transact business between them as the transactions are valued at market price; this will enhance the scope of business and have a positive impact on the group company as a whole due to internal profits generated by these associated entities.

Also, it is useful for the tax authorities to determine the actual value of such transactions and estimate the profits derived from such transactions taking place between associate entities. Without transfer pricing provision, there

would be a reduction or avoidance of tax by misleading authorities and transferring or reporting profits based on the limitation presented in tax provisions. It is used not only by multi-company organizations but also by entities that satisfy the conditions of associated enterprises.

4) Purpose of Transfer Pricing^[3]:

- Determination of a fair and equitable price of a transaction that takes place between two related enterprises involving the purchase and sale of goods and services;
- accounting for a transaction as per its market price, avoiding any collusion among associated enterprises, and providing a base for estimating income generated from such transactions. Also, this concept is useful for true and fair reporting of transactions between associated enterprises in the financial statements of such entities.

5) Functions and Risks^[3]:

This concept functions basically on the principles of price determination that is available in the market for such commodities or services involved in the transaction. Due to such a function, there are few risks involved, such as the valuation of those transactions that involve the use of intellectual property, services that are highly valued, and transactions that are not of financial nature. The exchange of goods and services with unrelated goods and services between associated enterprises, etc.

Also, there is a risk of mispricing a self-generated commodity or service that is not related to any other resource in the market due to limitations present in domestic pricing rules.

6) Objectives of Transfer Pricing^[3] :

- True and fair reporting of financial statements
- Better estimation of profits generated by entities from associated transfers
- Avoidance of double taxation
- and avoiding tax evasion by entities
- Promoting competitiveness among the associated enterprises.

7) Benefits^[3] :

- Assists the entities to transact at market prices eliminating inconsistency in pricing a transaction.
- It helps the tax authorities to determine taxes and helps reduce tax evasion
- Fair presentation of financial statements

8) Drawbacks^[3]:

- This would require additional administrative costs and a time-consuming process.
- There are few limitations in determining arm's-length prices as two products cannot be compared due to the homogenous nature of such commodities or services.

9) Why is monitoring of Transfer Pricing important^[1]?

Let's say that Division A decides to charge a lower price to Division B instead of using the market price. As a result, Division A's sales or revenues are lower because of the lower pricing. On the other hand, Division B's costs of goods sold (COGS) are lower, increasing the division's profits. In short, Division A's revenues are lower by the same amount as Division B's cost savings—so there's no

financial impact on the overall corporation. However, let's say that Division A is in a higher tax country than Division B. The overall company can save on taxes by making Division A less profitable and Division B more profitable. By making Division A charge lower prices and pass those savings on to Division B, boosting its profits through a lower COGS, Division B will be taxed at a lower rate. In other words, Division A's decision not to charge market pricing to Division B allows the overall company to evade taxes. In short, by charging above or below the market price, companies can use transfer pricing to transfer profits and costs to other divisions internally to reduce their tax burden.

10) Transfer Pricing and IRS^[3]

The IRS states that transfer pricing should be the same between intercompany transactions that would have otherwise occurred had the company done the transaction with a party or customer outside the company. According to the IRS website, transfer pricing is defined as follows:

- The regulations under section 482 generally provide that prices charged by one affiliate to another, in an intercompany transaction involving the transfer of goods, services, or intangibles, yield results that are consistent with the results that would have been realized if uncontrolled taxpayers had engaged in the same transaction under the same circumstances.¹

As a result, the financial reporting of transfer pricing has strict guidelines and is closely watched by tax authorities. Auditors and regulators often require extensive documentation. If the transfer value is done incorrectly or inappropriately, the financial statements may need to be restated, and fees or penalties could be applied. However, there is much debate and ambiguity surrounding how transfer pricing between divisions should be accounted for and which division should take the brunt of the tax burden.

11) Examples of Transfer Pricing^[1] :

A few prominent cases continue to be a matter of contention between tax authorities and the companies involved.

- Coca-Cola** : Because the production, marketing, and sales of Coca-Cola Co. (KO) are concentrated in various overseas markets, the company continues to defend its \$3.3 billion transfer pricing of a royalty agreement. The company transferred IP value to subsidiaries in Africa, Europe, and South America between 2007 and 2009. The IRS and Coca-Cola continue to battle through litigation and the case has yet to be resolved.²
- Meta** : In another high-stakes case, the IRS alleges that Meta (FB), formerly Facebook, transferred \$6.5 billion of intangible assets to Ireland in 2010, thereby cutting its tax bill significantly. If the IRS wins the case, Meta may be required to pay up to \$9 billion in addition to interest and penalties.³ The trial, which was set for August 2019 at the U.S. Tax Court, has been delayed, allowing Meta to possibly work out a settlement with the IRS.
- Medtronic**: Ireland-based, medical-device maker Medtronic and the IRS met in court between June 14 and June 25, 2021 to try and settle a dispute worth \$1.4 billion. Medtronic is accused of transferring intellectual property to low-tax havens globally. The transfer involves the value of intangible assets between Medtronic and its Puerto Rican manufacturing affiliate for the tax years 2005 and 2006.⁴

The court had originally sided with Medtronic, but the IRS filed an appeal.⁵ Both sides are now awaiting a decision from the Tax Court.

12) SOME LANDMARK JUDGEMENTS ON TP

1. Sum received by a non-resident for sale of computer software through EULAs not taxable as royalty: *Engineering Analysis Centre of Excellence (P.) Ltd. v. CIT*. Citation: [2021] 125 taxmann.com 42 (SC), The Supreme Court of India held that as per the definition of royalties contained in Article 12 of the DTAA, it is clear that there is no obligation under section 195 to deduct tax at source on payments towards software purchase. This is because the distribution agreements or EULAs of such software do not create any interest or right in such distributors/end-users, which would amount to the use of or right to use any copyright.

The provisions of section 9(1)(vi), along with Explanations 2 and 4 thereof, which deal with royalty, couldn't also be applied as the same is not more beneficial to the assessee in comparison to the provision contained in DTAA. Accordingly, amounts paid by resident Indian end-users/distributors to non-resident computer software manufacturers/suppliers, as consideration for the resale/use of the computer software through EULAs/distribution agreements, was not the payment of royalty for the use of copyright in the computer software.

2. Indian tax authorities cannot grant a refund of taxes paid in foreign jurisdictions: Case Details: *Bank of India v. ACIT*, Citation: [2021] 125 taxmann.com 155 (Mumbai – Trib.) : The Mumbai Tribunal held that the tax credit schemes, as evident from the international tax literature and model convention commentaries, do not envisage any situation in which the excess foreign tax credit can result in a tax refund to the taxpayers from the exchequer of residence jurisdictions. All the methods of eliminating double taxation, i.e., exemption method, credit method or hybrid method, restrict the liability to tax in the source jurisdiction. The relief sought in the instant case goes well beyond that and would result in a refund of taxes by India, and what is being termed as a refund is not even paid to the Indian exchequer. Wherever tax credits exceed the tax liability, at best a carry forward or back of excess tax credit can be given when permitted by the domestic law, or at best when not restricted by the domestic law.
3. A non-resident is liable to tax in all years in which its project exceeding threshold limit for the creation of PE falls, Case Details: *Tiong Woon Project & Contracting (P.) Ltd.*, Citation: [2021] 124 taxmann.com 549 (AAR – Mumbai): Applicant executed a project between 06-01-2011 to 30-01-2012 comprising nearly 13 months. The project was continued for a period of 85 days in the previous year 2010-11 and 306 days in the previous year 2011-12. Before the Authority for Advance Ruling (AAR), the applicant took the view that no taxable income accrues or arises in India from its activities of execution of 'installation project' in the previous year 2010-11 since the duration of the project was only 85 days. The taxable income arises in the previous year 2011-12, where the duration of the project was 306 days resulting in the creation of permanent establishment (PE) in India in terms of Article 5 of DTAA between India and Singapore. The revenue argued that Article 5 clearly states that an installation project constitutes a PE if it continues

for a period of 183 days in any fiscal year. That article refers to any fiscal year and not every or relevant fiscal year. Attention is also invited to Article 15 of the DTAA, which deals with dependent personal services. The article mandates that the recipient should be present in the other State for a period or periods not exceeding in aggregate 183 days in the relevant fiscal year to escape taxation. Thus, it is emphasized that the phrase 'any fiscal year' in Article 5 indicates that a PE is constituted if the whole duration of the project, which may be spread over more than one fiscal year, includes 183 days or above in any fiscal year. Thus, it was held that the applicant's income is taxable in India as business profit in both the previous year's 2010-11 and 2011-12.

4. Benefit of MFN clause available from the date when a country becomes a member of OECD; HC allows lower withholding tax on dividend. Case Details: *Concentrix Services Netherlands B.V. v. Income Tax Officer (TDS)*, Citation: [2021] 127 taxmann.com 43 (Delhi) : Revenue contended that the protocol appended to the subject DTAA showed that the benefit of the lower rate of withholding tax would be available only if the country with which India entered into a DTAA were a member of the OECD at the time of the execution of the subject DTAA. None of the aforesaid countries, i.e., Slovenia, Lithuania, and Columbia, were members of the OECD on the date DTAA was signed with India. Thus, Clause IV(2) of the protocol appended to the subject DTAA would have no applicability. On writ, Delhi High Court held that a bare perusal of Clause IV(2) of the protocol appended to the subject DTAA shows that it incorporates the principle of parity between the subject DTAA and the DTAA's executed thereafter. Such parity is available qua the rate of withholding tax or the scope of the conventions in respect of items of income concerning dividends, interest, royalties, fees for technical services, or payments for the use of equipment.

However, the principle of parity kicks-in, only if the third State with whom India enters into a DTAA is a member of the OECD. Further, India should have, in its DTAA, executed with the third State, limited its withholding tax rate, on subject remittances, at a rate lower or a scope more restricted, than the rate or scope provided in the subject DTAA. Once the aforementioned conditions are fulfilled, then, from the date on which the DTAA between India and a third State comes into force, the same rate of withholding tax or scope as provided in the DTAA executed between India and the third State would necessarily have to apply to the subject DTAA. Therefore, the beneficial withholding tax rate of 5% in India-Slovenia DTAA will apply from the date when Slovenia became an OECD member, i.e., from August 2010. However, India – Slovenia DTAA came into force in February 2005.

5. Income from cloud hosting and its ancillary services neither royalty nor FTS. Case Details: *Rackspace US, Inc. v. DCIT*, Citation: [2021] 124 taxmann.com 92 (Mumbai – Trib.) : The assessee was a tax resident of the USA. Assessee earned income from cloud services, including cloud hosting and other supporting and ancillary services provided to Indian Customers. The assessee filed the return of income and the notes stating that the cloud hosting services were not taxable as 'royalties' under Article 12 of the India-US tax treaty. The Mumbai ITAT held that the agreement between the assessee and its customer was for providing

hosting and other ancillary services to the customer and not for the use of or leasing of any equipment. The Data Centre and the Infrastructure therein were used to provide these services belonging to the assessee. The customers do not have physical control or possession over the servers, and right to operate and manage this infrastructure or servers vested solely with the assessee. The agreement was to provide simpliciter hosting services and not give the underlying equipment on hire or lease. The customer did not know any server location in the data centre, webmail, websites, etc. Thus, the income from cloud hosting services had erroneously been held as royalty within the meaning of Explanation 2 to Section 9(1)(vi) as well as Article 12(3)(b) of the India-USA DTAA by AO and DRP.

6. No TP adjustment if the amount received in advance has far outweighed the amount received late from AE: Case Details, PCIT v. McKinsey Knowledge Centre India (P.) Ltd., Citation: [2021] 131 taxmann.com 253 (Delhi) : The Delhi High Court held that under no transfer pricing norm, principle, or evaluation of any “benefit” could there be a one-sided adjustment taking into account delayed invoices while at the same time ignoring invoices/payment received in advance. Consequently, factually there can be no notional computation of ‘delayed receivables’ only ignoring the receivables received in advance. A perusal of the paper book has revealed that most of the invoices/receivables had been paid significantly in advance. When the period for which the amounts of receivables received in advance enjoyed by the assessee were seen vis-a-vis the amount receivable beyond sixty days, it was apparent that the assessee had received significantly more advance rather than outstanding receivable beyond sixty days. Accordingly, the notional interest relating to alleged delayed payments in collecting receivables from the AEs was uncalled for as, in fact, there were no outstanding receivables as the amount received in advance far outweighed the amount received late.
7. Different projects are inter-connected for PE creation if there was unified agreement and consolidated billing pattern. Case Details: Telenor ASA v. DCIT, Citation: [2021] 129 taxmann.com 198 (Delhi – Trib.) : The assessee raised bills on a quarterly basis, and consolidated invoices were raised irrespective of the SOFs under which the services were rendered. The common billing and the common payments give rise to the conclusion that there was a single contract. Further, following the sequence of activities, the Delhi Tribunal held that the activities consist of the same and interconnected projects. The activities of the assessee cannot be said that were unrelated to each other as none of the activities could stand in isolation from the other activity. No single activity can give rise to performance and achieve the recipient’s purpose. The activities start with preparation, execution, and negotiation of the Global System for Mobile Communication (GSM) to devising the strategy development, preparation of IT solutions architect, benchmarking the same, recruiting the manpower for implementation, and training them for various activities in relation to GSM. It was an apparent commercial coherence between the activities as no single activity mentioned above doesn’t serve any purpose individually when segregated. All these activities were a different facet of one seamless function. As defined in Article 5(2)(1), the project consists of a bundle of inter-connected and interrelated services with the underlying theme of completion of projects. In the

instant case, the implementation of one SOF leads to the other, and it can be observed that they were well integrated. The outcome of one SOF becomes the inputs for the other SOF. Thus, based on the unified agreement, consolidated billing pattern, the activities were found to be interrelated. Accordingly, the existence of the PE of the assessee was undeniable.

8. PBDIT to be taken as profit level indicator for ALP instead of PBIT if there was a huge difference on account of dep.. Case Details: Aerzen Machines (India) (P.) Ltd. v. CIT, Citation: [2021] 127 taxmann.com 358 (Ahmedabad – Trib.) : The Tribunal rules that the purpose of transfer pricing provisions is to ensure that the companies connected with each other and operating internationally should not divert their income to another country. Thus, to determine the ALP with respect to the transactions carried out between two AEs, the price or the margin of one company (tested party), depending upon facts and circumstances, should be compared with the companies which are comparable in terms of functions, capital employed, debt-equity ratio, turnover, risk, contractual terms, assets employed etc. If any of the items such as capital employed, turnover is not comparable to the tested party for any reason, then the necessary adjustments are required to be made. In the instant case, the depreciation claimed by the assessee is greater than the depreciation of the comparable companies. Thus it is inferred that the adjustments in the depreciation are required to be made. However, there are no guidelines or provisions of law providing the mechanism for making the adjustments with respect to the depreciation. Therefore, AO should have taken the PBDIT as the profit level indicator while working out ALP with respect to the international transactions carried out by the assessee with its AE.
9. ITAT grants relief to ‘Times Group’; no ALP adjustment on interest-free debt funding to overseas-SPV. Case Details: Bennett Coleman & Co. Ltd. v. DCIT, Citation: [2021] 129 taxmann.com 397 (Mumbai – Trib.) : The core issue before the Mumbai Tribunal was: ‘Whether an interest-free debt funding of an overseas company in the nature of a special purpose vehicle (SPV), with a corresponding obligation to use it for the purpose of acquisition of a target company abroad, can be compared with a loan simpliciter, and be, subjected to an arm’s length price adjustment? The Mumbai Tribunal held that its difficult to visualize an SPV in isolation with the owner of that structure. These SPVs carry no financial and other risks, and the owner of that structure assumes such risks. There is a dichotomy in the SPV structure business model in the sense that while risks of SPV investments are assumed by the owner of the SPV, all the rewards, in whatever form, go to the SPV itself. Rule 8(1) of the Nigerian Income Tax (Transfer Pricing) Regulations 2018 throws important light on this aspect. What this rule holds is that an SPV, which does not control the financial risks associated with its funding activities, shall not be allocated the profits associated with those risks. The profits or losses associated with such risks would be allocated to the owner(s) of the SPV. Thus, interest-free debt funding of an overseas company in the nature of a SPV, with a corresponding obligation to use it to acquire a target company abroad, cannot be compared with a loan simpliciter. Thus same cannot be subject to arm’s length price adjustment based on the Comparable Uncontrolled Price (CUP) method.

10. TP adjustment is not required for ‘performance guarantee’ as contractual revenue would belong to the guarantor if the guarantee was invoked. Case Details: DCIT v. KEC International Ltd., Citation: [2021] 132 taxmann.com 75 (Mumbai – Trib.): It was noted that as per terms of the agreement, in the event of AE failing in execution of the contract, performance guarantee issued by the assessee would get invoked, and thereupon, the assessee would be obligated to execute the contract on its own by using its own infrastructure. This would, in turn, result in the assessee deriving entire contractual revenue and huge profits from there. Thus, there was absolutely no risk involved for the assessee in issuing a performance guarantee on behalf of its AE, warranting charging of any commission to mitigate that risk. Therefore, the Mumbai Tribunal deleted the addition made by TPO.
11. A non-resident can’t be taxed under Section 69 unless it is proved that investments are made out of income generated in India. Case Details: ITO v. Rajeev Suresh Ghai, Citation: [2021] 132 taxmann.com 234 (Mumbai – Trib.) : In the given case, the assessee was an Indian national but a resident of the UAE. The taxing rights under Article 12 belong to the residence jurisdiction. Even if the rights can at best go to the source jurisdiction, by no stretch of logic, an unexplained investment could be taxed in India, which is neither residence nor source jurisdiction but is an investment jurisdiction. Thus, unexplained investments could be taxed in India under section 69 only if it can be proved that the assessee made the unexplained investments out of his incomes earned in India. The treaty does not cover the taxation of income of the nature, such as ‘unexplained investment’, and that is the end of the road. Since the said income is not even taxable under the residuary Article 22, there cannot be any taxation of this income in the hands of the assessee under the Indo UAE tax treaty.
12. Sum received by Honda-Japan for the off-shore supply of CR-V cars and components not taxable in India. Case Details: Honda Motor Co. Ltd., Citation: [2021] 124 taxmann.com 225 (AAR – New Delhi) : Authority for Advance Ruling (AAR) held that the title to the parts supplied by Honda Motors would be transferred outside the territory of India upon loading of the Parts on the mode of transport to be used to convey the same from the country of origin and upon endorsement of despatch document in favour of the purchaser. These facts establish that the supply of parts would be made outside India. Thus, the transfer of title on the parts will also take place while the goods are outside the territory of India. The payment for the off-shore supply of parts is to be made outside the country in foreign currency as per the terms of the contract. As the seller did not retain control over the goods as per the terms of the Memorandum, the title to and property in the parts shipped by the applicant at the foreign port would get transferred at the port of shipment itself. As this event takes place outside the territory of India, the income arising out of such a sale transaction cannot be said to be accruing or arising in India. The applicant does not reserve the right to the disposal of goods during transit or otherwise. The principle of apportionment of income based on territorial nexus is now well accepted. Explanation 1(a) to section 9(1)(i) of the Act stipulates that where all the operations are not carried out in India, only that part of income that can be reasonably attributed to the operations in India would be deemed to accrue or arise in India. Thus, no income arising in the hands of the applicant from the off-shore supply of parts can be held to be chargeable to tax in India as the sale would be completed outside India, and there would be no accrual or deemed accrual in India.
13. Evidence in the form of e-mails, reports, etc. establishes rendering of services by AE; TP adjustment to be deleted. Case Details: Henkel Chembond Surface Technologies Ltd. v. ACIT, Citation: [2021] 125 taxmann.com 68 (Mumbai – Trib.) : The Mumbai Tribunal held that the regional management services received by the assessee from its AE are intangible in nature. Thus, evidence supporting such services and the benefit received therefrom can only be demonstrated by narrations, descriptions and documentary evidence. To support its claim of having received such services, the assessee had placed on record documentary evidence in the form of e-mails, correspondences, reports, etc., which clearly established rendering of the said services by the AE to the assessee. Considering that the aforesaid services rendered by the AE to the assessee were intangible in nature, the Tribunal agreed with the assessee’s claim that it would be difficult to place on record concrete evidence which would irrefutably prove to the hilt rendering of such services.
14. Being a party to tax avoidance arrangement is not enough to invoke GAAR, ‘participation’ is a pre-requisite: South Africa HC. Case Details: ABSA Bank Ltd. v. Commissioner, Citation: [2021] 126 taxmann.com 49 (HC – South Africa): The High Court of South Africa observed that a taxpayer has to be, not merely present, but participating in the arrangement. The fact that it might be the unwitting recipient of a benefit from a share of the revenue derived from an impermissible arrangement cannot constitute “taking part” in such an arrangement.
15. No TP adjustment if the assessee was availing more credit period vis-a-vis credit period it granted to its AEs. Case Details: Coim India (P.) Ltd. v. DCIT, Citation: [2021] 132 taxmann.com 207 (Delhi – Trib.) : The assessee did not charge any interest receivable by them from the AEs, and it was their policy not to charge so in respect of interest both payable and receivable. Further, the interest payable by the assessee was more than the interest receivable, and such interest on receivables was ingrained in the sales itself. The Delhi Tribunal held that the AO considered only the interest chargeable but did not consider the interest payable. If both the interest chargeable and interest payable were taken into consideration, and set-off was allowed, that would lead to no adjustment at all. Therefore, adjustment on account of interest receivable was to be deleted.

Citations:

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Taxable Or Not – The Court Room Chronicle

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The Apex Court of India has made two significant pronouncements dated 19 May 2022 which clearly put an ending dot to two of the most frequently encountered grey areas in the field of Indirect taxation. Interestingly, both relate to chargeability of transaction under reverse charge mechanism -one being liability to pay under reverse charge on ocean freight component in case of CIF contracts (under GST law) while the other being liability to pay under reverse charge on remittance in the nature of salary reimbursement for seconded employees to foreign group company (under Service Tax law). Contrastingly, one of the judgements is in the favour of the assessee while another one is in the favour of the revenue.

Supreme court ruling in the case of M/s. Mohit Minerals Pvt. Ltd. emphasises that delegated legislation by way of creation of deeming fiction is not permissible unless there are suitable powers conferred upon the Centre by the statute. For a transaction to be classified as leviable under reverse charge, it is vital to assess whether the person qualifies to be 'recipient' as per the definition provided under the GST Act. In case of CIF (Cost Insurance Freight) contracts, the foreign exporter enters into an agreement with the foreign shipping lines for transportation of goods by vessel till the customs station of clearance in India. The foreign exporter is liable to make payment of consideration to the foreign shipping lines which makes it adequately



clear that the Indian importer is nowhere playing the role of recipient of services. Further, the Indian importer does not have privity of contract with the foreign shipping lines in relation to the services of transportation being provided by it. Nevertheless, the Indian importer is paying IGST on import of goods as per the valuation determined under Customs Act which essentially includes the ocean freight component in assessable value. Thus, charging of ocean freight services separately while the same is already included in the composite value of imported goods is unacceptable since it leads to double taxation and violates the overall scheme of GST law. Notifications are meant to prescribe rates, mechanism and the like however taxable event cannot be created through delegated legislation and is certainly unconstitutional. IGST Rate Notification 10/2017 defines the term 'importer' as a recipient of service or in other words, the person liable to pay tax under reverse charge. The definition included in the notification is in contradiction to the meaning of recipient (and liable to reverse charge) as derived from the provisions of Section 5 of IGST Act read along with Section 2(93) of CGST Act. A notification cannot be ultra vires the parent legislation. It was further held that GST Council formed under Article 279A of the Indian Constitution is a recommendatory body and plays a constructive and enabling role. The powers including plenary powers possessed by the GST Council are to make recommendations on a wide range of GST matters, however it cannot create enforceable rights.

In the case of M/s. Northern Operating Systems Pvt. Ltd., Supreme court dealt with a case of taxability under reverse charge of reimbursement of salary costs in relation to seconded employees by Indian Company to its foreign counterpart. In terms of signed agreement between the Indian company and foreign group company, technical and managerial personnel would be seconded by foreign group company to the Indian company. The seconded employees would remain on the payroll of foreign group company for disbursement purposes and in view of social security regulations of that country. The seconded employees would work under complete supervision and control of the Indian company and shoulder work responsibilities of the Indian company. The Indian Company would issue them employment letters as well as Form 16. The seconded employees would file Income Tax returns as per Indian Income Tax Act. The foreign group company would raise a debit note on the Indian company for reimbursement of salary cost without any mark up. It was held by CESTAT Bangalore that method of disbursement of salary cannot



be treated as a basis to ascertain who is the employer for the seconded employees. Since the seconded employees are working for the Indian company and under its supervision and control, the salary costs are naturally to be borne by the Indian company in relation to such employees. The Indian company is in receipt of services of expatriate employees and not in the receipt of manpower supply service from the foreign group company. Further, the remittance at actuals shows that the foreign company only intends to recover the salary expenses incurred on behalf of the Indian company and cannot be treated as 'consideration' for any supply of service by the foreign group company to Indian company.

The matter was now before the Hon'ble Supreme Court to ascertain taxability of given secondment transactions under reverse charge. The Court observed that is pertinent to determine who is the 'employer' of seconded employees in actual sense to further arrive at a decision upon the case. Without dismissing the fact that the seconded employees work under supervision and control of the Indian Company during the period of secondment, it is equally a fact that after the end of period of secondment, they would return to home countries and cease to be under the temporary employment of Indian Company. The terms of employment during the period of secondment is in accordance with the policy of the foreign group company, which is also seen through the salary structure of seconded employees comprising of hardship allowance for working in India, monthly housing allowance, annual utility allowance etc. As far as presence of 'consideration' is concerned, the same was found to be implicitly present in view of economic benefits derived by the Indian Company through the arrangement seen as a whole.

Both the discussed rulings place utmost weightage upon the facts of the case, a key focus on the nature of transaction while also appreciating the arguments of the assessee. The concerned taxpayers may take note of these crucial recent rulings by the Hon'ble Supreme Court. ■

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)

INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – JUNE 2022

PROGRAMME FOR SYLLABUS 2016

Date:	Monday, 27th June 2022	Wednesday, 29th June 2022	Friday, 1st July 2022	Sunday, 3rd July 2022
Time:	10.00 A.M. to 1.00 P.M.			
INTERMEDIATE Group-I	Financial Accounting (P-05)	Laws & Ethics (P-06)	Direct Taxation (P-07)	Cost Accounting (P-08)
	2.30 P.M. to 5.30 P.M.			
	Financial Accounting (P-05)	Laws & Ethics (P-06)	Direct Taxation (P-07)	Cost Accounting (P-08)
FINAL Group-III	Corporate Laws & Compliance (P-13)	Strategic Financial Management (P-14)	Strategic Cost Management – Decision Making (P-15)	Direct Tax Laws and International Taxation (P-16)
Date:	Tuesday, 28th June, 2022	Thursday, 30th June, 2022	Saturday, 2nd July, 2022	Monday, 4th July, 2022
Time:	10.00 A.M. to 1.00 P.M.			
INTERMEDIATE Group-II	Operations Management & Strategic Management (P-09)	Cost & Management Accounting and Financial Management (P-10)	Indirect Taxation (P-11)	Company Accounts & Audit (P-12)
	2.30 P.M. to 5.30 P.M.			
	Operations Management & Strategic Management (P-09)	Cost & Management Accounting and Financial Management (P-10)	Indirect Taxation (P-11)	Company Accounts & Audit (P-12)
FINAL Group-IV	Corporate Financial Reporting (P-17)	Indirect Tax Laws & Practice (P-18)	Cost & Management Audit (P-19)	Strategic Performance Management & Business Valuation (P-20)

Prompt Corrective Action (PCA) Framework for NBFCs



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The PCA Framework for NBFCs comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. RBI Circular dated December 14, 2021. NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system. Accordingly, it has now been decided to put in place a PCAF for NBFCs to further strengthen the supervisory tools applicable to NBFCs. The PCAF for NBFCs comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. (RBI Circular dated December 14, 2021). The objective of the PCAF is to enable Supervisory intervention at appropriate time and require the Supervised Entity to initiate and implement remedial measures in a timely manner, so as to restore its financial health. The PCAF is also intended to act as a tool for effective market discipline & does not preclude RBI from taking any other action as it deems fit at any time in addition to the corrective actions prescribed in the Framework. In terms of extant regulations, Government NBFCs have been provided time upto March 31, 2022 to adhere to the capital adequacy norms provided for. Accordingly, a separate circular would be issued in due course with regard to applicability of PCAF to Government NBFCs. The PCAF will be reviewed after three years of being in operation. The PCAF is applicable to the following category of NBFCs:

a. All Deposit Taking NBFCs [Excluding Government Companies] (NBFCs-D)

b. All Non-Deposit Taking NBFCs in Middle, Upper and Top Layers (NBFCs-ND); [Including Investment and Credit Companies, Core Investment Companies (CICs), Infrastructure Debt Funds, Infrastructure Finance Companies, Micro Finance Institutions and Factors]; but [Excluding – (i) NBFCs not accepting/not intending to accept public funds; (ii) Government Companies, (iii) Primary Dealers and (iv) Housing Finance Companies]

For NBFCs-D and NBFCs-ND, Capital and Asset Quality would be the key areas for monitoring in PCA Framework. For CICs, Capital, Leverage and Asset Quality would be the key areas for monitoring in PCA Framework.

For NBFCs-D and NBFCs-ND, indicators to be tracked would be Capital to Risk Weighted Assets Ratio (CRAR), Tier I Capital Ratio and Net NPA Ratio (NNPA). For CICs, indicators to be tracked would be Adjusted Net Worth/Aggregate Risk Weighted Assets, Leverage Ratio and NNPA. A NBFC will generally be placed under PCAF based on the audited Annual Financial Results and/or the Supervisory Assessment made by the RBI. However, the RBI may impose PCA on any NBFC during the course of a year (including migration from one threshold to another) in case the circumstances so warrant.

The Reserve Bank may issue a press release when a NBFC is placed under PCA as well as when PCA is withdrawn vis-à-vis a NBFC

Breach of any risk threshold (as detailed under) may result in invocation of PCA.

Indicator	Risk Threshold-1	Risk Threshold-2	Risk Threshold-3
CRAR	Upto 300 bps below the regulatory minimum CRAR [currently, CRAR <15% but ≥12%]	More than 300 bps but upto 600 bps below regulatory minimum CRAR [currently, CRAR <12% but ≥9%]	More than 600 bps below regulatory minimum CRAR [currently, CRAR <9%]
Tier I Capital Ratio	Upto 200 bps below the regulatory minimum Tier I Capital Ratio [currently, Tier I Capital Ratio <10% but ≥8%]	More than 200 bps but upto 400 bps below the regulatory minimum Tier I Capital Ratio [currently, Tier I Capital Ratio <8% but ≥6%]	More than 400 bps below the regulatory minimum Tier I Capital Ratio [currently, Tier I Capital Ratio <6%]
NNPA Ratio (including NPIs)	>6% but ≤ 9%	>9% but ≤12%	>12%
Indicator	Risk Threshold-1	Risk Threshold-2	Risk Threshold-3
Adjusted Net Worth / Aggregate Risk Weighted Assets	Upto 600 bps below the regulatory minimum ANW/RWA [currently, ANW/RWA <30% but ≥24%]	More than 600 bps but upto 1200bps below regulatory minimum ANW/RWA [currently, ANW/RWA <24% but ≥18%]	More than 1200 bps below regulatory minimum ANW/RWA [currently, ANW/RWA <18%]
Leverage Ratio	≥2.5 times but <3 times	≥ 3 times but <3.5 times	≥3.5 times
NNPA Ratio (including NPIs)	>6% but ≤ 9%	>9% but ≤12%	>12%

Exit from PCA and Withdrawal of Restrictions under PCA - Once a NBFC is placed under PCA, taking the NBFC out of PCA Framework and/or withdrawal of restrictions imposed under the PCA Framework will be considered: a) if no breaches in risk thresholds in any of the parameters

are observed as per four continuous quarterly financial statements, one of which should be Annual Audited Financial Statement (subject to assessment by RBI); and b) based on Supervisory comfort of the RBI, including an assessment on sustainability of profitability of the NBFC.

The menu of corrective actions is as below:

Mandatory and Discretionary actions		
Specifications	Mandatory actions	Discretionary actions
Risk Threshold 1	Restriction on dividend distribution/remittance of profits; Promoters/shareholders to infuse equity and reduction in leverage;	Common menu Special Supervisory Actions
Risk Threshold 2	In addition to mandatory actions of Threshold 1, Restriction on branch expansion	Strategy related Governance related
Risk Threshold 3	In addition to mandatory actions of Threshold 1 & 2, Appropriate restrictions on capital expenditure, other than for technological upgradation within Board approved limits Restrictions/reduction in variable operating costs	Credit risk related Market risk related HR related Profitability related Operations/Business related Any other.

Common Menu for Selection of Discretionary Corrective Actions

Market risk related Actions - Restrictions on/reduction in borrowings from the debt market, extent of ALM mismatch, accepting/ renewing deposits and escrowing of cash inflows to meet deposit liabilities to protect the interest of the depositors, investment activities

HR related Actions - Restriction on staff expansion/staff compensation & Review of specialized training needs of existing staff

Special Supervisory Actions

- Special Supervisory Monitoring Meetings (SSMMs) at quarterly or other identified frequency
- Special inspections/targeted scrutiny of the NBFC
- Cause a special audit/inspection of NBFC/Group entities by the extant supervisory mechanism and/or through external auditors
- Restricted and need based regulatory/supervisory approvals to be given by the Reserve Bank
- Resolution of NBFC by Amalgamation/ Reconstruction/ Splitting (Section 45MBA of RBI Act, 1934)
- File insolvency application under IBC (As per the rules dated November 15, 2019 notified under section 239 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016))
- Show Cause Notice for cancellation of CoR and winding up of the NBFC

Strategy related Actions

- Activate the Recovery Plan that has been duly approved by the Supervisor
- Undertake a detailed review of business model in terms

of sustainability of the business model, profitability of business lines and activities, medium and long term viability, etc.

- Review short-term strategy focusing on addressing immediate concerns & medium-term business plans, identify achievable targets and set concrete milestones for progress and achievement
- Undertake business process reengineering & restructuring of operations as appropriate

Governance related Actions – RBI may

- actively engage with the NBFC's Board on various aspects as considered appropriate
- recommend to promoters/shareholders to bring in new Management/ Board
- remove managerial persons under the RBI Act, as applicable
- supersede the Board under the RBI Act and appoint an Administrator
- require the NBFC to invoke claw back clauses and other actions as available in regulatory guidelines,
- Removal of Director and/or appointment of another person as Director in his place and impose other restrictions or conditions & Impose restrictions on Directors' or Management compensation, as applicable.

Credit risk related Actions

- Preparation of time bound plan and commitment for reduction of stock of NPAs & containing generation of fresh NPAs
- Strengthening of loan review mechanism

- Restrictions/reduction in total credit risk weight density (example: restriction/ reduction in credit for borrowers below certain rating grades, restriction/reduction in unsecured exposures, etc.)
 - Reduction in loan concentrations in identified sectors, industries or borrowers
 - Sale of assets
 - Action plan for recovery of assets through identification of areas (geography-wise, industry segment-wise, borrower-wise, etc.) and setting up of dedicated Recovery Task Forces, etc.
 - Prohibition on expansion of credit/ investment portfolios other than investment in government securities / other High-Quality Liquid Investments
 - Higher provisioning for NPAs/NPIs
- Profitability related Actions - Restrictions on capital expenditure, other than for technological upgradation within Board approved limits & Restrictions/reduction in variable operating costs

Operations related Actions

- Restrictions on branch expansion plans; domestic or overseas, entering into new lines of business, in undertaking businesses, as may be specified, in outsourcing activities, on new borrowings
- Reduction in business at subsidiaries/ in other entities, in leverage, in risky assets
- Any other specific action that the RBI may deem fit considering specific circumstances of the NBFC.

Capital related Actions

- Detailed Board level review of capital planning
- Submission of plans and proposals for raising additional capital
- Requiring the NBFC to bolster reserves through retained profits
- Restriction on investment in subsidiaries/associates, expansion of high risk-weighted assets to conserve capital, increasing stake in subsidiaries and other group companies
- Reduction in exposure to high-risk sectors to conserve capital

Conclusion

Macro stress tests for credit risk indicate that the gross non-performing asset (GNPA) ratio of SCBs may increase from 6.9 per cent in September 2021 to 8.1 per cent by September 2022 under the baseline scenario and to 9.5 per cent under a severe stress scenario. SCBs would, however, have sufficient capital, both at the aggregate and individual levels, even under stress conditions. Emerging signs of

stress in micro, small and medium enterprises (MSME) as also in the micro finance segment call for close monitoring of these portfolios going forward. The Indian economy was already struggling with high fiscal deficit, demand contraction and poor health of our financial institutions, banks and NBFCs. The pandemic has put further stress on all economic activities. Most of the corporates have put on hold their expansion plans and this will directly impact employment generation. All of this has adversely affected the financial strength of the corporate sector and banks may need to make more provisions for NPAs. This will ultimately impact the financial health of banks and NBFCs, which are already struggling. Unemployment is increasing at a very fast rate but more investment in infrastructure will generate employment and increase the purchasing power.

The Insolvency and Bankruptcy Code (IBC) was introduced with the aim of resolution and reorganization of insolvent companies, while ARCs are set up for clearing up NPAs. ARCs primarily deal with recovery, while the IBC seeks for a resolution, wherein creditors are given the chance to make insolvency resolution an economically viable process and entities can apply for insolvency, bankruptcy or liquidation. Although some NBFCs are performing well in India, others are lagging. These companies need to cross-examine their performance on various parameters of the sector and work to eradicate the anomalies. Looking at the financial needs of the Indians there is a wide scope for NBFCs in every relevant sector and those companies which have a futuristic approach will reap the benefits. Some of the banks are relatively well-capitalised and are being supported by governments.

Targeting rural and backward areas, the NBFCs have the privilege to offer small-ticket loans to the deprived but deserving sections. NBFCs have emerged as a large employment generator by lending their support to small scale businesses and companies. To retain their growth and momentum they need to keep upgrading themselves. Taking a cue from the performance of all various parameters, the NBFC companies can strive to improve their working and management and try to improve their ranking. Those which are left behind can mark the areas in which they lag and take a strategic approach to march forward.

Taking this as a passing phase the NBFCs must get ready and anticipate the future market based on the post-COVID-19 scenario and work towards grabbing the opportunities that will be thrown open for them. The immaculate planning and execution of future strategies will be the best way forward for all NBFCs. We are already seeing improvement of consumer sentiment and optimism aiding economic recovery across the world.



How Fintech Companies Are Disrupting Traditional Financial Industry?



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What is Fintech?

Fintech, name is derived from a combination of “financial technology.” This is the virtual practical use of new technological innovations relating to products and services in the financial industry. We will explore the what and how Financial Technologies are applied in financial industry. The term Fintech embraces a swiftly growing industry which ultimately caters in the interests of consumers and businesses in various ways. Starting with mobile banking, insurance, cryptocurrency including investment apps, fintech has a seemingly innumerable spheres of applications.

The Industry is vast and is expanding at fast and this trend will continue for coming years. In a recent study (CB Insights) reveals, there are many VC-funded fintech companies whose consolidated value nearly \$154.1B. One positive factor is that numerous long-established banks are backing and have become followers of these innovative technologies. They also started investing in, buying or collaborating with fintech startups. The logic in favour of old banks/nbfc's, they want to appease digitally-minded customers which are growing over the years. What they want, and as a result, they are becoming relevant and simultaneously the industry is going ahead.

Fintech companies combine technologies (like AI, Blockchain and Data Science) into old schools of financial industry to make them secured, swifter and better efficient. That is why Fintech is one of the galloping tech sectors, with companies breaking ground in many area of finance; starting from payments, loans, credit scoring and stock trading.

How does fintech operate?

Fintech is not original industry. This is one developed and unfold very swiftly. Changing of technology in financial industry was almost routine affairs over the years in some aspects for banking methods and operations in Financial Sector. ATMs, Debit Cards, Credit Cards, Electronic Trading Floors, personal including high-frequency trading finance have evolved, and forming part of the financial world, over the decades.

Some recent innovations, are using machine learning algorithms, blockchain and data science to do comprehensive jobs from procedures of credit risks to operate hedge funds. While innovations in Fintech companies are going on, also regulators' provisions are being amended to suit these new scenario. In these changed situations, required compliance and regulatory also has undergone drastic alterations.

While innovations are going on in financial industry with massive growth in Fintech Companies, threat of cyber security is looming large on Financial Industry across. As a result, Business of Hacking is spreading over the industrial world. Fortunately, with the right precaution of improvement of system, Hacking has not spread like mushroom.

In spite of the financial industry is known as startups and industry-changing technology, old and established companies and banks are also simultaneously following fintech services for their own benefits. Let us discuss how the financial industry is disrupting and expanding some areas of finance.

Banking

Mobile banking consists of major part of the fintech industry. In the area of personal finance, customers are constantly craving for digital facilities to access their bank accounts, mainly on a mobile device. Most major banks now have no-option but to offer mobile banking features.

Main Mobile Banking Statistics

1. 79% of Smartphone owners have used their devices for online purchases in last six months
2. 86.5% of Americans used their mobile device to check their bank balances in 2020
3. The total value of payments made using mobile devices reached \$503 Billions in 2020
4. In 2021, there are 5.22 Billions unique mobile users in world
5. Bank of America continues to be an industry leader of 30 millions of mobile active users
6. Mobile app fraud have increased by over 600% since 2015
7. 89% digital fraud losses are due to account takeover
8. Security is the biggest problem for those who want to make regular payment
9. The mobile app market will generate a revenue of \$693 in 2021
10. Mobile eCommerce will comprise more than 50% of online all retail sales, with the project that it will further expand 14% in 2021
11. Three out of every five frauds transactions in Q4 in 2019 originated from a mobile browser

• Source - [Dataprot.net/statistics/mobile-banking-statistics/](https://dataprot.net/statistics/mobile-banking-statistics/)

Investment & Savings

Now, Fintech has resulted a revolution in the numerous of investing and savings apps. Unlike the past, the hurdles to investing are being removed by many companies. Though, “these apps differ in nature in their approach, each uses a combination of savings and automated investing methods, such as instant round-up deposits on purchases, to introduce consumers to the markets”.

Machine Learning & Trading

The stake is big with billions of dollars to be earned, the fintech companies approach the machine learning with no risk left in their decisions. In the process, as a result, they use ultimately Artificial Intelligence which processes vast amount of data with the help of Algorithms tailor-made for spot trends and risks. This process paves way for consumers, corporates, banks, financial institutions and others to have more clarity of investment and buying risks with vulnerability. After that this type of transparency, they know what to invest and how much.

Payments Banks in India

In India, RBI allowed 41 Payment Banks in Budget in 2015. Payment Banks are different from traditional banks. They operate in a small scale. In india, minimum paid up capital Rs.100 crores. Minimum contribution by promoter is 40% of paid up capital for first 5 years. They can take deposits upto Rs.2 Lakhs. They can take demand deposits in savings and current accounts. These deposits can be invested in Government Securities as SLR upto 75% of total deposit. Other deposits 25% should be invested in scheduled banks in time deposits. These Payment Banks are allowed for personal payments and receive over the border remittances through current accounts. They are also permitted to issue only debit cards (no credit card). They are not allowed to lend money. The advantages of Payment Banks in india include expansion of rural banking and financial inclusion. It acts as alternative to commercial banks. They efficiently deal with low value and high value transactions.

Out of 41 Payment Banks, only 6 are active. They include – 1. Airtel Payment Bank, 2. Indian Post Payment Bank, 3. Fino Payment Bank, 4. Jio Payment Bank, 5. Paytm Payment Bank, 6. NSDL Payment Bank.

Payment in US

In US, there is no Payment Bank like India. However, fintech companies are very conversant to transfer money. For example, Venmo is a mobile payment service owned by PayPal. The Account Holders of Venmo can easily move funds to others through a mobile phone app. However, both sender and receiver should be living in US. This company handled \$153 Billions transactions in first quarter in 2018. The words “I’ll Venmo you” is currently a substitute for “I’ll pay you later.” Venmo, obviously, is a mobile payment platform. Payment companies have drastically altered the method how all of us do business. If you want to transfer fund money over the globe, now it is easier than earlier. In addition to Venmo, popular payment companies include Zelle, Paypal, Stripe and Square in US.

Lending

Fintech is overhauling lending system by redefining of risk assessment, swiftly approval processes and making availability easier. Billions of aspirants over the globe can now look for a lending on their mobile devices. Because new data points and overhauling of risk modeling are expanding credit to underserved populations. Moreover, customers can look for credit reports a number of times every calender with transparency. Leading Credit companies mentionable include Tala, Petal and Credit Karma.

Insurance

It is well known that Insurtech itself is swiftly turning its own industry. However, it still within the ambit of fintech. Unlike Banks, Insurance has made late entry in the area of technology. As a result, now many fintech startups are collaborating with old and established insurance companies to expedite automate processes and spread coverage. The coverage range from car insurance to wearables for health insurance. The insurance industry is looking for more innovations. Leading

Insurtech companies include Oscar Health, Root Insurance and Policy Genius.

Conclusion

Fintech is a rapidly growing industry with multiple innovations. This industry can only grow with innovations. These companies are virtually overhauling our financial system for improvement for a better society to live on. In 2021, some fintech trends are: The increase of robo-advisors in stock trading, the application of blockchain in anti-money laundering efforts, the evolution of credit reporting and the decentralization of global payments.

Reference –

1. <https://builtin.com/fintech>
2. <https://dataprot.net/statistics/mobile-banking-statistics/>

Dear CMA Colleagues,

WIRC is planning to send only E-copy of the WIRC Bulletin from January 2022 onwards. If any member requires the Hard Copy in future, please write to WIRC (wirc.admin@icmai.in) with Name, Membership Number and Address to enable us to send the same.

With regards,

CMA Arindam Goswami,
Chief Editor - WIRC Bulletin

STUDENTS CORNER

How to Face the Interview

– **Namrata Joshi**

C&ORC Specialist

UBS Business Solutions pvt. ltd.



Hello to all the CMA Aspirants out there. We all are working hard, putting lots of effort for gaining a particular prefix “CMA”.

The beauty is when you add CMA to your name automatically you feel energetic, powerful, confident and that’s the outcome for which we are sacrificing willingly.

CMA is not just the degree, it’s a journey not only helps you to enhance your knowledge but groom your personality.

Yes it might take attempts to clear but that’s fine because at the end you are #THE CMA. in my third attempt I cleared final.

Pre campus program and campus placements is a different story in all together.

Would like to share some aspects on placements. These three days you will encounter mix emotions nervous, excitement, doubtful etc but remember you need to walk with smile and confidence. Whatever the situation is just calm yourself, say it’s okay and move on.

Yes we are aiming to get selected but don’t forget that our goal is to give as many as interview and gain precious experience because every interview will teach you something new.

Now let’s head towards preparation-

1. Go through job description of the company, emphasis more on that topic related subject.
2. Go through company’s website, gather updated news(if any), it’s vision and mission, function, products and highlighted points about the company.

*Brush up your basic knowledge refer intermediate modules for cost and fm. 11th and 12 th for journal entry or accounts in general, AS etc but don’t stress much.

Let’s dive in interview part-

1. Prepare concise resume (one page or max to max two page). Disclose your objective, work experience (if any), academic qualification, achievements, skills and hobbies.

2. Confidently present yourself in the interview.
3. Mark this “ DO NOT LIE”in the interview.
4. If you don’t know the answer it’s better to say “I do not know but I will surely read about it”
5. At the end ask for the feedback (help you to know your mistakes or the area where you have to work more).

*IMPORTANT NOTE

Don’t be too sad if you dont get selected because Off campus there are a lot of companies who want you to be their part, you just need to find them.

At last I want to wish you good luck and do embrace every moment as it’s a one time experience.

Thank you

Read these educational quotes for students to get inspired and take another step toward your dream.

1. **“Education is the most powerful weapon which you can use to change the world” – Nelson Mandela**

Education is the first step for people to gain the knowledge, critical thinking, empowerment and skills they need to make this world a better place.

2. **“Live as if you were to die tomorrow. Learn as if you were to live forever” – Mahatma Gandhi**

It’s important to seize the day, but always make time to go deeper and wider in your learning.

3. **“The cure for boredom is curiosity. There is no cure for curiosity” – Dorothy Parker**

The more you learn, the more you want to learn, the more the world becomes more interesting to you, and discovering it becomes more fun.

4. **“If You are planning for a year, sow rice; if you are planning for a decade, plant trees; if you are planning for a lifetime, educate people” – Chinese Proverb**

There are many ways you can make an impact on the world. But there is no greater impact that you can make than spreading education, and empowering people who’ll empower and teach people, who, in turn, will empower and teach more.

Students Glossary

Aggregate Supply

Aggregate supply, also known as total output, is the total supply of goods and services produced within an economy at a given overall price in a given period. It is represented by the aggregate supply curve, which describes the relationship between price levels and the quantity of output that firms are willing to provide. Typically, there is a positive relationship between aggregate supply and the price level.

Aggregation

Aggregation in the futures markets is a process that combines all futures positions owned or controlled by a single trader or group of traders into one aggregate position. Aggregation in a financial planning sense, however, is a time-saving accounting method that consolidates an individual's financial data from various institutions.

Basis Risk

Basis risk is the financial risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.

Bond Market

The bond market—often called the debt market, fixed-income market, or credit market—is the collective name given to all trades and issues of debt securities. Governments typically issue bonds in order to raise capital to pay down debts or fund infrastructural improvements.

Capital Employed

Capital employed, also known as funds employed, is the total amount of capital used for the acquisition of profits by a firm or project. Capital employed can also refer to the value of all the assets used by a company to generate earnings.

Capital Gain

The term capital gain refers to the increase in the value of a capital asset when it is sold. Put simply, a capital gain occurs when you sell an asset for more than what you originally paid for it. Almost any type of asset you own is a capital asset whether that's a type of investment (like a stock, bond, or real estate) or something purchased for personal use (like furniture or a boat). Capital gains are realized when you sell an asset by taking the subtracting the original purchase price from the sale price. The Internal Revenue Service (IRS) taxes individuals on capital gains in certain circumstances.

Debt/Equity Swap

A debt/equity swap is a transaction in which the obligations or debts of a company or individual are exchanged for

something of value, namely, equity. In the case of a publicly-traded company, this generally entails an exchange of bonds for stock. The value of the stocks and bonds being exchanged is typically determined by the market at the time of the swap.

Debt Financing

Debt financing occurs when a firm raises money for working capital or capital expenditures by selling debt instruments to individuals and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid. The other way to raise capital in debt markets is to issue shares of stock in a public offering; this is called equity financing.

Economic Collapse

An economic collapse is a breakdown of a national, regional, or territorial economy that typically follows a time of crisis. An economic collapse occurs at the onset of a severe version of an economic contraction, depression, or recession and can last any number of years depending on the severity of the circumstances. An economic collapse can happen rapidly due to an unexpected event, or it may be preceded by several events or signs pointing to fragility in the economy.

Economic Cycle

The term economic cycle refers to the fluctuations of the economy between periods of expansion (growth) and contraction (recession). Factors such as gross domestic product (GDP), interest rates, total employment, and consumer spending, can help to determine the current stage of the economic cycle. Understanding the economic cycle can help investors and businesses understand when to make investments and when to pull their money out, as it has a direct impact on everything from stocks and bonds, as well as profits and corporate earnings.

Federal Housing Administration (FHA)

The term Federal Housing Administration (FHA) refers to a U.S. agency that provides mortgage insurance to FHA-approved lenders. The FHA was established in 1934 by the U.S. government and became part of the U.S. Department of Housing and Urban Development (HUD) in 1965.

Federal Housing Administration (FHA) Loan

A Federal Housing Administration (FHA) loan is a home mortgage that is insured by the government and issued by a bank or other lender that is approved by the agency.¹ FHA loans require a lower minimum down payment than many conventional loans, and applicants may have lower credit scores than is usually required.²

Green Marketing

Green marketing refers to the practice of developing and advertising products based on their real or perceived environmental sustainability.

Examples of green marketing include advertising the reduced emissions associated with a product's manufacturing process, or the use of post-consumer recycled materials for a product's packaging. Some companies also may market themselves as being environmentally-conscious companies by donating a portion of their sales proceeds to environmental initiatives, such as tree planting.

Green Monday

Green Monday refers to one of the retail industry's busiest shopping days, occurring on the second Monday in December. Green Monday represents the day many shoppers rush to purchase last-minute holiday gifts and take advantage of deals.

Historic Structure

A historic structure is a sub-category of a historic property as designated by the National Register of Historic Places, referred to as the National Register. In casual conversation, a historic structure refers to a building or other structure, such as a bridge, mine, canal, ship, highway, or locomotive, that is significant because of its link to an important period in the past, but the official designation distinguishes a structure as being distinct from a human shelter.

Historical Cost

A historical cost is a measure of value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the company. The historical cost method is used for fixed assets in the United States under generally accepted accounting principles (GAAP).

Impaired Credit

Impaired credit occurs when there has been a deterioration in the creditworthiness of an individual or entity. This is usually reflected through a lower credit score, in the case of an individual, or a reduction in the credit rating assigned to an entity or debt issued by a rating agency or lender. As a result, the borrower whose credit has been impaired will generally have lesser accessibility to credit facilities and will have to pay a higher rate of interest on loans. Impaired credit may either be a temporary situation that can be reversed, or an early sign that the borrower could face potential major financial distress down the road. In either case, impaired credit is not a good omen.

Impeachment

Impeachment, as authorized by Article II, Section 4 of the U.S. Constitution, is the formal process that allows Congress to bring charges of "Treason, Bribery, or other high Crimes and Misdemeanors" against high-ranking civil officers, such as the president.

Implicit Cost

An implicit cost is any cost that has already occurred but not necessarily shown or reported as a separate expense. It represents an opportunity cost that arises when a company uses internal resources toward a project without any explicit compensation for the utilization of resources. This means when a company allocates its resources, it always forgoes the ability to earn money off the use of the resources elsewhere, so there's no exchange of cash. Put simply, an implicit cost comes from the use of an asset, rather than renting or buying it. □

Advanced to Fellow Membership (WIRC) May 2022

SR NO	MEMBERNO	NAME	CITY
1	38518	Pooja Harwani	Surat
2	41006	Jivani Dharmeshkumar Jivanbhai	Surat
3	28995	Pramod Marotrao Dumre	Mumbai
4	36461	Neelambari Parshuram Patil	Thane (West)
5	39615	Nikhil Bhartkumar Mehta	Vadodara
6	41984	Sachin Kisan Pote	Pune
7	12999	Vijay Uttamchand Poddar	Thane
8	39167	Binay Jaiswal	Mumbai
9	41524	Kevalkumar Sandipkumar Shah	Navsari

What's New

GOODS & SERVICE TAX

Annual Aggregate Turnover (AATO) computation for FY 2021-22

The functionality of AATO for the FY 2021-22 has now been made live on taxpayers' dashboards with the following features:

- The taxpayers can view the exact Annual Aggregate Turnover (AATO) for the previous Financial Year (FY).
- The taxpayers can also view the Aggregate Turnover of the current FY based on the returns filed till date.
- The taxpayers have also been provided with the facility of turnover updation in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records.
- This facility of turnover update shall be provided to all the GSTINs registered on a common PAN. All the changes by any of the GSTINs in their turnover shall be summed up for computation of Annual Aggregate Turnover for each of the GSTINs.
- The taxpayer can amend the turnover twice within the month of May, 2022. Thereafter, the figures will be sent for review of the Jurisdictional Tax Officer who can amend the values furnished by the taxpayer wherever required.

Note: For more details, the taxpayers may check out the 'Advisory' section of the aforementioned functionality on their respective dashboards.

REPORTING 6% RATE IN GSTR-1.

A new tax rate of 6% IGST or 3% CGST+ 3% SGST has been introduced on certain goods vide Notification No. 02/2022 dated 31st March 2022. Changes are being made on the GST portal to include this rate in GSTR-1.

As a temporary measure, taxpayers who have to report goods at this rate may do so by reporting the entries in the 5% heading and then manually increasing the system computed tax amount to 6%. This can be done by entering the value in the 'Taxable value' column next to 5% tax-rate and then increasing the system computed tax-amount to 6% IGST or 3% CGST + 3% SGST in the 'Amount of Tax' column under the relevant Table, namely B2B, B2C or Export, as applicable.

This will ensure that correct tax amount is reported in GSTR-1. Meanwhile, this rate will be made available on the GST portal shortly.

[GST Press Release dated 10th May 2022]

- The due date of filing FORM GSTR-3B for the month of April 2022 has been extended till 24th May 2022.

(Notification No. 05/2022- Central Tax Dated 17th May 2022)

- The due date of payment of tax for the month of April, 2022 by taxpayers under QRMP scheme in FORM GST PMT-06 has been extended till 27th May, 2022.

(Notification No. 06/2022- Central Tax Dated 17th May 2022)

- Late fees payable for delay in furnishing of FORM GSTR-4 for the financial year 2021-22 under section 47 has been waived for the period from 01-05-2022 to 30-06-2022.

(Notification No. 07/2022-Central Tax dated 26th May 2022)

- Prohibition on export of wheat- Regulatory authorities to manually sign Registration Certificate to avoid any misuse since the digitally Registration Certificates have not been integrated with the ICEGATE system of Customs.

(Trade Notice No.10/2022-2021 dated 24th May 2022)

- Since, investigation officers or GST officers were visiting the premises of the taxpayers and forcefully asking them to pay tax voluntarily without any tax calculation and without assigning any basis thereof with the coercion of arrest, the issue was taken up with the CBIC and therefore, it has been clarified that voluntary payment can be made by the taxpayer himself as deemed fit, but no officer will be able to recover the money without following the procedure prescribed in the law. Principal Commissioners and Officers are instructed to investigate the matter immediately and strict action to be taken against such officers who are forcefully asking taxpayers to deposit certain amount without any basis and without following the procedure prescribed under the law. However, taxpayer will have to inform to Chief Commissioner / Principal Commissioner Hope, taxpayer will be bold enough to exercise their right.

(Instruction No. 01 / 2022-23 [GST Investigation Wing] dated 25th May 2022)

Customs:

TARIFF

- Rate of custom duty has been amended to give effect to the first tranche of India UAE CEPA *[Notification No. 22/2022-Customs dated 30th April 2022]*

- Various Customs Tariff notifications have been amended in order to align the HS Codes of the said notifications with the Finance Act, 2022, w.e.f. 01.05.2022 [**Notification No. 23/2022-Customs dated 30th April 2022**]
- Customs notifications No. 11/2018 Cus has been amended to align the HS Codes with the Finance Act, 2022, w.e.f 01.05.2022 [**Notification No. 24/2022-Customs dated 30th April 2022**]

NON TARIFF

- Central Board of Indirect taxes and customs have specified the rate of exchange of conversion for each foreign currency of Schedule I and Schedule II into India currency or vice-versa. Therefore, for the purpose of section 14 of Customs Act, relating to import and export of goods following rates shall come into effect from 06th May 2022. (**Notification No. 40/2022 - Customs (N.T.)**)

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	56.45	54.10
2.	Bahraini Dinar	208.55	195.90
3.	Canadian Dollar	60.90	58.80
4.	Chinese Yuan	11.70	11.35
5.	Danish Kroner	11.05	10.70
6.	EURO	82.45	79.45
7.	Hong Kong Dollar	9.90	9.55
8.	Kuwaiti Dinar	256.65	240.60
9.	New Zealand Dollar	51.25	48.95
10.	Norwegian Kroner	8.40	8.10
11.	Pound Sterling	97.65	94.35
12.	Qatari Riyal	21.60	20.15
13.	Saudi Arabian Riyal	20.95	19.70
14.	Singapore Dollar	56.40	54.55
15.	South African Rand	5.10	4.75
16.	Swedish Kroner	7.95	7.70
17.	Swiss Franc	79.90	76.90
18.	Turkish Lira	5.35	5.00
19.	UAE Dirham	21.40	20.10
20.	US Dollar	77.05	75.35

Sl.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	60.00	58.00
2.	Korean Won	6.30	5.90

- The tariff values have been fixed in respect of the imported goods of the description specified in the TABLE below for the purpose of calculation of duty chargeable with reference to such tariff value as per sub-section (2) to section 14 of Customs Act, 1962. The following notification shall amend notification no 36/2001(NT) and in the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely:
(**Notification 41/2022- Customs (N.T)**)

TABLE-1

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1703
2	1511 90 10	RBD Palm Oil	1765
3	1511 90 90	Others – Palm Oil	1734
4	1511 10 00	Crude Palmolein	1768
5	1511 90 20	RBD Palmolein	1771
6	1511 90 90	Others – Palmolein	1770
7	1507 10 00	Crude Soya bean Oil	1827
8	7404 00 22	Brass Scrap (all grades)	5738

TABLE-2

Sl.No.	Chapter/ heading / sub-heading/ tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	592 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	687 per kilogram
3.	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign Currency coins, jewellery made of silver or articles made of silver.	687 per kilogram
4.	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	592 per 10 grams

TABLE-3

Sl.No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US \$ Per Metric Tonne)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	5477(i.e., no change)"

- Amendment in the exchange rate notification no. 40/2022-Customs (N.T.) dated 5th May, 2022 for Foreign Currency Turkish Lira in Schedule-I of the said notification and substitutes with the following rates;

(Notification No. 42/2022- Customs (N.T.) dated 18th May 2022)

SCHEDULE-I

Sr.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
18.	Turkish Lira	5.00	4.70

- The anti-dumping duty imposed on ‘Amoxycillin’ also known as ‘Amoxycillin Trihydrate’ has been revoked, originating in or exported from China PR and imported into India and hereby rescinds the notification no. 21/2017-Customs (ADD) dated the 16th May 2017. **(Notification No. 13/2022- Customs (ADD) dated 11th May, 2022)**
- Export of Bangladesh goods to India by rail in closed container has been enabled. It has now been decided that the empty containers returning from Bangladesh to India in a train MAY BE utilized to carry export goods o Bangladesh to India. The movement shall be monitored through Electronic Cargo Tracking System (ECTS) from Land Customs Station (LCS) to Inland Container Depot (ICD) of destination. The procedure is prescribed for movement and clearance of goods imported. **(Circular No 08/2022-Customs dated 17th May, 2022)**
- Custom duty (Additional Duty) has been reduced on Petrol and High Speed Diesel in line with Central Excise duty so as to control the inflation.

Table

Sr.No.	Chapter or heading	Description of goods	Existing Rate	Revised Rate
1.	2710	Motor spirit commonly known as petrol	Rs. 9 per litre	Rs. 5 per litre
2.	2710	High speed diesel oil	Rs. 9 per litre	Rs. 2 per litre

(Notification 25/2022- Customs Tariff dated 21st May 2022)

- Following goods have been added in the list of specified products under notification 50/2017 on which standard rate of customs duty shall apply.

Sr.No	Chapter heading/ Sub-heading	Description of Goods	Rate	IGST	Condition
“141A	2701	(a) Anthracite/Pulverized coal injection (PCI) coal; (b) Coking coal	Nil	–	–
141B.	2704	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated	Nil	–	–
141C	2710	Naphtha	1%	–	–”;
“191A.	2910 20 00	Methyloxirane (propylene oxide)	2.5%	–	–”;
“364D.	7202 60 00	Ferro-nickel	Nil	–	–”;

(Notification No. 26/2022- Customs Tariff dated 21st May 2022.)

- The Customs duty on Anthracite/Pulverized Coal Injection (PCI) coal and Coaking Coal has been reduced to “Nil” rate of duty mainly to cut the power shortage. **(Notification No. 27/2022- Customs (Tariff) dated 21st May 2022)**
- Export duties have been levied or increased with respect to certain articles to restrict the export so as to enable to reduce the domestic prices which will control inflation:

Sr.No	Chapter heading/ Sub-heading	Description of Goods	Rate of Duty (Existing)	Rate of Duty (Amended)
21	2601 11	Iron ore and concentrates, Non-agglomerated	30%	50%
22	2601 12	Iron ore and concentrates, agglomerated	30%	50%
43	7210, 7212	Flat rolled products of iron or non-alloy steel, clad*, plated or coated with zinc	20%	20%
48A	7219	Flat-rolled products of stainless steel, of a width of 600 mm or more	Nil	15%
48B	7222	Other bars and rods of stainless steel; angles, shapes and sections of stainless steel	Nil	15%
48C	7227	Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel	Nil	15%

(Notification No. 28/2022- Customs (Tariff) dated 21st May 2022)

- Export duty on certain goods has now been increased so as to enable to reduce the domestic prices which will control inflation:

Sr.No	Chapter heading/ Sub-heading	Description of Goods	Rate of Duty (Existing)	Rate of Duty (Amended)
23	2601 12 10	Iron ore Plates	Nil	45%
48	7201	Pig iron and spiegeleisen in pigs, blocks or other primary forms	Nil	15%
54	7208	Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	Nil	15%
55	7209	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced), not clad, plated or coated	Nil	15%
56	7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated	Nil	15%
56A	7212	Flat rolled products of iron or non-alloy steel, clad, plated or coated	Nil	Nil
57	7213	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	Nil	15%
58	7214	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	Nil	15%

(Notification No. 29/2022- Customs (Tariff) dated 21st May 2022)

- Global Tariff Quota (TRQ) of 20 LMT per FY to Crude Sunflower Oil and Crude Soyabean Oil for 2 years exempting from whole BCD and AIDC has been notified. **(Notification No. 30/2022- Customs (Tariff) dated 24th May 2022)**
- Following rate of exchange of conversion for each foreign currency of Schedule I and Schedule II into India currency or vice-versa shall come into effect from 20th May,2022 for the purpose of section 14 of Customs Act, relating to import and export of goods.

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Australian Dollar	55.80	53.40
2.	Bahraini Dinar	212.80	199.90
3.	Canadian Dollar	61.70	59.55
4.	Chinese Yuan	11.70	11.35
5.	Danish Kroner	11.15	10.80
6.	EURO	83.15	80.15
7.	Hong Kong Dollar	10.10	9.75
8.	Kuwaiti Dinar	261.90	245.45
9.	New Zealand Dollar	50.65	48.30
10.	Norwegian Kroner	8.05	7.80
11.	Pound Sterling	97.95	94.65
12.	Qatari Riyal	22.05	20.60
13.	Saudi Arabian Riyal	21.40	20.10
14.	Singapore Dollar	57.00	55.15
15.	South African Rand	5.00	4.70
16.	Swedish Kroner	7.90	7.65
17.	Swiss Franc	80.40	77.40
18.	Turkish Lira	5.00	4.70
19.	UAE Dirham	21.85	20.50
20.	US Dollar	78.60	76.90

SCHEDULE II

Sl.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	61.40	59.35
2.	Korean Won	6.30	5.90

- Anti-Dumping duty has been imposed in respect of subject goods as specified in the table; (**Notification No. 14/2022-Customs (ADD) dated 20th May 2022**)

TABLE

Sl. No.	Heading, Sub-heading or Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	5603 94 90 5903 20 90	Polyurethane Leather which includes any kind of textile coated one sided or both sided with Polyurethane	China PR	Any country including China PR	Anhui Anli Material Technology Co., Ltd.	NIL	Meters	USD
2.	-do-	-do-	China PR	Any country including China PR	Any Producer other than S. N. 1	0.46	Meters	USD
3.	-do-	-do-	Any country other than China PR	China PR	Any	0.46	Meters	USD

- Anti-Dumping duty has been imposed in respect of subject goods as specified in the table;

TABLE

Sr. No.	Sub-Heading	Description of Goods	Country of Origin	Country of Export	Producer	Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	6911 and 6912	Ceramic Table wares and Kitchen wares*	People's Republic of China **	Any country including People's Republic of China	Any	1075	MT	US Dollar
2.	6911 and 6912	Ceramic Table wares and Kitchen wares*	Any country other than People's Republic of China **	People's Republic of China	Any	1075	MT	US Dollar

* Description of the subject goods is "Ceramic Tablewares and Kitchenwares, excluding knives and toilet items". Bone China, stoneware and porcelain-ware all constitute ceramic products.

** In case the goods are declared as 'originating in Malaysia', the anti-dumping duty as per rates mentioned above shall apply.

(**Notification No. 14/2022-Customs (ADD) dated 20th May 2022**)

FOREIGN TRADE POLICY

NOTIFICATION:

- Import policy of ITC(HS) Codes 71123000, 71129100, 71129200, 71129910, 71129920 and 71129990 has been revised from free to restricted with immediate effect. **[Notification No.01/2015-2020 dated 29th April 2022]**

ITC (HS)	Item description	Existing import policy	Revised import policy
71123000	Ash Containing precious metal or precious metal components	Free	Restricted
71129100	Other Of Gold, including metal clad with gold but excluding sweepings containing other precious metals.	Free	Restricted
71129200	Other Of Platinum, including metal clad with platinum but excluding sweepings containing other precious metals.	Free	Restricted
71129910	Other Of Silver, including metal clad with Silver but excluding sweepings containing other precious metals.	Free	Restricted
71129920	Other sweepings containing Gold or silver	Free	Restricted
71129990	Other-Other	Free	Restricted

- The Central Government hereby amends the DGFT Notification No. 20/2015-2020 as Relaxation of import provisions under Notification No. 20/2015-20 dated 24.08.2021 to allow import of the remaining quantity of 5.50 Lakh MT upto 30.9.2022 or until further orders, whichever is earlier. Bill of lading of such import consignments to be on or before 30.9.2022 and “Out of Charge” of such consignments to be authorized by customs on or before 31.12.2022. [Notification No.02/2015-2020 dated 02nd May 2022]

NOTIFICATION:

Allocation of additional quantity of 2051 MT for export of raw sugar to USA under Tariff Rate Quota (TRQ) for the US Fiscal Year 2022. **(Public Notice No.07/2015-2020, Dated: 6th May 2022)**

- A new RoDTEP schedule (Appendix 4R) has been notified for implementation with effect from 01.01.2022 after aligning the earlier schedule with the Customs tariff schedule as per Finance Act, 2021. This new appendix 4R, containing the eligible RoDTEP export items, rates and per unit value caps, wherever applicable is available at the DGFT portal(www.dgft.gov.in under the link ‘Regulatory Updates’> RoDTEP). **(Notification No. 04/2015-2020 dated 11th May 2022)**
- Amendment in Export Policy of Onion Seeds.

Sr.No.	ITC (HS) Code	Description	Present Policy	Revised Policy
73	12099130	Onion Seeds	PROHIBITED	RESTRICTED

The Export Policy of Onion Seeds has been put under ‘**Restricted Policy**’ Category, with immediate effect.

(Notification No. 05/2015-2020 dated 13th May 2022)

- Amendment in Export Policy of related to Export of Wheat.

Sr.No.	ITC (HS) Code	Description	Present Policy	Revised Policy
59	1001	Durum Wheat	FREE	PROHIBITED

The export of the above products/items, however, shall be allowed under the following conditions:

- As a transitional arrangement, export will be allowed in case of shipments where Irrevocable Letter of Credit (ILCL) has been issued on or before the date of this notification;
- Export shall also be allowed on the basis of permission granted by the Government of India to other countries to meet their food security needs and based on the request of their Governments.

*Trade notices 06, 07 & 08/2022-23 has been issued for the implementation of this notification.

(Notification No. 06/2015-2020 dated 13th May 2022).

- Import of Fresh Ginger, wholly produced in Bhutan, is Free as per the revised policy conditions subject to Article-I of Agreement on Trade, Commerce and Transit between India and Bhutan.

(Notification no 07/2015-20 dated 19th May 2022).

- The export of Bamboo charcoal made from Bamboo obtained from legal source is allowed freely subject to certain conditions specified in the said notification.

(Notification no 08/2015-20 dated 19th May 2022).

- Import of Oxytocin shall remain “Prohibited”. However, import of Oxytocin reference standards falling under HS Code 29371900, 29372900, 29379019, 29379090 and all HS Codes at 8 digit level under 3004 is permitted exclusively for the purpose of test and analysis subject

to submission of Test License issued by DGCI/CDCSO. (**Notification no 09/2015-20 dated 23rd May 2022**).

- Export of Sugar (Raw, Refined and White Sugar) is placed under 'Restricted' category from 1st June, 2022 onwards (except fixed quantity of sugar being exported under CXL and TRQ quota to EU and USA). Export after 01.06.2022 will be allowed on production of specific permission (as per procedure to be notified separately by DFDP) from Directory of Sugar, Department of Food and Public Distribution (DFDP). (**Notification no 10/2015-20 dated 24th May 2022**).
- Import policy of specific tariff lines under Chapter 48 of ITC (HS) 2022 as given at Annexure-I to this Notification is revised from 'Free' to 'Free subject to compulsory registration under Paper Import Monitoring Scheme (PIMS)'. (**Notification no 11/2015-20 dated 25th May, 2022**).
- Prohibition on export of wheat – RAs to manually sign Registration Certificate to avoid any misuse since the digitally RCs have not been integrated with the ICEGATE system of Customs. (**Trade Notice No. 9,10/2022-2023 dated 24th May 2022**)

INCOME TAX NOTIFICATION

- The government introduced the concept of updated return in income tax in the Union Budget 2022. Accordingly, the income tax department has notified Form ITR-U for filing the 'Updated' income tax return.
- The new provision allows the taxpayers to update their ITRs within two years of filing,
- The provision of updated return is available in Section 139(8A) of the Income Tax Act. The taxpayer can file the updated return after the relevant assessment year but within 24 months on payment of additional taxes, in case of errors or omissions.

[**Notification No. 48/2022 dated 29th April 2022**]

- Functionality under section 206AB & 206CCA – Tax Deduction or Collection at source for Not Filing of Income Tax Return under Income tax Act, 1961.

(**Circular No.10/2022 dated 17th May 2022**)

NOTIFICATION

- Rule 44E of Income tax rules specifies the procedure for obtaining an advance ruling under section 245Q, which specifies that an application for obtaining an advance ruling shall be in made in quadruplicate, however as per notification 49/2022, the words in quadruplicate shall be omitted and only single application is required to be made.

[**Notification No. 49/2022 dated 05th May 2022**]

Also under sub-rule (2) of 44AE, the verification of the advance ruling application, the verification of the said application and the statements and documents accompanying the said application shall be signed

digitally, if he is required under these rules to furnish his return of income under digital signature.

For the FORM No. 34C to 34EA specified in Appendix-II, forms specified in this notification shall be substituted.

- CBDT inserts new Rule 2DCA Computation of minimum investment & exempt income for Section 10(23FE) vide Notification No. 50/2022-Income Tax Dated 6th May, 2022. [Notification No. 50/2022 dated 06th May,2022]
- CBDT has made amendments in following APPENDIX-II forms;

Form 3CF: - An application form for approval under clause (ii) or clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 in the case of a research association.

Form 10A:- Charitable or religious trusts who wish to claim exemptions under Section 11 and 12 are required to get registered under the Income Tax Act of India by filing Form 10A.

Form 10AB:- Form 10Ab is used for regularising provisional registration under section 10(23C), 12A, or 80G.

Form 10BD:- Every organisation approved under Section 80G must file Form 10BD with the I-T department. This is a statement that will carry all the details of the donations received by it.

Form 10BE:- The reporting person, i.e. any research association, university, college or other institution or company or fund, shall furnish the certificate of donation the donor in Form No. 10 BE specifying the amount of donation received during financial year from such donor

[**Notification No. 51/2022 dated 09th May 2022**]

- CBDT has added the requirement to make an application for allotment of PAN in the case of a person who intends to enter into the transaction prescribed under clause (vii) of sub-section (1) of section 139A, at least seven days before the date on which he intends to enter into the said transaction.

Rule 114BA specifies the transactions for the purpose of clause (vii) of sub-section (1) of section 139.

The following shall be the transactions for the purposes of clause (vii) of sub-section (1) of section 139A, namely:—

- (a) cash deposit or deposits aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a Post Office;
- (b) cash withdrawal or withdrawals aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred

to in section 51 of that Act) or a Post Office;

- (c) opening of a current account or cash credit account by a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a Post Office.

[Notification No. 53/2022 dated 10th May 2022]

INSTRUCTIONS

- CBDT issues instructions for AOs to implement SC's ruling upholding validity of old reassessment notices **[Instruction No. 01/2022, dated 11th May 2022]**
- CBDT issues guidelines for compulsory selection of ITRs for Complete Scrutiny during FY 2022-23 **[Notification F.No. 225/81/2022/ITA-II, dated 11th May 2022]**

COMPANY LAW

NOTIFICATIONS

- MCA continued Extraordinary General Meeting (EGM) through video conferencing (VC) or Other Audio Visual Means (OAVM) up to 31st December, 2022 **(General Circular No. 3/2022 dated 5th May 2022)**
- MCA continued Annual General Meeting (AGM) through VC or Other Audio Visual Means (OAVM) up to 31st December, 2022 **(General Circular No. 3/2022 dated 5th May 2022)**
- The MCA has notified Companies (Prospectus and Allotment of Securities) Amendment Rules, 2022 **(MCA Notification dated 5th May 2022)**

INSTRUCTIONS

- MCA's research and analysis wing issues detailed guidelines for funding research studies on corporate governance dated 11.05.2022

SEBI

CIRCULAR

- The SEBI (Foreign Portfolio Investors) (Amendment)

Regulations, 2022 was notified on January 14, 2022 for generation of Foreign Portfolio Investor (FPI) registration number by SEBI. In order to operationalize the same, it has been decided to modify the 'Operational Guidelines for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors', issued vide SEBI Circular No. IMD/FPI&C/CIR/P/2019/124 dated November 05, 2019 (referred to as 'the Operational Guidelines') **[Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/57 dated April 29, 2022]**

- Taking into account the rapid technological developments in the securities market and the entailing risks that these developments pose to the efficiency and integrity of markets, SEBI had mandated that stock exchanges, clearing corporations and depositories should conduct an Annual System Audit by a reputed independent auditor. **[Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/58 dated May 02, 2022]**

SEBI has constituted a committee for advising on Environmental, Social and Governance (ESG) related matters in the securities market **(Press release No 15/2022 dated 07th May, 2022)**

- Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Circular No SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022)**
- Simplification of procedure and standardization of formats of documents for transmission of securities **(Circular No SEBI/HO/CFD/CMD2/CIR/P/2022/65 dated 18th May 2022)**
- Circular on development of passive funds **(Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated 23rd May, 2022)**
- Simplification of procedure and Standardization of formats of documents for issuance of duplicate securities certificate **(Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/70 dated 25th May 2022)**

RBI:

- **RBI Notifications issued during this week:**

Circular Number	Date of Issue	Subject	Meant
RBI/2022-23/36 7 REC.29/18.10.002/2022- 23	29.4.2022	Guidelines on compensation of Key Managerial Personnel (KMP) and senior management in NBFC's.	All NBFC's.
RBI/2022-2023/37 DOR.GOV.REC. No.30/03.10.001/2022-23	02.5.2022	Review of minimum investment grade credit ratings for deposit of NBFC's.	All deposit taking NBFC's (including deposit taking HFC's)
RBI/2022-2023/38 DoS.CO.PPG./ SEC.02/11.01.005/2022-23	02.5.2022	Regulation review authority (RRA 2.0)-Interim Recommendations- Withdrawal of circulars	The circulars listed in the Annexure are withdrawn with effect for Registrar of Co-operative societies (All States/Union Territories) All primary urban co-operative banks.

RBI/2022-2023/40 DCM (Admin) No. S172/19.01.010/2022-23	02.5.2022	Regulation review authority (RRA 2.0)-Interim Recommendations-Withdrawal of circulars	The circulars listed in the Annexure are withdrawn with effect for all banks having currency chests.
RBI/2022-2023/39 DoR. RRA.31/01.01.101/2022-23	02.5.2022	Regulation review authority (RRA 2.0)-Interim Recommendations-Withdrawal of circulars	The circulars listed in the Annexure are withdrawn with effect for following banks; 1. All Scheduled Commercial Banks (including Regional Rural Banks) 2. All Payments Banks 3. All Small Finance Banks 4. All Local Area Banks 5.All Authorized Dealers 6. All Primary (Urban) Co-operative Banks
RBI/2022-2023/41 FMRD. DIRD.01/14.03.059/2022-23	02.5.2022	Regulation review authority (RRA 2.0)-Interim Recommendations-Withdrawal of circulars	The circulars listed in the Annexure are withdrawn with effect for All Eligible market participants.
RBI/2022-23/42 FMOD.MAOG. No.144/01.01.001/2022-23	04.5.2022	Liquidity adjustment facility-change in rates	All Liquidity Adjustment Facility (LAF) participants
RBI/2022-23/44 REF.No.MPD. BC.S33/07.01.279/2022-23	04.5.2022	Standing Liquidity Facility for Primary Dealers	All Primary Dealers (PD's)
RBI/2022-23/45 DOR.RET. REC.32/12.01.001/2022-23	04.5.2022	Change in bank rates	All Banks
RBI/2022-23/46 DOR.RET. REC.33/12.01.001/2022-23	04.5.2022	Maintenance of Cash Reserve Ratio (CRR)	All Banks

NOTIFICATION:

Regulations Review Authority (RRA 2.0) set up by RBI has recommended withdrawal of additional 225 circulars which has become redundant and duplicate in the third tranche of recommendations and to reduce the compliance burden on Regulated Entities (REs). (**RBI/2022-23/39 DoR.RRA.31/01.01.101/2022-23.**)

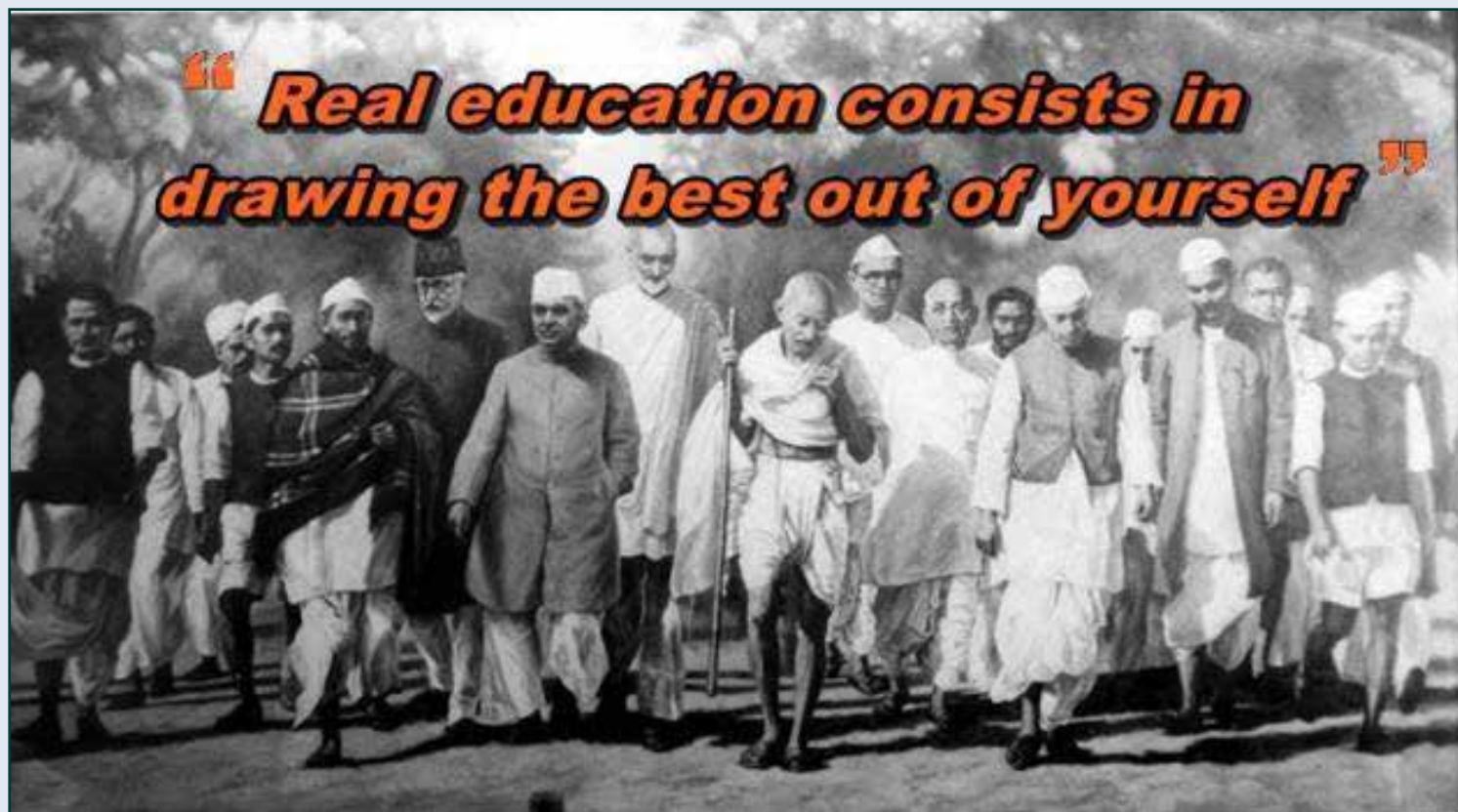
RBI notifications issued this week

Notification No	Date	Subject	Meant
RBI/2022-23/48	13.05.2022	Regulations Review Authority (RRA 2.0) - Recommendations for Withdrawal of Circulars	a. Scheduled Banks (including regional rural banks) b. Payments Banks c. Small Finance Banks d. Local Area Banks e. Authorized Dealers f. Primary (Urban) Co-operativae Banks
RBI/2022-23/49	13.05.2022	Regulations Review Authority (RRA 2.0) - Recommendations for Withdrawal of Circulars	a. All Scheduled b.Commercial Banks c.All Small Finance Banks d.All Local Area Banks
RBI/2022-23/50	13.05.2022	Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors	All Scheduled Commercial Banks (Including Small Finance Banks) (Excluding Regional Rural Banks, Urban Co-operative Banks and Local Area Banks)
RBI/2022-23/51	18.05.2022	Kisan Credit Card Scheme - Eligibility criteria for farmers engaged in fisheries/aquaculture	All Scheduled Commercial Banks (including Small Finance Banks and excluding Regional Rural Banks)

RBI/2022-23/52	19.05.2022	New Definition of Micro, Small and Medium Enterprises - Clarification	a. All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) b. All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks /All-India Financial Institutions/ All Non-Banking Financial Companies
RBI/2022-23/53	19.05.2022	Government of India guaranteed term loan extended by SBI to the Government of Sri Lanka- Settlement in INR	All Category-I Authorised Dealer Banks
RBI/2022-23/54	19.05.2022	Interoperable Card-less Cash Withdrawal (ICCW) at ATMs	Scheduled Commercial Banks including RRBs / Urban Co-operative Banks / State Co-operative Banks / District Central Co-operative Banks / Payment Banks / Small Finance Banks / National Payments Corporation of India (NPCI) / ATM Networks / White Label ATM Operators (WLAOs)

- The ceiling on housing finance loans towards repairs/additions/alterations is now revised to Rs.10 Lakhs in metropolitan centres (those centres with population of Rs 10 lakh and above) and Rs 6 lakhs in other centres.
(Circular No. RBI/2022-23/56 DOR.CRE. REC.18/09.22.010/2022 dared 24th May 2022)

- Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA) have been released for All Category-I Authorized Dealers Bank.
(Circular No. RBI/2022-23/57 DOR.CRE. REC.18/09.22.010/2022 dared 25th May 2022)



“Real education consists in drawing the best out of yourself. What better book can there be than the book of humanity?”

CHAPTER NEWS

AHMEDABAD

CMA Round Table Discussion – The Key Competition

Chapter had organized CMA Round Table Discussion – The Key Competition exclusively for students of Foundation, Inter and Final. 32 students had participated in the competition and group wise winner and runners-up felicitated by trophy and participation certification to all the participants.

Volley Ball Tournament

Chapter has organized a CMA Volley Ball tournament at Gujarat Vidyapith ground on 8th May '2022. CMA Malhar Dalwadi, Chairman of Chapter and CMA Kushal Desai, Chairman-Sports committee inaugurated the tournament. Members and students happily participated in tournament. The final of the tournament is held between the Hard Hitters and the Six Packs. Six Packs team won the trophy and the Hard Hitters team as a runners-up. While the Twisters are the winners in the Women's Tournament. CMA Ashish Bhavsar-Regional Council Member, CMA Malhar Dalwadi-Chairman, and CMA Kushal Desai-Chairman, Sports Committee concludes tournament. The winning team and runners-up team were honoured at the hands of the office bearers present.

Practitioner's convention

Chapter had organized Practitioner's Convention – Avenues & Challenges in CMA Practice on 14th & 15th May'2022 at Hotel Novotel, Ahmedabad.

In the inauguration session, a guest of honour CMA Chadra Wadhwa-Past President, CMA Ashwin Dalwadi-CCM, CMA Ashish Bhavsar-RCM of WIRC, CMA Malhar Dalwadi, Chairman of Chapter, CMA Aparna Bhone-Treasurer of Chapter and CMA Uttam Bhandari-PD Committee Chairman of Chapter were on dias. The inaugural speech was delivered by Chairman CMA Malhar Dalwadi. CCM CMA Ashwin Dalwadi felicitates CMA Chadra Wadhwa-Past President of Institute by offering bouquet and Memento. CMA Chadra Wadhwa-Past president, CCM CMA Ashwin Dalwadi, RCM, CMA Ashish Bhavsar gave speech on the opportunities in the area of practice.

There were five technical sessions organized on various topics.

- Emerging Areas by CMA B B Goyal, Advisor MARF & Ex. Addl. Chief Advisor (Cost), MOF, GOI
- Practice in Accounting & Taxation Areas by CMA Ashish Thatte, CCM-ICAI
- Practice as a Internal Auditor by CMA Ashwin Dalwadi,, CCM-ICAI, As Insolvency Professionals by CMA Dakshesh Choksi and on Forensic Auditor by CMA (Dr.) Marzun Jokhi, Dean faculty of Commerce, GLS University
- Practice in Banking, Financial & Insurance Sector by Mr. B Raj Kumar – Ex.CEO – Indian Bank's Association and "Stock Audit", "Concurrent Audit" and "Financing" by CMA Chittaranjan Chattopadhyay, CCM -ICAI
- Practice in area of Valuation by Dr. S. K. Gupta –MD, ICMAI RVO

In the valedictory session, President CMA P Raju Iyer, CMA Hiranand Savlani-CFO, Astral Ltd., and Dr. Dharmesh Shah, Registrar GLS University were the dignitaries on dais. More than 70 members have participated in the program and all the sessions were very interactive and found useful to the participants.

Discussion Paper on Treatment of Interest & Finance Cost in Cost Statements – 14-05-2022

Technical cell in association with ICAI-Ahmedabad Chapter had organized a meeting "Discussion Paper on Treatment of Interest & Finance Cost in Cost Statements" on 14th May 2022 at Hotel Novotel, Ahmedabad. Practicing Members and members from Industry participated in the discussion. Chairman of the technical cell CMA Chandra Wadhwa, CCM CMA Ashwin Dalwadi and CMA B B Goyal had taken lead on discussions. The session was very interactive.

Vaccination Camp – 21-05-2022

Chapter organized COVID Booster Dose Vaccination camp for their Members, Students and their relatives on 21st May 2022 at chapter premises. Members, Students and their relatives enthusiastically participated in the Vaccination Camp.

56th Annual General Meeting

The 56th Annual General Meeting of ICAI-Ahmedabad chapter was held on 21st May'2022. A new committee was also formed for the year 2022-23 in the Managing Committee meeting held after the AGM.

Career Counseling Activity

During the month of May 2022, Chapter has done promotional activities for CMA course. As part of Career counselling activity, Oral Coaching Committee Team members met principals of different schools, Colleges, universities and owner of Private classes and distributed pamphlet of course content.

AURANGABAD

In The 21st National Para Swimming Championship which was held at Udaipur, Rajasthan, more than 500 competitors from 23 States participated in the competition. CMA Nagarjunrao Akula,(Manager-Finance and Accounts) from MAHATRANSCO (MSETCL) Aurangabad with 87% Physical Disability participated in S6 category in following Events.

1. 50 Mt. free style.
2. 100 Mt. backstroke.
3. 100 Mt. breast strokes.

He won a Silver Medal and a Bronze medal in both the 100 meters Events which was a proud moment worth admiration. CMA Kiran Kulkarni - Chairman, CMA Shailendra Singh Rajput, - Vice Chairman, CMA Parag Rane – Secretary, CMA S J Deore – Treasurer. CMA A R Joshi, CMA Bisheshwar Sen, CMA S R Pimple, CMA M R Pandit,, CMA Suresh Bhangale, CMA Ramanand Modani, CMA R D Khandalkar, CMA S B Khadke, CMA D V Dabri and other Members & Students has congratulated CMA Nagarjunrao Akula on his great achievement.

BARODA

Operationalizing MOU between ICAI & M.S. University

M.S.University, Baroda invited CMA Kailash Sanklecha faculty from Baroda Chapter to deliver lecture on the subject "Activity Based Costing" for their M.com students on 7th May, 22

Financial Assistance to deserving CMA Students

Chapter organised Financial Assistance drive for CMA students & given Financial Assistance to Ms. Poojaben Rawal for her Intermediate Registration fees amounting to Rs.23100/-

NAVI MUMBAI

CEP on “Overview of Butyl Rubber Business”

Chapter RCP - Ghansoli CEP Study Circle conducted a Webinar on “Overview of Butyl Rubber Business” on 13th May 2022.

The speaker for this event was Mr. Pankaj Dadhich, CFO of JV with Sibur – Reliance Sibur Elastomers – settling up Butyl Rubber plant at Jamnagar.

Ms. Pradnya Yelve representing the FC&A Academy of Reliance Industries Limited welcomed the audience and introduced the speaker. The speaker – a known SME on the subject discussed with the audience on various points considered as “Overview of Butyl Rubber Business” from the Accountants Perspective. The primary audience was cost and chartered accountants.

The speaker then explained the on “Overview of Butyl Rubber Business i.e. History and Evolution of Isobutylene Rubbers, Synthetic Rubber invention, Butyl Rubber : World Capacities (1.8 KTA), Synthetic Rubber classification, Synthetic Rubber : Demand v/s Production , Global Butyl Capacities/OR & Consumption Overview, Business Drivers, Evolution of Transportation System, Invention of Wheel, Re-Invention of Wheel, Wheel & Tyre, etc.

Nearly 100+ professionals participated in the programme. The lucid presentation & the interactive session came to an end with the vote of thanks being proposed by Ms. Pradnya Yelve from the RIL FC&A Academy.

PIMPRI CHINCHWAD AKURDI

Career Counseling Program

Chapter has conducted Career Counseling Program on 13th April 2022 for the students of Pratibha College of Arts, Science & Commerce College at Pimpri-Chinchwad. CMA Ashish Deshmukh guided the students.

CMA Dhananjay Kumar Vatsyayan has shared his valuable thoughts during the session. He has conducted short lecture for the students on the topic ‘Costing’. He focused on what is the role of CMAs in manufacturing companies. How he reduced the cost of product without affecting the manufacturing rate, How to increase the profit etc.

The Chapter also conducted the Career Counseling Program on 20th April 2022 at MES's Dr. Arvind Telang College, Nigdi. CMA Ashish Deshmukh gave presentation on CMA Professional Course and guided the students about the course and briefed on the better career in the Public Sector, Service Sector and Government Sector also.

Webinar on ‘Strategic Cost Management’

Chapter conducted webinar jointly with WIRC of ICAI on Strategic Cost Management’ on 16th April 2022. CMA D K Vatsyayan in his speech started with definition of Strategic Cost Management and its objectives. He smoothly explained objectives of Cost and Strategic Management in mythological example Ramayana. He focused on constraints in Strategic Cost Management.

He covered topics such as Analysing Variables, Understanding Relationship, Infinity Within Boundry, Formulation, Blend of Ancient & Modern Technology, The Contractions of Dairy Industry, Basics of Dairy Industry etc. during the session:

Webinar on ‘Blockchain Technology and Management Accountants’

Chapter conducted webinar on ‘Blockchain Technology and

Management Accountants’ on 23rd April 2022. CMA CA CS V Guruprasad was the speaker.

Students Felicitation Function on 30th April 2022

Chapter has organized Students Felicitation Function on Saturday, April 30, 2022, at Acharya Atre Sabhagrah, Pimpri, Pune.

Chief Guest CMA Brij Mohan Sharma, Past President – The ICAI, CMA Gopal Bhutada, Supply Chain Head of Tata Motors Ltd, Pune, Guest of Honor CMA L D Pawar, Past Chairman – WIRC of The ICAI, CMA Mahendra Bhombe, Secretary & Treasurer, WIRC of The ICAI, CMA Dhananjay Kumar Vatsyayan, Chairman, CMA Pradeep Deshpande, Vice-Chairman, CMA Bhavesh Marolia, Secretary of The ICAI – PCA Chapter and CMA Ashish Deshmukh, Past Chairman, of The ICAI – PCA Chapter were on the dais.

On the occasion, the dignitaries on the dais felicitated members who have been completed 25 years for membership of the Institute and all the faculties. All successful students were felicitated by CMA Brij Mohan Sharma, CMA Gopal Bhutada, CMA L D Pawar, CMA Mahendra Bhombe, CMA Dhananjay Kumar Vatsyayan, CMA Pradeep Deshpande, CMA Bhavesh Marolia and CMA Ashish Deshmukh.

Entire programme was compeered by CMA Tripti Patwa, CMA Lalitha Deepak, Ms. Simran Padhi, Mr. Anand Gaikwad and Ms. Shabnam Shaikh.

Webinar on ‘Decoding Cash - Business’s Oxygen’

Chapter conducted webinar on ‘Decoding Cash – Business’s Oxygen’ on 14th May 2022 CMA Pradeep Deshpande, Vice-Chairman of PCA Chapter was welcomed and introduced the speaker CMA Jaydev Mishra, General Manager, SKH SMC, Ranjangaon, Pune. CMA Jaydev Mishra in his speech covered the topics such as Cash Conversion Cycle, Squeeze Profit Drop, Headwind Management, and Answers for the Challenges etc.

Webinar on ‘Providing Visibility to Recording of related Transactions using Blockchain Technology by shifting from Double Entry to Triple Entry’. Chapter conducted webinar on ‘Providing Visibility to Recording of related Transactions using Blockchain Technology by shifting from Double Entry to Triple Entry’ on 21st May 2022 . Dr. Hari Krishna Karri and Dr. Lina George were the speakers..

PUNE

The Institute has decided to mark this occasion by holding a Seminar on Management Accounting every year. To mark both the occasions of International Management Accounting Day & Conclusion of Corporate Law Month. The Institute of Cost Accountants of India organized 2 Days Seminar on ‘Management Accounting and Summit on Corporate Laws’ on Friday, 6th May & on Saturday 7th May 2022 at Yashwantrao Chavan Center, Nariman point, Mumbai.

Chapter arranged transport facility for the Members & students for attending the program on 6th May 2022. Response from the members & students was overwhelming for this facility. ICAI-Pune Chapter’s former Chairman & most senior member CMA D.V.Patwardhan Sir and many members and students attended the seminar.

Annual General Meeting

Annual General Meeting for FY 2021-2022 of Pune Chapter was held on 24th May 2022 at CMA Bhawan, Karve Nagar. As per Meeting Agenda and permission of Chair AGM was successfully conducted by Office Bearers of Chapter.

WIRC Chapters' Office Bearers - 2022-23

AHMEDABAD

CMA Malhar A. Dalwadi	....	Chairman
CMA Dakshesh Chokshi	....	Vice Chairman
CMA Mitesh I. Prajapati	....	Hon. Secretary
CMA Aparna Bhonde	....	Jt. Secretary
CMA Kushal P. Desai	....	Treasurer

AURANGABAD

CMA Kiran G. Kulkarni	....	Chairman
CMA Shailendrasing C. Rajput	....	Vice Chairman
CMA Parag G. Rane	....	Hon. Secretary
CMA Surendrasingh J. Deore	....	Treasurer

BARODA

CMA Mihir Vyas	....	Chairman
CMA Hardik Diwanji	....	Vice Chairman
CMA Kartik Vasavada	....	Hon. Secretary
CMA Priyank Vyas	....	Treasurer

BHARUCH ANKLESHWAR

CMA Satya Narayan Mundra	....	Chairman
CMA Rajendrakumar A Mehta	....	Vice Chairman
CMA Rajendra Kumar Rathi	....	Vice Chairman
CMA Arvindkumar Ramabhai Patel	....	Hon. Secretary
CMA Hiral Rana	....	Treasurer

BHOPAL

CMA Suresh Kumar Soni	....	Chairman
CMA Basanti lal Malganya	....	Vice Chairman
CMA Vikas Gour	....	Hon. Secretary
CMA Rakesh Malik	....	Treasurer

KALYAN AMBERNATH

CMA G.B.Shmanani	....	Chairman
CMA S.G. Narasimhan	....	Vice Chairman
CMA Neetu S. Kapoor	....	Hon. Secretary
CMA Gopal U. Keswani	....	Treasurer

KOLHAPUR-SANGLI

CMA Baswaraj N. Mule	....	Chairman
CMA Mustafa I. Lakadawala	....	Vice Chairman
CMA Kedar B. Joshi	....	Hon. Secretary
CMA Pandurang T. Kumbhar	....	Treasurer

KUTCH - GANDHIDHAM

CMA Aniket Modi	....	Chairman
CMA Maya Sharma	....	Vice Chairman
CMA (Dr.)Ashutosh Bhambhani	....	Hon. Secretary
CMA Navin Pujara	....	Jt. Secretary
CMA Namrata Khatwani	....	Treasurer

NASIK OJHAR

CMA Bushan U. Pagere	....	Chairman
CMA Arifkhan A. Mansuri	....	Vice Chairman
CMA Dipak S. Jagatap	....	Vice Chairman
CMA Arpita A. Fegde	....	Hon. Secretary
CMA Mayur S. Nikam	....	Treasurer

NAVI MUMBAI

CMA Vaidyanathan Iyer	....	Chairman & Vice Chairman
CMA Sushant J. Ghadge	....	Hon. Secretary
CMA T. K. Ramesh Babu	....	Treasurer

PIMPRI-CHINCHWAD-AKURDI

CMA Dhananjay Kumar Vatsyayan	....	Chairman
CMA Pradeep Deshpande	....	Vice Chairman
CMA Bhavesh Marolia	....	Hon. Secretary
CMA Sagar Prakash Malpure	....	Jt. Secretary
CMA M. K. Katkar	....	Treasurer
CMA Abhijeet Deshmukh	....	Jt. Treasurer





CMA Dakshesh Choksi, Vice-Chairman of Ahmedabad Chapter, Dr. Dharmesh Shah, Registrar GLS University, CMA P Raju Iyer, President ICAI, CMA Hiranand Savlani, CFO, Astral Ltd. & CMA Malhar Dalwadi Chairman of Ahmedabad Chapter during valedictory session of Practitioner’s convention organized by Ahmedabad Ch. on 15th May 2022.



Winner and Participants of CMA Round Table Discussion – The Key Competition organized by Ahmedabad Chapter on 7th May 2022



MOU Signing Ceremony for Academic Collaboration between Faculty of Commerce of The Maharaja Sayajirao University Of Baroda & The Institute of Cost Accountants of India on 30th March 2022.



Baroda Chapter organised Financial Assistance drive for CMA students & given Financial Assistance to Ms. Poojaben Rawal for her Intermediate Registration fees.



Chief Guest CMA Brij Mohan Sharma, Past President, ICAI addressing during Students’ Day Program organized by Pimpri-Chinchwad-Akurdi Chapter on 20th April 2022. Also seen From (L to R): CMA Ashish Deshmukh, CMA Pradeep Deshpande, CMA Mahendra Bhombe, CMA Gopal Bhutada, CMA L D Pawar, CMA Dhananjay Kumar Vatsyayan and CMA Bhavesh Marolia.



Principal Mrs. Kshitija Gandhi, Pratibha College, Chairman CMA Dhananjay Kumar Vatsyayan, PCA Chapter, CMA Ashish Deshmukh, Prof. Prakash Nachnani Head of Commerce Department during Career Counseling Program organized by Pimpri-Chinchwad-Akurdi Chapter on 13th April 2022.



CMA Harshad Deshpande, Panelist for discussions on future of accounting course organised by Maharashtra Tax Practitioners Association (MTPA) on 6th June 2022. Also seen on dias Mr Narendra Sonawane, Past President, MTPA CMA Shripad Bedarkar, Vice President, MTPA



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Theme for July 2022

Theme for July 2022 is **GST**

Articles on the theme as well as other professional matters are invited along with scanned copies of their recent passport size photograph, email id, mobile no and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else.

Please send your articles by e-mail to wirc.admin@icmai.in before 25th June 2022.

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